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## **Former Airline Executive Extradited to Mexico to Face Embezzlement Charges**

by LADB Staff

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In late September, Switzerland extradited fugitive business executive Gerardo de Prevoisin Legorreta to Mexico to face charges of commercial fraud. De Prevoisin, arrested in Zurich in August 1998, is accused of embezzling about US\$61 million from Aerovias de Mexico, the former parent company of Mexican airlines Aeromexico and Mexicana.

De Prevoisin resigned his post as chairman of Aerovias de Mexico in September 1994, citing his inability to manage the massive debts incurred by Mexicana (see SourceMex, 1994-09-21). Immediately after his resignation, Aerovias de Mexico filed a complaint with the Procuraduria General de la Republica (PGR), accusing de Prevoisin of "fraudulent administration" of the airline.

The complaint charged de Prevoisin with embezzlement. But de Prevoisin fled the country, hiding out in Europe and the US until he was detained by Swiss police in Zurich. He sought to avoid extradition arguing that the request for his return to Mexico was politically motivated. But Swiss courts rejected this argument, and he was extradited to Mexico Sept. 25.

A Mexican judge set bail for de Prevoisin at 230 million pesos (US\$24.6 million) shortly after his arrival. Political expert Alfonso Zarate said the extradition could be politically risky for the Zedillo administration. "Bringing [de Prevoisin] back to Mexico is a double-edged sword," Zarate told the Dallas Morning News. "Mexico's laws are so spotty that a good lawyer can find loopholes. If de Prevoisin walks or if the government can't prove its case, the effect will be worse than never bringing him at all."

The case is also considered a test of whether the Zedillo administration is willing to fulfill its commitment to fight white-collar crime. The administration has a mixed record in recent high-profile cases of fraud. Prosecutors have incarcerated financier Jorge Lankenau but have allowed banker Angel Rodriguez, nicknamed El Divino, to remain free even though prosecutors have formally charged him with fraud involving millions of dollars.

### ***Trial could have implications for 2000 election***

More importantly, the case could embarrass the governing Partido Revolucionario Institucional (PRI) in the months leading to the July 2000 presidential election. In court documents filed in the US, de Prevoisin alleges that some funds he embezzled from Aerovias were channeled into the campaigns of Zedillo and other candidates on orders from former president Carlos Salinas de Gortari (see SourceMex, 1998-08-26).

Fugitive banker Carlos Cabal Peniche, facing extradition from Australia to Mexico, has also accused the PRI of illegally funding the electoral campaigns. In an interview with a US newspaper, Cabal

alleged that the PRI used the now defunct bank-rescue fund (Fondo Bancario de Protección al Ahorro, FOBAPROA) to launder funds and transfer them to the campaigns of Zedillo and Tabasco gubernatorial candidate Roberto Madrazo Pintado (see SourceMex, 1999-06-09). Madrazo is seeking the PRI's presidential nomination in 2000. The administration has refused a congressionally appointed auditor access to documents related to Cabal's failed Banco Union, which could prove whether FOBAPROA funds were illegally channeled into Zedillo's campaign.

The administration cited banking-secrecy laws for its refusal to turn over the documents. But opposition parties in Congress have filed a lawsuit in Mexico's highest court (Suprema Corte de Justicia de la Nación, SCJN) to gain access to the documents. The court is expected to hand down a decision sometime before February 2000 (see SourceMex, 1999-09-15). Current and former PRI leaders, meanwhile, have adamantly denied the allegations by Cabal and de Prevoisin.

But the Zedillo administration may find the interests of the party are best served if the de Prevoisin case does not come to court or if certain compromising information is kept out of the trial. Coincidentally, de Prevoisin's lawyers said that their defense will not portray the former Aerovias chairman as a victim of political prosecution. Rather, attorney Fernando Gomez Mont said they will seek to prove that the Aerovias board of directors was responsible for the embezzlements because it approved the transfer of funds to the PRI campaigns in 1994.

De Prevoisin's family, meanwhile, may have given the government an alternative to full prosecution. Patricio and Gerardo de Prevoisin, sons of the former Aerovias chairman, have offered to negotiate a transfer of the shares their father still holds in Aeromexico to Cintra, the new parent company for Aeromexico and Mexicana. The de Prevoisin case has political implications beyond the 1994 and 2000 presidential elections. Documents presented in a French court in 1998 linked de Prevoisin with money-laundering operations by Raul and Enrique Salinas de Gortari, brothers of former president Carlos Salinas de Gortari.

The French documents say de Prevoisin sent funds via the Mexican offices of Citibank to Enrique Salinas de Gortari's bank accounts in France. Enrique then wired the money to Raul's Swiss accounts. The Swiss government last year seized more than US\$114 million from accounts Raul Salinas opened in Switzerland and in Swiss-bank branches in other cities. Switzerland is still investigating whether Raul Salinas' deposits involved bribes from drug traffickers (see SourceMex, 1998-10-28).

Raul Salinas remains in custody in a Mexican federal prison on charges of planning the assassination of former PRI officer Jose Francisco Ruiz Massieu. Salinas was originally sentenced to 50 years in prison, the equivalent of a life sentence in Mexico. However, a Mexican court this year reduced that term to 27 1/2 years (see SourceMex, 1999-07-28). [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on Sept. 29, reported at 9.36 pesos per US \$1.00] (Sources: Associated Press, 09/25/99; Spanish news service EFE, 09/20/99; The News, The Dallas Morning News, 09/21/99; Reuters, 09/24/99; Proceso, 09/26/99; Novedades, 09/20/99, 09/27/99; El Economista, 09/20/99, 09/21/99, 09/23/99, 09/27/99, 09/28/99; El Universal, 09/23/99, 09/28/99; Excelsior, 09/28/99, 09/29/99)

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