

10-27-1999

Carlos Salinas' Aides Reportedly Embezzled Large Sums from Foodstuffs Agency

LADB Staff

Follow this and additional works at: <https://digitalrepository.unm.edu/sourcemex>

Recommended Citation

LADB Staff. "Carlos Salinas' Aides Reportedly Embezzled Large Sums from Foodstuffs Agency." (1999).
<https://digitalrepository.unm.edu/sourcemex/4157>

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in SourceMex by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.

Carlos Salinas' Aides Reportedly Embezzled Large Sums from Foodstuffs Agency

by LADB Staff

Category/Department: Mexico

Published: 1999-10-27

After a two-year investigation, a special legislative commission confirmed that some high-level executives in former president Carlos Salinas de Gortari's administration diverted more than 1.45 billion pesos (US\$150 million) from the now-defunct state-run foodstuffs company Compañía Nacional de Subsistencias Populares (CONASUPO) during a four-year period.

In a report presented Oct. 20, Deputies Margarita Perez Gavilan and Abelardo Paredes said the amount of money diverted from CONASUPO between 1986 and 1990 is equivalent to 6% of the total budget allocated for the agency during the four-year period. In many instances, money was transferred out of CONASUPO to personal accounts in the Cayman Islands and other safe havens.

Gavilan and Paredes, members of the center-right opposition Partido Accion Nacional (PAN), said CONASUPO in effect became the "cash box" for members of the Salinas administration. "We detected illegal management of funds and inconsistencies in accounting of profits and investment losses," the report said. Among the violations were improper investments by the agency in the financial markets. "Our law allows CONASUPO investments to be placed only in government instruments," said the report.

Raul Salinas de Gortari a major perpetrator

The report confirmed that Raul Salinas de Gortari, brother of the former president, was one of the principal perpetrators in the CONASUPO fraud. The special commission was originally established to investigate Raul Salinas' role in CONASUPO's mismanagement and corruption, including the allegations that the agency was used to launder millions of pesos in drug-trafficking profits (see SourceMex, 1997-05-21).

The Chamber of Deputies later expanded the commission's role to investigate all illicit activities within the agency (see SourceMex, 1997-11-19). The report said that Raul Salinas used his position as director of planning for CONASUPO to gain control of one of the agency's milling plants in Atlacomulco, Mexico state. The plant, operated by CONASUPO subsidiary Maiz Industrializado Conasupo (MICONSA), was valued at US\$7 million. However, investigators discovered that Salinas took control of the property "without paying a single peso," through a clever accounting maneuver.

Raul Salinas has not responded to the allegations. He is serving a life sentence for his role in planning the murder of Jose Francisco Ruiz Massieu, a former officer for the governing Partido Revolucionario Institucional (PRI). The commission detected other irregularities with CONASUPO operations, such as the improper payment of 15.7 million pesos (US\$1.62 million) to corn miller Grupo Industrial Maseca.

Among those responsible for the improper subsidy payment to Maseca were then trade secretary Jaime Serra Puche and current Transportation Secretary Carlos Ruiz Sacristan, the report said. The report also cited improper procedures in the divestiture of CONASUPO. The phaseout of CONASUPO began during the Salinas administration but concluded under President Ernesto Zedillo's government (see SourceMex, 1999- 09-01, 1999-02-10).

The commission said those responsible for the improper divestiture of CONASUPO included former finance secretary Pedro Aspe Armella and former controller Maria Elena Vazquez Nava. The charges against Aspe and Nava are similar to allegations against the two in 1995 regarding the disincorporation of the state-run telephone company TELMEX (see SourceMex, 1995-12-06). The commission, which will be disbanded Oct. 31 after completing its mandate, will turn over its evidence to the political coordination committee (Junta de Coordinacion Politica) in the Chamber of Deputies, which will bring the issue before the full lower house. The evidence will also be turned over to the Procuraduria General de la Republica (PGR).

Irregularities cited in other government agencies

In recent months, other legislative commissions have uncovered irregularities in the operations of government agencies. In mid-October, the audit commission (Comision de Vigilancia de la Contaduria Mayor de Hacienda) ordered a comprehensive audit of the huge offshore drilling complex Cantarell. The project, currently undergoing expansion and upgrading, has come under increased scrutiny for cost overruns and improper procedures in the concession of bids to private contractors (see SourceMex, 1999-08-04).

Commission members said they plan to investigate why expenditures for the Cantarell project were about 8.85 billion pesos (US\$917 million) over budget during 1998. The commission's request for a comprehensive audit follows informal investigations conducted by the energy committee (Comision de Energeticos) and by some members of the Senate.

Separately, another legislative commission has uncovered irregularities in the concessions the state-run power utility Comision Federal de Electricidad (CFE) awarded to private companies between 1997 and 1999. Deputy Cuauhtemoc Velasco Oliva, chair of the Comision Investigadora de la Comision Federal de Electricidad y Luz y Fuerza del Centro, said construction of 18 power plants exceeded original estimates, costing the government about US\$180 million during a three-year period.

Velasco, a member of the center-left Partido de la Revolucion Democratica (PRD), said the commission also questioned why the government failed to collect fines totaling US\$516 million against contractors for failing to meet various project deadlines. The plants in question include huge complexes such as Samaluyuca II in Chihuahua state, Merida III in Yucatan state, and Monterrey II in Nuevo Leon state. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on Oct. 27, reported at 9.65 pesos per US\$1.00] (Sources: La Jornada, 10/14/99, 10/21/99; El Economista, Novedades, Excelsior, 10/21/99; El Universal, 10/21/99, 10/25/99; Reforma, 10/21/99, 10/27/99)

-- End --