

Rights Action
June 14, 2015

State Repression and State Corruption in Honduras

Honduras

- Murder capital of the world
- Repression capital of the Americas
- Corruption capital of the Americas
- Women murdering capital of the world
- ... And a profitable place for North American governments, companies and businesses to do business

Honduras Education Seminar Trip, November 7-15, 2015: see below

How Hitmen And High Living Lifted Lid On Looting Of Honduran Healthcare System

By Nina Lakhani, June 10, 2015

http://www.theguardian.com/world/2015/jun/10/hit-men-high-living-honduran-corruption-scandal-president?CMP=share_btn_fb

The shooting of a travel agent, prosecutors believe, links the luxury lifestyles of officials with the theft of hundreds of millions from the social security system in a scandal, threatening President Juan Orlando Hernández's hold on power. At first, the attempted murder of a travel agent by two gunmen on motorbikes seemed to be just another grim example of the lawlessness that plagues San Pedro Sula, the second largest city in [Honduras](#) – and one of the most of the most violent in the world.

But the intended victim, John Bográn, is widely believed to have been targeted for his alleged role in a massive fraud involving high-ranking government officials who were reportedly involved in [the theft of hundreds of millions of dollars from the social security system](#) using a network of sham companies which left dying patients without life-saving medicines.

As the scale and audacity of the fraud in the Honduran institute of social security (known by its Spanish initials as the IHSS) has come to light in recent weeks, thousands have taken to the streets to demand the resignation of President Juan Orlando Hernández.

The protests – led by non-partisan groups fed up with blatant political corruption – have parallels with a similar movement in neighbouring Guatemala, where a separate corruption scandal has already [led to the fall of the vice-president](#) and several ministers.

The twin scandals have unfolded even as the Obama administration urges Congress to approve a \$1bn aid package for Central America's northern triangle of Honduras, Guatemala, and El Salvador in an effort to curtail undocumented migration to the US by creating jobs through US-funded infrastructure projects.

But allegations of criminal wrongdoing in the highest echelons of both governments challenge the assurances given to Congress about improved governance in both countries – which are also key allies in America's war on drugs.



John Bográn was attacked by armed assailants in Honduras and is accused of being part of a corruption scandal. Photograph: Internet

“The gravity of the evidence is shaking to the roots the legitimacy of both governments and producing mass protests,” said Annie Bird, Central America expert at the Center for Political Ecology. “The US Congress must seriously examine the responsibility of appropriating large sums of taxpayer dollars to governments in which top officials are implicated in major corruption.”

The IHSS is a government-run national insurance system which until a few years ago provided good quality healthcare for those in the formal labour market, from factory workers to public servants, who made monthly payments linked to salary levels.

Allegations of corruption first emerged in 2013 amid reports of major shortages of medicines, equipment and staff at IHSS hospitals. Prosecutors said the institute’s director, Mario Zelaya, and his cousin José Zelaya, the head buyer at the IHSS, had embezzled millions of dollars to pay for extravagant lifestyles which included mansions, flashy cars and foreign travel for themselves, their wives and model girlfriends.

Mario Zelaya was named as IHSS director in early 2010, just a few months after a military-backed coup d’état deposed the elected president, Manuel Zelaya (no relation), and created a law-and-order vacuum that enabled organised crime to proliferate in the country.

By 2014 the list of IHSS officials and associates wanted for money laundering, fraud and misuse of public office had grown, and Interpol issued several arrest warrants.

Mario Zelaya was [arrested in Nicaragua](#) in September. His girlfriend, model Natalia Ciuffardi Castro, was [arrested in Chile](#) in December. Prosecutors say she received cash and real estate through contracts with sham companies – set up to launder IHSS money, but as there is no extradition treaty between Chile and Honduras, Ciuffardi has yet to be charged and denies any wrongdoing.



Mario Zelaya, former director of the IHSS, appears in court in Tegucigalpa on 9 September 2014.
Photograph: Orlando Sierra/AFP/Getty Image

[José Zelaya is still on the run](#), but his wife and girlfriend have both been detained. His girlfriend, Honduran model Ilsa Vanessa Molina, was [arrested by US immigration officers in January](#) while trying to enter illegally through New Mexico. Molina, who allegedly received almost half a million dollars, is seeking asylum in the US.

As the drama unfolded, the governing National Party – which won the 2013 election following a multimillion-dollar campaign – distanced itself from the scandal.

But in early May, Globo TV revealed [a cache of leaked documents](#), including cheques that purportedly showed that in the runup to the election the National Party secretly received hundreds of thousands of dollars, including large amounts from at least 10 sham companies that were given IHSS contracts approved by Congress – led at the time by the future President Hernández – during late-night parliamentary sessions.

Hilda Hernández, the president's sister, was one of three officials in charge of party funding at the time. She has not been arrested or questioned.

In total \$350m was allegedly stolen from IHSS. The scams included overpaying almost \$400,000 for 10 ambulances and buying overpriced medicines which were then repeatedly stolen and resold to the IHSS.



Natalia Ciuffardi Castro, the girlfriend of Mario Zelaya, was arrested in Chile in December. Photograph: Facebook

The drip-drip of damaging evidence has continued for the past month. At first, the president accused opposition parties of orchestrating the revelations to destabilise the government, but prosecutors said the leaked cheques were genuine.

Amid growing public outrage, Hernández then appointed a commission to investigate the scandal alongside 11 other old and new corruption cases. He has [accepted that his election campaign received money from companies linked to the scandal](#), but denies any personal knowledge.

The case has prompted fury among ordinary Hondurans over the collapse of the IHSS – which before the fraud had provided good quality healthcare to 1.6 million Hondurans – and its imminent privatization.

Even as the scandal unfolded, the government was negotiating a £188m loan with the International Monetary Fund (IMF), which insisted that the IHSS – now saddled with huge debts thanks to the embezzlement – should be privatised.

“The IMF knows the privatisation of all our public institutions has been preceded by huge deficits and insolvencies created by government-appointed corrupt and incompetent officials,” union leader Carlos Reyes told the Guardian. “A functioning hospital system was dismantled and sick people died unnecessarily in order to win an election and justify privatisation.”

The IMF said its prerequisite reforms also include [steps to eliminate waste and fraud](#) in the IHSS.

The political fallout of the scandal has yet to be established. Protesters are angered by prosecutors' unwillingness to acknowledge political links to the fraud until the documents were leaked. They have called for the establishment of an independent criminal investigative body like the UN-backed International Commission against Impunity in Guatemala (CICIG), which also promotes witness protection.

Keeping witnesses alive to testify is a serious problem in Honduras, which has one of the highest murder rates in the world. Bográn, the travel agent accused of selling the Zelayas flights to US cities at inflated prices, was shot alongside his bodyguard days after the allegations first came to light. At the time, he was wanted by Interpol and, allegedly, also a protected witness working with prosecutors.

That same week, model Ilsa Vanessa Molina's mother filed a case with the National Commission of Human Rights claiming two men had [threatened to kill her and her daughter](#) if they cooperated with investigators.

Meanwhile ordinary Hondurans continue to suffer the consequences of the fraud. Pedro Amador, an English teacher, said his father José received no treatment from the IHSS after he was diagnosed with cancer two years ago. He died at home last month.

“My father paid into IHSS all his working life but since he got cancer two years ago, they did nothing apart from give us prescriptions,” said Pedro. “We had to buy every medicine he needed and my elderly mother and sister basically nursed him at home as there were no staff to attend to him. He died from negligence, because all the money was stolen.”

Honduras Education Seminar Trip, November 7-15, 2015

The Mir Centre for Peace at Selkirk College and Rights Action invite you to join an education-seminar trip to Honduras

(<http://selkirk.ca/mir-centre-for-peace/events-workshops/honduras-education-seminar-tour>)

- **More info:** Grahame Russell, info@rightsaction.org

Rights Action (USA & Canada)

Rights Action believes in the interdependence of all humans and life forms on the planet, and in our fundamental dependence on the natural elements of Mother Earth. Most injustices, inequalities and environmental destructions suffered by humans and other life forms across the planet are the result of human value systems based on domination, superiority and inferiority, competition, ‘winners and losers’ and ‘we versus them’, and on separation from and domination over the natural elements of Mother Earth.

Rights Action funds grassroots organizations in Guatemala and Honduras (and less-so in southern Mexico and El Salvador) working for locally-controlled development, environmental and human rights protection, and the strengthening of real democracy and rule of law. Rights Action does education and activism work concerning how the United States and Canada (governments, companies, investors and consumers) contribute to and benefit from environmental harms and human rights violations, repression, corruption and impunity in these countries.

Get Informed / Get Involved

- **Speakers:** Invite us to give presentations about these issues

- Educational Delegation: Join an educational delegation seminar to Guatemala and Honduras to learn more about these issues and struggles
- Daily News: www.democracynow.org / www.upsidedownworld.org / www.dominionpaper.ca / www.rabble.ca /
- Recommended Reading: “This Changes Everything: Capitalism versus The Climate”, by Naomi Klein; “Open Veins of Latin America”, by Eduardo Galeano; “A People’s History of the United States”, by Howard Zinn

Say No To ‘International Business and Investments, Militarism and Impunity As Usual’

The U.S. and Canadian governments, the World Bank and Inter-American Development Bank, and North American companies and investors (including pension funds) maintain profitable economic and military relations with the Guatemalan, Honduran and Mexican elites, turning a blind eye to death and suffering by exploitation, repression, violence and impunity that are the norm in these countries.

Because of impunity and immunity from legal liability in Canada and the U.S., it is extremely difficult to hold our companies, investors, governments and international “development” banks accountable when they contribute to and benefit from human rights violations and environmental and health harms in other countries.

Send, and keep on sending copies of this information, and your own letters, to your own elected politicians (MPs, Congresspersons, Senators), to your media, and to your own pension and investment funds, asking: Why our governments, companies and investment firms do nothing about the poverty, repression and violence, and environmental and health harms associated with North American businesses, while benefiting from these economic, military and political relations?

Tax-Deductible Donations (Canada & United States)

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