

# Wal-mart scandal



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New York Times reporter David Barstow uncovered a shocking story against retail giant, Wal-Mart. His investigation started after Wal-Mart shut down its internal investigation over the possible bribery of Mexican officials. Wal-Mart used these bribes to accelerate growth in their Mexican zoning areas. These allegations surfaced when a Hispanic lawyer contacted Wal-Mart headquarters in Bentonville Arkansas. This lawyer had inside information on Wal-Mart's bribes, as he represented them in their acts. He was used as a middle man for Wal-Mart's payoffs to these officials.

Wal-Mart took action in defending its image. In 2005 the company launched an internal investigation that dug into the operations of Wal-Mart de Mexico. The reports put together obvious signs that the company had, in fact been bribing the city officials to open up zoning areas and to swiftly create building permits. These bribes reported to total above \$24 million. Wal-Mart's lead investigator had this to say after the investigation was conducted, " There is reasonable suspicion to believe that Mexican and USA laws have been violated. When Wal-Mart's leaders were faced with the decision to continue the investigation, they gave it to Wal-Mart de Mexico to investigate; it was shut down. Wal-Mart didn't notify Mexican or American law enforcement with the information and none of these wrong doings were brought to the public eye until the publication of Barstow's article. Wal-Mart would obviously face critical examination by the public if the allegations were true; reasoning behind closing the investigation. Wal-Mart told the justice department that the investigation was unnecessary and the cases were minor where they did occur.

The Times had a view in their investigation as they found substantial evidence supporting the bribes taking place. It's believed that these bribes were the jump start Wal-Mart needed to gain its huge standing in Mexican society. 1 in 5 Wal-Mart's are located in Mexico. The Times interviewed Sergio Cicero Zapata, who resigned from Wal-Mart de Mexico in 2004. Cicero told them of personal instances of him giving lawyers envelopes of money to pay off government officials. Cicero said that he had done these deals for years while working for Wal-Mart. Along with the information they received from Mr.

Cicero, the times also found government documents with evidence of payoffs. These documents showed that within days of the money being given to the lawyers the permits were granted. The Times have published new stories exposing the company further with deeper information that they have gained through their investigation. Some of the information includes: \* Wal-Mart pays \$341, 000 to officials in Mexico City to build a Sam's club. The building was put in a densely populated area, and was done without a construction license, or an environmental permit or and urban impact assessment, or a traffic permit. Wal-Mart bribes officials to build " a vast refrigerated distribution center in an environmentally fragile flood basin north of Mexico City in an area where electricity is so scarce that many smaller developers turned away. " The bribe for this case was \$765, 000. \* A zoning situation in Teotihuacan caused Wal-Mart to make a payment of \$52, 000 to enable them to build a store near a famous pyramid site. The citizens were enraged by the location of the store but the protests were ignored and the Wal-Mart was built.

The mayor of Teotihuacan spent \$77, 000 buying and renovating a ranch the next year. Unexpected on a \$47, 000 yearly salary. \* There have also been reports of Wal-Mart building on ancient ruin sites. They have been obtaining the permits to do so illegally. Now that the statements have been made public, Wal-Mart de Mexico has been under investigation by the U. S. and Mexican governments. The leadership is questionable within both Wal-Mart and Wal-Mart de Mexico. The high members of Wal-Mart de Mexico made a choice to shut down the investigation to cover up their tracks.

The consequences of being discovered breaking the law to this extreme would put a huge chip on all of the Wal-Mart leaders' shoulders. The growth of their business is also at stake. Apparently these bribes played a major role in the expansion of Wal-Mart across Mexico. The leaders located in Arkansas will more than likely be held accountable for irresponsible actions as well. If the allegations are true they could be found out for knowing about the illegal bribes. Ethical issues do not look good for leaders; it can dramatically impact the way the company is viewed.

The actions of Wal-Mart making deals in Mexico could greatly affect the way the company is viewed and its overall standing to the public. With the investigation still ongoing it has yet to be clear what leaders at Wal-Mart are tied to the bribes in Mexico but it is undoubted by the New York Times that there are several people accountable for the actions. It is also possible that Wal-Mart has been doing this in other countries as well, but will only be confirmed when and if the government can obtain the information they need to prove wrong doing against Wal-Mart. Works Cited City. David Barstow; Alejandra Xanic Von Bertrab And James C. Mckinley Jr. Contributed Reporting

From Mexico. " Vast Mexico Bribery Case Hushed Up by Wal-Mart After Top-Level Struggle. " The New York Times. 22 Apr. 2012. The New York Times. 04 Mar. 2013 . Radcliffe, Dana. " Leadership Lessons From Wal-Mart's Bribery Scandal. " The Huffington Post. 16 July 2012. TheHuffingtonPost. com. 04 Mar. 2013 .