

EXHIBIT E

Article 2: Guindos's niece, whose husband received contracts from the Foreign Ministry, is dismissed from her position in the Washington Embassy

The government attributes her exit to an administrative restructuring in Education and not to the assignment of contracts. They do not confirm whether or not she will remain in another position in the U.S. Two of the companies who participated in the bids talk about favoritism and off market prices.

Photo: Gustavo Frech and his wife María Pedrosa de Guindos on the Spanish Embassy in Washington.

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María de Guindos, professional civil servant and the niece of the current Minister of Economy Luis de Guindos, will be leaving her diplomatic position at the Spanish Embassy in Washington as General Secretary for the Office of Education, a position she held since September of 2015, and previously from August of 2010 to August of 2014. This was communicated after EL ESPAÑOL revealed this Tuesday that the Ministry of Foreign Affairs had granted at least five contracts valued at more than \$92,000 to her husband through the Embassy. The paper revealed that her husband Gustavo Frech, an architect at JAP HOME SOLUTIONS, a company where he appears as co-director were given these contracts. A spokesman from the Ministry of Education told EL ESPAÑOL that they were told a few days prior about the decision to cease the General Secretary at the Washington counsel. The news was later communicated to her although they did not confirm if the call had been placed on Tuesday or before that. Nevertheless, they maintained that the decision was in no way related to the news about her husband and the contracts, but that it was due to internal restructuring.

“The government is renovating the embassies. In the process, they are also redesigning the positions in various places. Such as New York, Miami and Canada. This is just one of many changes” he added. He did not explain why the Ministry was informing about this decision this Tuesday right after the news got out about the Embassy contracts that were granted to the husband of Pedrosa de Guindos.

The news about whether or not she has asked for a transfer to another embassy office within North American territory such as Canada or Miami while remaining in Washington as she did before was not confirmed or denied.

UNUSUAL PRACTICE

We must remember that time when the Minister's niece was named Attaché of Education in Los Angeles, California at the other end of the country and how she stayed in Washington carrying out her duties from a distance in the capital of the U.S. Pedrosa had been General Secretary for five years, the maximum time allowed. In order to remain in Washington she asked for the transfer which was granted to her and which created quite an uproar amongst the embassy employees at the different headquarters due to the fact that it was unusual and out of the ordinary practice, considered to be favoritism by many because it required a series of adjustments amongst personnel of both headquarters.

The Minister of Education hasn't cleared up how it was possible that Pedrosa de Guindos held this position as General Secretary in Washington two consecutive times either. Or how it is possible that she has been abroad for almost seven years when one of the conditions for hiring under the Administration of the Ministry of Education is that at least three years have gone by from the prior time the person held the same position.

It also points out that the maximum time for civil servants to be in the position of General Secretary amongst other positions abroad is five years. Apparently, De Guindos niece did not meet these two requirements. We have been asking them to explain this to us since the 1st of March.

In the image circled in blue from left to right Maria Pedrosa de Guindos, Belen Moreno, Economic Administrative Counselor for the Embassy, and Leticia de Guindos. Leticia and Maria Pedrosa are nieces of the current Minister of Economy.

This decision was taken and voiced by Iñigo Mendez de Vigo's Ministry, spokesman for the Government and a partner of Pedrosa's uncle in the Council of Ministers. On the other hand we have also heard from other sources from the Embassy that Leticia De Guindos will also be leaving her job position. In this particular case this change was known since some time before the news broke out and we must point out that she has nothing to do with this and has no relation to the Frech or JAP contracts.

Last year it was the other niece Beatriz who left the US capital where she was working in a high position for the World Bank. She went back to her position in the (CNMC) Comision Nacional del Mercado y la Competencia after there was much commotion in Madrid amongst the opposing party and rumors of favoritism.

AT LEAST FIVE CONTRACTS

Even though Education tries to say there is no relation the truth is that the Minister decided to tell the news of Maria Pedrosa's leaving right after the news of the contracts got out. The news about the Embassy granting contracts since 2015 to her husband or to JAP HOMES SOLUTIONS, where he appears as co-director along with Jesus Anton who is the company owner. They both say that this is an administrative error that they are trying to fix, but neither they nor the Embassy have denied the existence of these contracts paid by the Foreign Ministry.

To be precise, there are a total of at least five contracts valued at more than \$92,000 that we (EL ESPAÑOL) have been able to find. Neither the Embassy nor the company have confirmed the existence of more, or the total amount spent. They were all minor contracts –less than \$50,000 euros so no legal document was necessary, therefore no trace on Transparency Websites. One of these for \$12,850 assigned directly to Pedrosa's husband is directly linked to another major contract for \$209,985 for the work in the Chancellery. According to the owner of the construction company for that job it was Jesus Anton from JAP who recommended him to the Embassy for this work.

The Ambassador Ramon Gil Casares was not aware that there was a family relationship between JAP and one of the General Secretaries of the Embassy, according to an official spokesman. Belen Moreno was responsible for getting the permits from Madrid and for sending out the different proposals to the Ministry. She always reviewed several proposals even though it wasn't a requirement, in order to "be transparent". They insist that everything is legal and that all legal processes have been carried out correctly.

Two of these companies who participated in these job bids have talked to EL ESPAÑOL about their experiences.

The owner of AZABACHE who had formerly worked with the Embassy says he suspected there was some relationship with JAP, because “they were suddenly getting all the jobs”. In fact, regarding the job where the handicapped ramp was needed, “I presented my work and was turned down. But I later found out that the company that did the work used my blueprints”.

(Image) The Ambassador’s old residence currently the (Cultural Center) where they wanted to build the ramp.

FAVORITISM?

As we have been able to verify AZABACHE presented their drafts in March of 2016 for \$17,889 with a drawing of the ramp included. On the other hand JAP turned in theirs in December, nine months later for \$8,441. The lowest quote got the job. The proposal presented by JAP did not include a drawing of the ramp. In fact, it said it was a proposal to build the ramp “according to the drawings given to them by the property”. What we haven’t been able to verify is if the drawing they used was Azabache’s or another.

“The ramp is just like the one I drew with just a few minor modifications. In fact, I remember them asking me to give them further details on the drawing with measures, scales, and legal specifications”. I told them this was work and that I couldn’t do it without charging”. He hasn’t worked with the Embassy since.

Azabache also had differences with JAP due to the maintenance jobs of the Embassy. “They hired us to work for two months. The company who substituted us was JAP. When they started they wanted us to teach them how the air conditioning worked. I said no. Things don’t work like that, this is my work, and I charge for it, I can’t just give it away” he concluded.

Cannon Group is the company who replaces the roofing for the US Federal Agency GSA (Servicios Generales de la Administracion). The Embassy invited them to present an offer for the roofing work in the chancellery with a maximum budget of \$20,000. This company replied that it would be impossible to do the work for that amount but that they would be able to do it for \$36,000. Frech was given the contract for \$12,800.

“That amount is too low. It takes a long time to inspect the roof, enter the data in the computer, make the blueprints and meet all the specifications...And in general professional designers here get paid very well”, said this Director who did not know that one of the competitors was related to one of the General Secretaries of the Embassy. “Things work like this sometimes, I’m not referring to the Spanish Embassy, just in general” he said without much surprise.

This company had never worked for the Spanish Embassy before. In fact, the Director doesn’t know why they were invited to present an offer, although he thinks it is because of the contract they maintain with the Federal Government which makes them one of the leading companies in this sector, for this area.