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Ex-PEMEX Director Munoz Leos Charged with Misuse of Funds

by LADB Staff

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Raul Munoz Leos, the former director of the state-run oil company PEMEX, could face legal sanctions for his role in the illegal transfer of 1.74 billion pesos (US\$160 million) to the oil-workers union (Sindicato de Trabajadores Petroleros de la Republica Mexicana, STPRM) in 2004. Authorities are also probing allegations that the ex-PEMEX director made illegal use of PEMEX funds to finance several personal trips.

The allegations against Munoz Leos are under investigation by two separate entities: the Secretaria de Funcion Publica (SFP), which is a ministry of the executive branch, and the Auditoria Superior de la Federacion (SFP), which answers to the Congress. The allegations of corruption and mismanagement forced Munoz Leos to resign his post in 2004 (see SourceMex, 2004-1103). Luis Ramirez Corzo replaced him.

The repercussions lasted beyond Munoz Leos' tenure, as he had signed an illegal agreement with the STPRM to transfer US\$2.67 billion to the union in 2005. The case against Munoz Leos is reminiscent of the "Pemexgate" scandal in 2002, when PEMEX officials and the STPRM were accused of misusing funds from the company to fund the presidential campaign of Francisco Labastida Ochoa (see SourceMex, 2002-09-18 and 2005-05-18).

The scandal resulted in heavy fines against many ex-PEMEX officials, but authorities dropped some of the most serious charges (see SourceMex, 2003-07-30).

Other PEMEX officials also under investigation

The SFP investigation is also targeting other ex-PEMEX officials who worked under Munoz Leos, including former company attorney Juan Carlos Soriano and ex-administrative director Octavio Aguilar Valenzuela.

"We are determined that attorney Soriano, the administrative director, and other lower-level PEMEX officials will have to account for the way resources were used," said Comptroller German Martinez, who heads the SFP. As part of the investigation, the SFP summoned Munoz Leos and the other officials to testify in late May.

At that time, Martinez said authorities would delay any action against Munoz Leos or any of the officials until all investigations were concluded. Following the testimony, Martinez remained noncommittal. "We have concluded our investigation and are about to release a report," Martinez said in mid-June.

ASF officials and members of Congress are taking a less cautious attitude regarding the case, openly predicting that Munoz Leos will be subject to criminal sanctions. "We are getting used to tripping on the same rock," said ASF director Arturo Gonzalez de Aragon, comparing the Munoz Leos case to the Pemexgate scandal. "What we've experienced again in this case is a failure to comply with established norms during the expenditures process."

The independent petroleum workers union (Coalicion Federal de Trabajadores Petroleros, COFETAPE) has also filed complaints against several cabinet secretariats for their role in allowing Munoz Leos and other PEMEX officials to enter into a corrupt agreement with the STPRM. COFETAPE, which has a very small membership, has frequently denounced corruption in the STPRM. "We want to prevent President Felipe Calderon from adopting the same policy as his predecessor Vicente Fox, which was to coddle the union leaders at PEMEX," said COFETAPE leader Norma Monroy. "The president has to display honest policies, beginning with combating corruption at PEMEX."

The ASF is also investigating Munoz Leos for unauthorized use of PEMEX funds for personal expenses. He is accused of making six unapproved trips to London and Madrid at a cost of almost 300,000 pesos (US\$27,600). "We are aware that Munoz Leos' explanations for the misuse of funds were not satisfactory," ASF auditor Juan Manuel Portal told members of the anti-corruption investigations committee (Comision de Vigilancia) in the lower house.

Munoz Leos could face prison

The ASF auditor said the ASF would attempt to force Munoz Leos to pay back all or most of the funds he is said to have either embezzled or misspent. "We will seek recovery of these funds," said Portal. Deputy Antonio Ortega Martinez, who chairs the investigations committee in the Chamber of Deputies, said criminal charges would be sought against Munoz Leos. "Jail could be a real possibility," said Ortega, a member of the center-left Partido de la Revolucion Democratica (PRD).

Ortega said his committee and the ASF are extending their investigation to other policies prevalent during the Fox administration. In particular, he said, the auditing agency will look at complaints that Fox spent much more than the Congress approved for public relations. "It is important that the public know how much money ex-President Vicente Fox spent to build up his image," said Ortega. [Note: Peso-dollar conversions in this article are based on the Interbank rate in effect on June 20, reported at 10.84 pesos per US\$1.00]

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