Spain issues arrest warrant for auditor of failed wifi firm

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An advertisement for wifi provider Gowex on a news kiosk in Madrid on July 3, 2014

A judge issued an arrest warrant on Thursday for the auditor of Spanish wireless networks provider Let's Gowex which has filed for bankruptcy protection after its chairman admitted falsifying accounts.

Antonio Diaz Villanueva from small firm M&A Auditores is due to testify in court on Friday as part of a probe into alleged accounting fraud

at the firm, which provides wifi services in public areas in cities around the world.

High Court Judge Santiago Pedraz who is leading the investigation has not been able to locate Villanueva so he issued an arrest warrant for him, a court spokesman said.

The collapse of Gowex, which had been touted as one of Spain's entrepreneurial success stories, followed a scathing report earlier this month by investment firm Gotham City Research that alleged that 90 percent of the company's revenue was non-existant.

Gowex, which had been touted as one of Spain's entrepreneurial success stories, initially dismissed the report as "unfounded and defamatory".

But on July 6 Gowex announced it was filing for bankruptcy after chief executive Jenaro Garcia Martin admitted faking results for years.

Pedraz on Monday gave Garcia Martin 15 days to post bail of 600,000 euros ($816,000) or face jail after questioning the former Gowex chief for around two hours.

Disgraced ex-boss of Spanish wifi provider Let's Gowex Jenaro Garcia Martin (C) leaves the courthouse in Madrid on July 14, 2014

The judge said Garcia Martin is suspected of several crimes including false accounting, distortion of economic and financial information, and insider trading.

Gowex's collapse revived concerns over the quality of regulator oversight at Spain's equity markets and led to a flight by investors from Madrid's junior market, the Alternative Equity Market, where Gowex is listed.

The Gowex scandal follows another accounting major scandal.

Last year spanish packaged seafood giant Pescanova sought bankruptcy protection after an audit revealed the company had secretly amassed

huge debts.

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