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INTERNATIONAL METALWORKERS' FEDERATION
INTERNATIONALER METALLGEWERKSCHAFTSBUND
FEDERATION INTERNATIONALE DES ORGANISATIONS DE TRAVAILLEURS DE LA METALLURGIE
INTERNATIONELLA METALLFEDERATIONEN
FEDERACION INTERNACIONAL DE TRABAJADORES DE LAS INDUSTRIAS METALURGICAS
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Executive Summary

Horwath Berney Audit S.A. report
SNTMMSRM Fund
August 23, 2007

This audit report provides evidence that the charges raised against Napoleón Gómez Urrutia, executive committee member of the International Metalworkers' Federation and general secretary of the National Miners' and Metalworkers' Union (SNTMMSRM), are unfounded and fraudulent.

It is the IMF's position that these false charges are part of a well-coordinated government and corporate maneuver to discredit, defame and dispose Gómez in an effort to take control of the SNTMMSRM.

POLITICAL PERSECUTION

On February 19, 2006, a methane explosion occurred in the number 8 shaft of the Pasta de Conchos mine owned by Grupo México, the largest and most powerful mining company in the country. Sixty-five miners were buried in the blast. Following the explosion, Gómez spoke out against Grupo México and the Mexican government accusing them of "industrial homicide" for neglecting health and safety standards at the mine.

In March 2006, the Mexican government used falsified documents to remove Gómez from his position and imposed a new general secretary, Elias Morales. Morales, who is not a member of the union, reportedly has business ties to Grupo México. The government also seized all assets of the SNTMMSRM and Gómez, accusing Gómez of stealing US \$55 million of the union's funds. To date, accounts remain frozen and charges are still pending against Gómez at the state level. Similar charges filed in federal court against Gómez have been dropped.

This audit report proves categorically that all of the US \$55 million is accounted for and the charges against Gómez are absolutely false.

The government's interference in union affairs and its attack on Gómez are in direct violation of internationally recognized labour rights, particularly the International Labour Organization's convention 87, to which Mexico is a signatory. Consequently, the IMF has lodged a complaint with the ILO against the Mexican government (case no. 2478) which is still pending review and decision by the ILO Committee on Freedom of Association.

The Mexican government continues to persecute the SNTMMSRM and its members. Miners are repeatedly targets of arbitrary arrest, police violence and death threats. On August 8, union member Reynaldo Hernández González was murdered by Grupo México goons. Despite all of this, Gómez's

support remains strong, largely due to the fact that under his leadership miners have won unprecedented wage and benefit increases as well as educational opportunities for themselves and their families. The courts have overruled the Government's attempt to declare illegal the current strike that affects mines in three states.

AUDIT

In 1989 and 1990, the Mexican government sold three mines to Grupo México. The deal included payment (a value of 5 per cent of the shares) to the SNTMMSRM, which at the time totaled US \$31 million.

The funds were to be transferred to a Trust controlled by the SNTMMSRM and funds were to be distributed by the union according to decisions taken by the union's National Executive Committee, as outlined by the union's by-laws.

For 15 years, Grupo México refused to honour the deal and make payment to the union. After years of legal battle, in January 2005, the company was finally forced to pay an adjusted amount of US \$55 million. **Charges against Gómez refer to this US \$55 million, which is fully accounted for.**

Of the US \$55 million:

- \$ 20,492,990 — was frozen by the Mexican government and remains so today.
- \$ 21,832,081 — was paid to workers based on who met the criteria outlined by the union.
- \$ 1,000,000 — reimbursement to the union for costs incurred during the 15 year fight to win payment of money owed by Grupo México.
- \$ 3,983,000 — lawyers' fees in reference to legal proceedings to obtain funds owed by Grupo México.
- \$ 1,760,000 — refurbishment of several buildings belonging to the SNTMMSRM in order to preserve their value. These buildings are used for the day to day activities of the union and the union's members.
- \$ 5,000,000 — purchase of two investment properties in Monterrey.
- \$ 924,000 — media communications to counter government misinformation.

It is worth noting that financial decisions taken by the SNTMMSRM National Executive Committee are duly supervised by the union's Surveillance and Justice Committee and the Budget Committee, which are autonomous bodies within the union structure. Furthermore, union accounts and all financial policies are approved by delegates at the union's National Convention.

The audit indicates that greater transparency in the decision making process and more accurate record-keeping would greatly benefit the SNTMMSRM. The union's elected leadership is taking this recommendation into account and is making the appropriate adjustments.

Another important point is that according to the union, on February 17, 2006, offices of the SNTMMSRM were raided and many documents, including financial statements were stolen. This missing documentation created difficulties for the auditors, as stated in the report.

The audit was commissioned by the IMF and conducted by Horwath Berney Audit S.A. in Geneva, Switzerland.

A handwritten signature in black ink, reading "Marcello Malentacchi". The signature is written in a cursive style with a prominent initial 'M' and a long, sweeping underline.

Marcello Malentacchi
General Secretary