

8-26-2015

Federal Auditing Ministry Clears President Enrique Peña Nieto of Wrongdoing in "Casa Blanca" Corruption Case

Carlos Navarro

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

Recommended Citation

Navarro, Carlos. "Federal Auditing Ministry Clears President Enrique Peña Nieto of Wrongdoing in "Casa Blanca" Corruption Case." (2015). <https://digitalrepository.unm.edu/sourcemex/6191>

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.

Federal Auditing Ministry Clears President Enrique Peña Nieto of Wrongdoing in "Casa Blanca" Corruption Case

by *Carlos Navarro*

Category/Department: Mexico

Published: 2015-08-26

In a controversial decision, the ministry in charge of government audits (Secretaría de Función Pública, SFP) issued a report exonerating President Enrique Peña Nieto, first lady Angélica Rivera, and Finance Secretary Luis Videgaray from charges they committed acts of corruption when they purchased properties from a public contractor who is a personal friend of the president. That contractor, Juan Armando Hinojosa Cantú, is the owner of a company that has won concessions for several projects from the federal and México state governments in the past several years, including a controversial highway on land belonging to the Otomí communities ([SourceMex, Aug. 12, 2015](#)).

The properties in question were acquired under suspicious circumstances, or perhaps suspicious timing, when Hinojosa Cantú or the heads of other units under his control were receiving contracts for public works projects. News reports circulated widely last year that Rivera was in the process of acquiring a sprawling mansion in an exclusive neighborhood of Mexico City from Arturo Reyes Gómez, owner of Grupo Teya, a company that was part of a consortium that had been chosen to construct a high-speed rail line between Mexico City and Querétaro ([SourceMex, Oct. 15, 2014](#), and [Dec. 3, 2014](#)). Grupo Teya is a subsidiary of Grupo Higa, owned by Hinojosa Cantú.

The seller is said to have given Rivera special terms on the house. Videgaray apparently also received special treatment in the purchase of a home from Hinojosa Cantú.

The scandal surrounding the purchase of the two homes prompted Peña Nieto to agree to a federal investigation in February of this year. Instead of appointing an independent party to conduct the investigation, however, the president left the case in the hands of the SFP, headed by Virgilio Andrade, another friend of the president.

As expected, Andrade cleared all parties of wrongdoing, saying that neither the president nor the finance secretary had gained benefits or tried to influence officials responsible for awarding contracts to companies that sold homes to them and the president's wife. Andrade argued that there was no connection between the purchases of the homes and the concessions of the projects, since neither politician held their current office when the properties were acquired. Furthermore, the SFP ruling states that the officials in question did not participate directly in negotiating contracts with the construction company and that the monetary value of such contracts was not excessive.

Still, the timing was suspicious, at least in the case of Videgaray, who bought his home from Hinojosa Cantú in October 2012, when he headed Peña Nieto's transition team. At that time, it was almost certain that Videgaray would get a top Cabinet post after Peña Nieto took office in December 2012.

The cynicism and outrage about the Andrade decision was widespread, and this was reflected in opinions voiced on the editorial pages of several daily newspapers and by nongovernmental organizations whose mission is to fight corruption.

"Public Administration Secretary Virgilio Andrade took an action that we knew several months ago he would take," columnist Raymundo Riva Palacio wrote in the daily newspaper *El Financiero*. "He cleared the president and his finance secretary, Luis Videgaray, of any illegal action related to the real estate transactions conducted with his developer friend who had won concessions for several lucrative projects in México state and the federal government. And he said that no conflict of interest occurred."

"A conflict of interest ... does not imply that there was an illegal or illegitimate action," added Riva Palacio. "All we need is a perception [of illegal activity] to generate suspicion and a lack of credibility."

"Beyond the mockery represented by the SFP investigation, this case is a sad reminder of what our country has endured in the past 12 months," Sen. Armando Ríos Piter, a member of the center-left opposition Partido de la Revolución Democrática (PRD), wrote in a guest column in the daily newspaper *Excélsior*. He referred to a series of scandals that have plagued the administration, including a cover-up of the Tlatlaya massacre ([SourceMex, July 8, 2015](#)) and the easy escape of Sinaloa cartel leader Joaquín "El Chapo" Guzmán from a high-security federal prison ([SourceMex, July 15, 2015](#)). "

"After a six-month investigation and a report of more than 1,000 pages, interviews with 111 officials, a review of checks and contracts, and the close scrutiny of the agreements signed by the government with Grupo Higa, the only thing that Virgilio Andrade did was to expose how (poorly) our country is functioning," Denise Dresser, political science expert at the Instituto Tecnológico Autónomo de México (ITAM), wrote in a column in the daily newspaper *Reforma*.

Although the decision appears to have cleared Peña Nieto, Rivera, and Videgaray legally, the consensus is that the administration's already fragile credibility was damaged further. "Nine months of silence, frequent denials, and a dose of arrogance caused the president to fall into a deep crisis of credibility," columnist José Cárdenas wrote in *Excélsior*.

Gustavo López Montiel, an expert on public administration at the Instituto Tecnológico de Monterrey (ITESM), said the decision to hand over the investigation to the SFP was improper because the probe was conducted by someone who answers to the president. If the investigation had been conducted by a more independent party, then the results, and the effort at damage control, might have been more credible, López Montiel said in an interview with the online news site *La Otra Opinión*.

Miguel B. Treviño, a *Reforma* columnist, pointed out that that recent corruption investigations in Brazil and Chile involving the Brazilian state-run oil company Petrobras ([NotiSur, Aug. 14, 2015](#)) and the son of President Michelle Bachelet ([NotiSur, April 24, 2015](#)) were conducted by the judicial branch rather than a unit of the executive branch. "The investigation of the Casa Blanca case is clear example of how an investigation should not be conducted by an agency that seeks to prevent corruption," said Treviño.

Anti-corruption mechanisms inadequate

Others noted that the problem runs deeper than the performance of the SFP in investigating the president, the first lady, and the finance secretary. "Mexico lacks the proper institutions to

investigate and sanction cases where conflict of interest is involved," columnist *Ciro Gómez Leyva* wrote in the daily newspaper *El Universal*.

Gómez Leyva said the cases involving *Peña Nieto*, *Rivera*, *Videgaray*, and *Grupo Higa* might have been downplayed or buried had it not been for a group of enterprising journalists, led by *Carmen Aristegui*, who have sought to expose misdeeds and corruption in government, particularly the executive branch. *Aristegui* has been a thorn in the side of the *Peña Nieto* government, and there were rumors that the administration was behind her dismissal from the radio news show *MVS Noticias* in March of this year ([SourceMex, March 25, 2015](#)). "The conclusions of *Virgilio Andrade* in no way negate the reports that *Carmen Aristegui* and her collaborators put together [on the *Casa Blanca* case]," said *Gómez Leyva*.

Eduardo Bohórquez, president of *Tansparencia Mexicana*, an affiliate of *Transparency International (TI)*, said Mexico's legal code lacks the necessary instruments to investigate and prosecute cases of corruption. The lack of a satisfactory resolution to the *Casa Blanca* case expands the already broad chasm between government and society at large, *Bohórquez* told *La Otra Opinión*.

Riva Palacio pointed out that the 2014 *Corruption Perceptions Index (CPI)* published by *Transparency International* gave Mexico a rating of 35 out of 100. "This is practically the same grade that we have received each year in the past decade," said the *El Financiero* columnist.

Peña Nieto apologizes

After the release of the *SFP* investigation, *Peña Nieto* issued a public apology for the "outrage" the scandal caused but also said that none of his actions were illegal.

"The investigation showed that the conduct of my wife and me was completely in accordance with the law," *Peña Nieto* said at a meeting of Mexico governors. "I am aware and recognize that these events gave way to interpretations that shocked and outraged many Mexicans. I offer all of them a sincere apology."

Videgaray also issued a separate apology offering the same message as the president. "I understand that my behavior, even though I was in full compliance with the law and with the country's ethical code, generated a perception that contributed to weaken public confidence in our institutions," said the finance secretary. "Because of that, and in the same manner as the president, I offer a public apology."

Critics noted, however, that the apologies were merely an attempt at damage control. "If the apologies were for the perception that was created by the indignation that caused the public to lose confidence [in the administration], why did they come nine months too late?" columnist *Carlos Puig* wrote in the daily newspaper *Milenio*. "Didn't this delay cause a further deterioration in the confidence about the administration? Didn't the delay in issuing the apology merit a separate apology?"

Some political observers suggested that the next step for the administration to attempt to regain a semblance of public confidence might be a Cabinet shake-up. However, *Peña Nieto's* most trusted aides, *Videgaray* and Interior Secretary *Miguel Ángel Osorio Chong*, are expected to keep their jobs. Two Cabinet members who have been at the center of small controversies, Education Secretary *Emilio Chuayffet* and Social Development Secretary *Rosario Robles*, could get the ax. Among non-Cabinet posts, there could be changes at the top of the state-run oil company *PEMEX* and in the

agencies involved in public safety, particularly in light of Chapo Guzmán's escape and a lack of progress in bringing him back into custody.

-- End --