

FRAUD IN THE NATIONAL DISASTER FUND

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The National Disaster Fund (Fonden in Spanish), is a revolving fund managed by the Ministry of the Interior (Segob in Spanish). In 2001, the fund began to have a problem with fraud, involving the approval of contracts without a public bidding process ‘for reasons of *force majeure*’, and the allocation of resources to states that were not at risk of natural disaster.

Upon discovering these first irregularities, I filed the report DE-0070/2002 to the Office of Internal Control (OIC in Spanish) within the Segob.¹ A week later, the Ministry’s security staff did not allow me into the offices of the Assistant Director of Financial Resources for Civil Protection—which is the position that I held at the time.

Much later, Carmen Segura Rangel, then Segob’s General Manager of Civil Protection, recognized the irregularities in the purchase and distribution of equipment and material for dealing with the emergency caused by Hurricane Isidore, as well as other anomalies totaling approximately 80 million pesos. In reality, however, the amount involved was much larger. During 2002 and 2003, Fonden continued to distribute resources without justification, citing *force majeure*. These irregularities, adding up to more than 200 million pesos, included the delivery of supplies from the strategic reserve to states with no risk of an emergency, purchase of products that were paid for but not delivered, and purchases from a nonexistent “ghost company”.

Between 2002 and 2005, through Mexico’s transparency law, I obtained information proving that other irregularities were taking place, in addition to those I had initially denounced (as mentioned above). I delivered this information to a group of Senators who reported the fraud to the National Superior Auditor’s Office (ASF in Spanish) and to the Ministry of Public Administration (SFP in Spanish).

¹ Editors’ note: Offices of Internal Control (OIC’s in Spanish) are housed in every Ministry or decentralized agency in the Federal Public Administration. They are representatives of the Ministry of Public Administration (SFP in Spanish), tasked with monitoring the agency’s compliance with existing laws and regulations, as well as receiving complaints from any concerned citizen (public servant or not) for irregularities in the management of a program.

After suspicious individuals turned up at my home to threaten both me and my family, two individuals shot me four times as I was leaving my house on October 28, 2003. Mexico City's Attorney General's Office (PGJDF in Spanish) opened an investigation, but closed it almost 10 months later declaring that there was *no cause for penal action*.

In November, 2005, two years after carrying out the audit 02/2003, the SFP gave in. They disqualified Carmen Segura Rangel from occupying any post in the executive branch of the federal government for 10 years, and fined her one million 773 thousand pesos.

Days later, Daniel Cabeza de Vaca, legal advisor to the President and ex-Attorney General, confirmed that, "there is sufficient evidence to prove that fraud took place in the Natural Disaster Fund involving millions of pesos, and within the next few days a judge will be assigned to the investigation of those government officials allegedly involved." Nevertheless, to this day, the Federal Attorney General has not officially recommended legal action.