

## Drug money, coup d'états & global corporations in Honduras, staunch “democratic ally” of US & Canada

<https://mailchi.mp/rightsaction/drug-money-coup-detats-global-corporations-in-honduras>

- **Below:** In-depth article by Karen Spring, Honduras Solidarity Network

As a major drug-trafficking trial continues today in New York City against Honduran drug trafficker Geovanny Fuentes Ramirez (with direct ties to current president of Honduras, Juan Orlando Hernandez, fully supported partner of the US and Canada since the 2009 military coup ousted Honduras' last democratically elected government), Karen Spring sets out in detail how narco-trafficking has infiltrated the highest levels of the Honduran state (government, military, police) and how organized crime networks partner with and launder drug money through extractive industry projects.

*“Rivera Maradiaga exposed how corrupt politicians and drug traffickers have used large-scale mining, construction, and energy contracts as their money laundering schemes of choice.”*

This article - written after “Tony” Hernandez, brother of Honduran president Juan Orlando Hernandez, was found guilty drug-trafficking in a separate but related case in New York – provides an in-depth look into Honduras' ‘narco state’, dating back to the US and Canadian backed coup in 2009.

Honduran communities in resistance (including partner groups of Rights Action) must contend not only with Honduran regime repression, but also that of organized drug trafficking crime with links to the regime and to global companies.



No countries have done more than the US and Canada to empower and 'legitimize' the repressive, military-backed, narco-regimes in power in Honduras

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## The Marriage of Drug Money and Neoliberal Development in Honduras

By Karen Spring, Nov.5, 2020, NACLA—Report on the Americas

<https://www.tandfonline.com/doi/abs/10.1080/10714839.2020.1840167>

Devis Leonel Rivera Maradiaga appears at the side door, dressed in an orange prison jumpsuit but without handcuffs, before being escorted to the front of the New York courtroom. He is taking the stand for federal prosecutors as a star witness in their case against his former drug associates and Honduran *narco-políticos*—politicians involved in drug trafficking.

Across the courtroom sits the accused, Juan Antonio “Tony” Hernández, a former Honduran congressman and the brother of the current president, Juan Orlando Hernández. As his former drug business associate and one of the two bosses of the Los Cachiros cartel, Rivera Maradiaga knows the ins and outs of Tony Hernández’s drug involvement.

A seasoned witness, Rivera Maradiaga takes a seat with a hardened face. As he answers the prosecutor’s questions, he seizes every opportunity to insult Honduran prosecutors, judges, and politicians for being bought off, corrupt, and involved in criminal activities. The entire political system in Honduras is corrupt and infiltrated with drug interests, his testimony outlines.

With every revelation, members of the audience—made up of many Hondurans all too familiar with the destruction of their country by the *narco-políticos*—snicker and quietly nod in agreement.

### **“State-sponsored drug trafficking”**

By the end of this trial, Tony Hernández will ultimately be convicted on four counts of large-scale drug trafficking, related weapons charges, and making false statements to U.S. federal agents.

Marked by his involvement in this illicit and violent business, Rivera Maradiaga is by no means a hero, but his insider’s account has been valuable in bringing the workings of Honduran narco-politics to light. Beyond exposing Tony Hernández and others’ drug involvement, Rivera Maradiaga’s court testimonies and the details of his business strategy have revealed a complex web of corruption involving drug profits, Honduran politicians and political parties, and other powerful interests—or what U.S. federal prosecutor Emil Bove called “state-sponsored drug trafficking.”

### **Drugs, mining and money laundering**

Most shocking of all, Rivera Maradiaga exposed how corrupt politicians and drug traffickers have used large-scale mining, construction, and energy contracts as their money laundering schemes of choice, shrouding their illicit activities under the cover of neoliberal development projects.

Before being locked up in the United States, Rivera Maradiaga was not only a drug trafficker, but also a successful Honduran businessman. He was a cattle rancher and the owner of mining, construction, and African palm companies, and these legitimate or non-drug-related businesses even held government contracts. These contracts would prove crucial to understanding how the neoliberal privatization model in Honduras has played an indispensable role in laundering money derived from drug trafficking and other illicit activities.

In a separate trial in the Southern District Court of New York on March 6, 2017, Rivera Maradiaga detailed two encounters that took place with former Honduran president Porfirio “Pepe” Lobo, his son, Fabio Lobo, and his nephew, Jorge Lobo, who will run in the 2021 election as the presidential candidate of the Christian Democratic Party of Honduras.

One encounter occurred prior to the November 2009 general elections when Pepe Lobo was running for president, and the other happened shortly after he became president. Rivera Maradiaga’s testimony illuminated how he grew his business empire with the help of high-level connections and became a key player in efforts to transfer wealth from the Honduran people to corrupt elites:

“[Pepe Lobo] advised me, he told me to set up companies because he was going to award us contracts from the government to pay us in exchange for the bribes that we had given him for his campaign...He [Fabio Lobo] was going to get the contracts through the government companies in exchange for a bribe that we would give him for the contracts, which was from 10 percent to 20 percent per contract... since his dad had won the elections, [he] was looking for people to award contracts, roadway contracts, and several government

contracts...for money laundering.”



President Pepe Lobo won the fraudulent, violent November 2009 elections, soon after the US and Canadian-backed coup. US and Canada were the only governments to accept the elections as “legitimate” and quickly recognized “President” Pepe Lobo’s government and renewed or continued with full military, economic and diplomatic relations.

Following Pepe Lobo’s advice, Rivera Maradiaga and his associates created companies that then received government contracts and concessions to repair or construct major highways, hydroelectric dams, and solar energy projects. The now-disbanded Organization of American States anti-corruption body, the Mission to Support the Fight Against Corruption and Impunity in Honduras (MACCIH), later seized on Rivera Maradiaga’s statement to name 12 Honduran politicians and drug traffickers in a 2019 corruption case known as “Narco-politics.”

The case cites Lobo’s advice to establish front companies to launder drug money in exchange for campaign financing.

In addition to revealing how traffickers and *narco-políticos* coordinate to launder drug money, these activities are also indicative of a mutually beneficial and self-reinforcing relationship between the aggressive, corrupt advancement of the neoliberal model in Honduras and those who profit from large-scale development projects.

### **The Post-Coup Neoliberal Laboratory**

Pepe Lobo was elected president five months after the June 2009 coup that overthrew the democratically elected president, Manuel Zelaya. Despite the fact that the resistance movement that sprung up following the coup boycotted the election, the vote proceeded with the blessing of the United States and Canada and ultimately resulted in a National Party victory.

Upon taking power, President Lobo began implementing neoliberal policies in agreement with international financial institutions like the International Monetary Fund and the World Bank.

According to Carlos H. Reyes, president of the Beverage Industry and Allied Workers Union

(STIBYS) and one of the most well-known figures in the resistance movement, the coup and Lobo's subsequent election unleashed a "process of privatization of the commons" in the country. "Since 2009, Honduras has not only served as a laboratory for the new streak of coup d'états in Latin America, but also as a laboratory for the deepening of the neoliberal model," Reyes told me. This model, he explained, has involved regressive fiscal policy, deregulation of the monetary and credit system, and increased dependency.

"Poverty, unemployment, [and] migrants multiplied by the thousands," he added, "and we became a country that was almost entirely an importer through free trade agreements," including a new free trade agreement with Canada in 2013.

### **"Honduras is open for business"**

While encouraging Rivera Maradiaga to create companies to launder drug money, President Lobo promoted neoliberal policies and foreign investment under the banner "Honduras is open for business."

Lobo and the National Congress—then headed by current president Juan Orlando Hernández—laid the legislative framework for investments in extractive industries. For example, as the process of privatizing the National Electrical Energy Company (ENEE) accelerated under the post-coup regime, Congress—with strong IMF encouragement—opened up energy generation opportunities to private companies. In 2010, Congress approved 47 hydroelectric dam projects, 70 percent of which benefited a small handful of Honduran companies.

And in January 2014, Congress approved 23 solar energy projects, granting hefty contracts to several foreign and nationally owned companies, including some with suspected links to the Los Cachiros drug cartel.

Meanwhile, in 2013, Congress passed a new mining law. In 2011, Rivera Maradiaga had formed the mining company Minera Mi Esperanza, and in 2013, the company received three iron ore mining concessions in Gualaco, Olancho, in eastern Honduras.

Shortly after, Rivera Maradiaga and his brother and fellow drug boss, Javier, became DEA informants in late 2013. Although they initially remained in the country, it's unclear if Los Cachiros had a chance to operate the mine before the brothers turned themselves in to U.S. authorities in early 2015.

### **Drug Money Boosts Mining Interests**

Today, the networks that Los Cachiros built to expand their multimillion-dollar drug business remain intact. It is well established that when the bosses or heads of large criminal networks are neutralized, the many pieces of their operations adapt and follow similar business patterns. The kingpins of Los Cachiros may be in U.S. prisons, but their allies and networks have not been dismantled.

“There are Congressional representatives that are still, today, in the National Congress that had an alliance with the Rivera Maradiagas,” said Christiam Sánchez of the Pro-Honduras Network, a U.S.-based, Honduran-led organization that monitors most U.S. court cases involving Honduran drug traffickers.

Sánchez pinpointed National Party congressmembers Reynaldo Ekónimo and Óscar Nájera, both named in Rivera Maradiaga’s testimonies, as indicative of “how these business interests are promoted in the Honduran Congress.”

The north coast is particularly fertile ground for such alliances between drug traffickers and business interests, he added.

Local residents in the Lower Aguán Valley in northern Honduras, for instance, believe that individuals with past connections to Los Cachiros are responsible for pushing forward mining in the region. Congressman Nájera, representing the northern department of Colón, and Tocoa mayor Adán Fúnez, also named in Rivera Maradiaga’s testimony, have continued to promote mining activities around the area where the Minera Mi Esperanza mine was located. Local criminal gangs believed to have assisted Los Cachiros with transporting drugs and carrying out targeted assassinations are still largely in operation.

Recently, these gangs have been involved in threatening local residents who oppose mining in Colón. According to local residents, these groups also work alongside private security guards protecting active mining operations.

### **Guapinol community defense – versus – mining struggle**

One particular project, an iron ore mine owned by the Tocoa-based Honduran company Inversiones Los Pinares, is believed to be linked to individuals involved with Los Cachiros. Residents of the Guapinol and San Pedro Sector communities, located outside Tocoa, have opposed the project for years, raising concerns that it endangers the drinking water of over a dozen communities in the region.

Inversiones Los Pinares, formerly known as EMCO Mining Company, received the license at the end of Lobo’s term in early 2014, one month after Congress expedited a decision to reduce the size of the protected area of the Montaña de Botaderos National Park. A legal team representing community members has appealed the mining license as unconstitutional, arguing that the shrinking of the protected zone “specifically corresponds to the area included in the mining concession request.”

Suspecting they face a mix of corporate and drug-money interests, residents of Guapinol fear heightened repression, and many activists have suffered threats and criminalization.

Many other residents are unwilling to discuss the situation publicly, much less report it to authorities widely believed to be aligned with illicit interests. “It’s like walking alongside death and walking with your kidnapers at all times,” a member of the Municipal Committee for the

Defense of Public and Common Goods, whose name has been withheld to protect their identity, told me. “You cannot sleep well because you think that one of these criminal groups could come and attempt to kill you inside your house. We know that the interests of exploiting the mine aren’t just about the rock—it’s about other interests related to illicit, criminal acts.”

To date, eight members of the Guapinol Municipal Committee have been imprisoned on what human rights groups call trumped up charges used to target them for their opposition to the mine. According to Global Witness, Inversiones Los Pinares owner Lenir Pérez is suspected of participating in kidnapping, threatening, and bribing opponents of a separate mining project on the north coast.

### **Front Companies Abound**

There are several other companies and individuals with connections to Los Cachiros that have continued to operate presumed money-laundering businesses even after the Rivera Maradiaga brothers handed themselves over to U.S. authorities in 2015.

According to a corruption case filed by the MACCIH in 2019, three suspected associates of Los Cachiros—Waldina Lizzette Salgado Pérez, Francisco Arturo Mejía, and their son Roberto Arturo Mejía Salgado—remain legal representatives of three companies: Inversiones Acrópolis, Consulting, Maintenance and Services (COMSSA), and Sociedad Consultores Especializados (COESA).

In 2012, the three companies were granted overvalued contracts to build the housing units and offices for the large, internationally financed Patuca III hydroelectric dam in eastern Honduras. Francisco Arturo Mejía, formerly a lawyer for Los Cachiros, is also connected to the president of Congress and National Party presidential primary candidate, Mauricio Oliva. In 2014, Mejía worked as a congressional assistant to Oliva.

Then, according to an investigation by the Central American outlet Expediente Público, a front company managed by Mejía and linked to Los Cachiros transferred two exclusive condominiums to Oliva, his wife, and his daughter in 2018. The reason for the real estate transaction is unknown, but the Expediente Público investigation also linked Oliva to Valle Valle cartel frontman and large-scale drug trafficker, Orlando Pinto Espino. This raises serious questions about the close relationships between public officials and drug traffickers.

Separately, associates of Los Cachiros set up at least 15 solar energy companies in 2013, six of which received energy generation contracts with ENEE within months of their creation, according to an investigation by Revistazo, the journalistic arm of the Association for a More Just Society.

### **Hydro-electric dams and assassination of Berta Caceres**

Of particular interest is the company Producción de Energía Solar y Demás Renovables S.A de C.V. (PRODERSSA). Presumed Los Cachiros frontman Roberto Arturo Mejía founded PRODERSSA

in 2013, and the company received a state contract 12 days before President Lobo left office in January 2014.

Seven months later, Roberto David Castillo, a former military intelligence officer and the accused mastermind of the murder of Indigenous activist Berta Cáceres, became shareholder and president of PRODERSSA.

At the time of Cáceres' murder, Castillo was president of Desarrollos Energéticos (DESA), the company behind the dam project she resisted, and he has also maintained holdings in other companies. In 2018, authorities seized PRODERSSA's assets over suspected links between the founder and Los Cachiros. Although Castillo's relationship with the Los Cachiros frontman is not clear, the partnership signals a dependent relationship between the expansion of neoliberal development projects and drug trafficking.

### **Aura Minerals mining company and links to drug traffickers**

This problematic relationship does not start nor end with individuals involved with Los Cachiros. In 2019, authorities arrested members of the Benítez family, owners of the Honduran heavy machinery company INCOBE, on charges of money laundering with suspected ties to drug trafficking.

Based in the western city of Santa Rosa de Copán, INCOBE held a longstanding and large contract with Canadian-listed and U.S.-based gold mining company, Aura Minerals, which operates a gold mine in Copán. INCOBE also expanded into mining directly.

Shortly after the approval of the new mining law in 2013, INCOBE was granted a mining concession in the municipality of El Nispero in the western department of Santa Bárbara. When local communities began to organize against the iron ore extraction project, they were quickly silenced when community leader Rigoberto López Hernández, who had opposed the mine, was found brutally murdered in May 2013. Assailants slit Hernández's throat, cut out his tongue, and left his body in a public area to send a message to the community in resistance against the mine.

### **Contending with Widespread Corruption**

Discussions about government corruption and state involvement in drug trafficking often mask the clear and intentional policy of fusing drug-money laundering and the advancement of extractive projects in post-coup Honduras. The strategy involves coordination between drug traffickers, narco-políticos, and other corrupt Honduran politicians.

Under such arrangements, the politicians get their campaigns funded, the drug traffickers get their money laundered, and Honduras turns more and more into a criminal state.

Rivera Maradiaga's testimony, including Pepe Lobo's instructions to create businesses that would benefit from government contracts, offers a glimpse into complex webs of corrupt business deals, drug money, and political and economic interests. These networks extend



beyond Los Cachiros and continue to operate under the cover of many energy generation and mining projects across the country, despite the U.S. crackdown on Honduran drug traffickers that has landed Tony Hernández and Fabio Lobo in prison.

This articulated strategy has severe consequences for Honduran communities fighting mining, dams, and large-scale solar projects in their territories. Not only do they face the full legal and military muscle of the state, but they also have to navigate the overlapping interests of criminal gangs, state authorities, private investors, and the large illicit networks connected to such projects.

As Honduras continues to seek foreign investment and to create favorable conditions to attract such business, any foreign government or company eyeing opportunities in the country must consider the deeply criminal nature of the Honduran state.

The widespread manner in which these illicit networks operate in the extractive industry and in public institutions signifies that no foreign or national investment can escape their reach.

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### **Karen Spring is attending Geovanny Fuentes Ramirez trial in New York**

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<https://www.aquiabajo.com/blog/>, <https://twitter.com/hondurassol>

### **More information – Honduran organized crime and drug-trafficking trials**

Pro-Honduras Network, <https://www.facebook.com/PROHNN/>; [https://twitter.com/Prohn\\_Honduras](https://twitter.com/Prohn_Honduras);

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### **Why do thousands of Hondurans & Guatemalans flee into exile year after year?**

The US and Canadian governments, the World Bank and global businesses and investors (in the sectors of mining, dams, African palm, sugarcane, bananas, garment “sweatshop” factors, tourism, etc.) maintain enriching and empowering relations with anti-democratic, corrupt, repressive governments in Honduras and Guatemala, contributing to and benefitting from exploitation and poverty, environmental harms, repression and human rights violations, corruption and impunity.

### **“Shithole countries”: US government promises pathway to citizenship for 11 million people**

**But will the US, Canada and “international community” continue to treat Honduras and Guatemala like “shithole countries”, creating ever more forced migrants and refugees?**

By Grahame Russell, Rights Action, February 9, 2021, <https://mailchi.mp/rightsaction/us-government-promises-pathway-to-citizenship-for-11-million-people>

### **Rights Action (US & Canada)**

Since 1995, Rights Action: funds human rights, environment and territory defense struggles in Guatemala and Honduras; funds victims of repression and human rights violations, health harms and natural disasters; and works to hold accountable the U.S. and Canadian governments, multi-national companies, investors and banks (World

Bank, etc.) that help cause and profit from exploitation and poverty, repression and human rights violations, environmental harms, corruption and impunity in Honduras and Guatemala.

### **Act / Stir up the pot / Chip away**

Keep sending copies of Rights Action information (and that of other solidarity groups/ NGOs) to family, friends, your networks, politicians and media, asking *'Why do our governments, companies and investment firms benefit from and turn a blind eye to poverty, repression and violence, environmental and health harms that caused the forced migrancy / refugee crisis in Guatemala and Honduras?'*

- U.S. Senate: <https://www.senate.gov/senators/contact>
- U.S. House: <https://www.house.gov/representatives/find-your-representative>
- Canadian Parliament: <https://www.ourcommons.ca/Parliamentarians/en/members>

### **Follow work of and get involved with other solidarity/NGO groups**

- CISPES (Committee in Solidarity with People of El Salvador): [www.cispes.org](http://www.cispes.org)
- Honduras Solidarity Network: [www.hondurassolidarity.org](http://www.hondurassolidarity.org)
- Witness for Peace Solidarity Collective: [www.solidaritycollective.org](http://www.solidaritycollective.org)
- Friendship Office of the Americas: <https://friendshipamericas.org>
- NISGUA (Network in Solidarity with People of Guatemala): [www.nisgua.org](http://www.nisgua.org)
- GHRC (Guatemalan Human Rights Commission): [www.ghrc-usa.org](http://www.ghrc-usa.org)
- Breaking the Silence: [www.breakingthesilenceblog.com](http://www.breakingthesilenceblog.com)
- Alliance for Global Justice: [www.afgj.org](http://www.afgj.org)
- CODEPINK: [www.codepink.org](http://www.codepink.org)
- School of Americas Watch: [www.soaw.org](http://www.soaw.org)
- Mining Watch Canada: [www.miningwatch.ca](http://www.miningwatch.ca)
- Mining Injustice Solidarity Network: <https://mininginjustice.org>
- Mining Justice Alliance: <https://miningjusticealliance.wordpress.com>
- Common Frontiers Canada: [www.commonfrontiers.ca](http://www.commonfrontiers.ca)

### **Tax-Deductible Donations (Canada & U.S.)**

To support land, human rights and environmental defender groups in Honduras and Guatemala, make check to "Rights Action" and mail to:

- U.S.: Box 50887, Washington DC, 20091-0887
- Canada: (Box 552) 351 Queen St. E, Toronto ON, M5A-1T8

Credit-Card Donations: <http://rightsaction.org/donate/>

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