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Mexico Charges Former Oil Official With Bribery in Anticorruption Drive

By Kirk Semple and Azam Ahmed

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MEXICO CITY — The administration of President Andrés Manuel López Obrador of Mexico has launched its first major anticorruption prosecution, delivering on a central campaign promise by taking aim at corruption inside the ailing state-owned oil company.

Bribery and tax fraud charges have been filed against Emilio Lozoya Austin, the former head of the state-run oil company, Petróleos Mexicanos, or Pemex, who was a top ally of the former president, Enrique Peña Nieto, officials said Tuesday.

Mr. Lozoya is accused of receiving bribes in connection with the oil company's purchase of a fertilizer plant, the officials said.

The case against Mr. Lozoya stems from a sprawling, hemisphere-wide probe into the Brazilian construction firm Odebrecht and its orchestration of one of the largest corruption scandals in Latin American history. Since the scandal erupted several years ago, Odebrecht has admitted to having paid about $800 million in bribes to leaders in a dozen countries throughout the Americas to secure lucrative contracts.

To say the company has cooperated with the authorities would be an understatement: Odebrecht officials provided names, dates and account numbers to help prosecutors throughout the hemisphere track the movement of bribes.

The scandal rocked the political and business establishments of Latin America, as the fallout touched nearly every nation where the company did business, leading to the impeachment of presidents and the arrests of government officials.

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But amid the tide of charges sweeping the region, one nation seemed surprisingly untouched: Mexico. Within a few years after the scandal broke, two federal investigations had stagnated even though Odebrecht had admitted to American, Brazilian and Swiss investigators in 2016 that it had paid $10.5 million in bribes to Mexican officials.

Venezuela is another notable exception among nations in Latin America that have taken action to address the scandal.

The administration of then-President Peña Nieto refused to bring charges in order not to jeopardize its party's chances in the 2018 presidential election, according to Mexican officials at the time.

The failure to bring charges, however, did not help his party, the Institutional Revolutionary Party, or PRI, which was decimated at all levels of government, most notably losing the presidency in a landslide to Mr. López Obrador, who campaigned on uprooting the endemic corruption plaguing Mexico. Now, with charges filed against Mr. Lozoya, the current government appears to be making good on its promise.

Mr. Lozoya, who was a member of Mr. Peña Nieto's campaign team in 2012 and was put in charge of Pemex after his candidate won the presidency, has denied any wrongdoing. His lawyer did not respond to messages on Tuesday seeking comment.

The case against Mr. Lozoya centers on Pemex's contentious purchase of a fertilizer plant while he was in charge of the company, Santiago Nieto, head of the Mexican Finance Ministry's financial-intelligence unit, said in an interview on Tuesday.

The plant was not functioning when Pemex bought it from Altos Hornos de México, or Ahmsa, a major Mexican steel manufacturer, paying $475 million — a sum that critics of the purchase said was drastically inflated.

According to Mr. Nieto, Mexican investigators have been focusing on a series of money transfers associated with the purchase that they say implicate Mr. Lozoya, including a transfer of $3.6 million that was sent by Ahmsa to a shell company in Switzerland that was connected to Mr. Lozoya.

Mr. Nieto said that Ahmsa transferred the money to the shell company via a subsidiary of Odebrecht.

"Our hypothesis is that it was a bribe," Mr. Nieto said.

The $3.6 million payment, Mr. Nieto said, was separate from the $10.5 million in bribes that Odebrecht admitted to having paid to Mexican officials.

In addition to bribery and tax fraud charges, the authorities have also accused Mr. Lozoya of conducting operations using money from illegal sources, Mr. Nieto said.

In other actions taken against Mr. Lozoya, Mexico's Finance Ministry announced on Monday that it had frozen his bank accounts, and last week the government barred him from holding public office for 10 years.

Mr. Nieto said the matter of Mr. Lozoya now rests with the nation's top prosecutor.

"The attorney general has to get moving," he said.

The government also froze the bank accounts of the steel manufacturer, Ahmsa, this week. Ahmsa said Tuesday that its president had been detained in Spain, Reuters reported.

Eduardo Bohórquez, one of Mexico's leading anticorruption activists who helped spearhead a campaign that resulted in major changes to the nation's anticorruption system, called the developing cases against Mr. Lozoya and Ahmsa "a good sign."

"The social thrust that drove the 2016 anticorruption reform had to wait almost three years to finally see the light through this case," he said.

But he also cautioned that the cases were in their early stages, and that Mexicans might be cynical that these developments truly indicate a cultural and political change.

"Impunity is still a common fear among citizens," Mr. Bohórquez said. "The list of major cases that were announced and prosecuted, but where justice was not served, is long."

Paulina Villegas contributed reporting.

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