

U.S. government sanctions Swiss-based Solway Investment Group (with significant Russian investments) for corruption in operation of Fenix nickel mine in Guatemala, previously owned for close to 50 years by Canadian companies

“U.S. sanctions Solway executives, for running "multiple bribery schemes over the years involving Guatemalan politicians, judges and officials..." and "illegally giving cash payments to public officials in exchange for support of [...] mining interests."

Below: Prensa Comunitaria article



Fenix nickel mine, illegally – and violently!- installed on Maya Q’eqchi’ territories in the 1960s. This plant was built and operated by then-Canadian mining giant INCO (International Nickel Company), before being passed to the Canadian companies Skye Resources and Hudbay Minerals (2004-2011), then sold to Swiss company Solway Investment Group in 2011.

Notably, the U.S. and Canadian governments today maintain full diplomatic, economic and security relations with the corrupt Guatemalan regime, including President Alejandro Giammattei who is singled out for receiving a million-dollar bribe from Solway executives.

Endemic corruption and illegality characterize the operations of all large-scale mining operations in Guatemala, as documented in the recently published **“TESTIMONIO: Canadian**

Mining in the Aftermath of Genocides in Guatemala", though it appears the U.S. government is only sanctioning Swiss company Solway due to the Russian investments in it.

U.S. sanctions nickel miners in El Estor, accused of bribing Guatemalan President Alejandro Giammattei

By Héctor Silva Ávalos, Prensa Comunitaria, November 18, 2022

<https://www.prensacomunitaria.org/2022/11/ee-uu-sanciona-a-mineros-de-niquel-en-el-estor-acusados-de-sobornar-al-presidente-alejandra-giammattei/>

The Treasury Department in Washington announced, November 18, that it has applied sanctions contemplated in the so-called "Magnitsky Act" to the companies Compañía Guatemalteca de Níquel, Mayaníquel and Pronico, to the Russian citizen Dimitri Kudryakov and to the Belarusian Iryna Litviniuk, executives of Solway Investment Group, the Swiss-Russian company that exploits, with the sanctioned Guatemalan companies, the "Fenix" nickel mining project in El Estor, Izabal.

The U.S. Treasury does not mince words: it sanctions Kudryakov and Litviniuk, the Solway executives, for running "multiple bribery schemes over the years involving Guatemalan politicians, judges and officials..." and "carrying out corrupt acts in support of Russian influence-peddling schemes by illegally giving cash payments to public officials in exchange for support of Russian mining interests."

The Russian, the Belarusian, and Solway's three Guatemalan subsidiary companies in El Estor and Puerto Barrios have been sanctioned for "corruption schemes...pursuant to Executive Order 13818, which builds upon and implements the Global Magnitsky Human Rights Accountability Act." According to a Treasury Department statement, it "targets perpetrators of serious abuses around the world."

The trade and financial implications of these sanctions are profound. Under U.S. law, the federal government can now freeze and block "all property of the persons described," whether those in the United States or "any entity owned, directly or indirectly, individually or in the aggregate...by one or more blocked persons." In addition, with some exceptions, the Office of Foreign Assets Control (OFAC), which is charged with enforcing the Magnitsky Act, prohibits transactions by U.S. persons with those sanctioned.

The latter, in essence, means that any company doing business with Solway miners and their sanctioned Guatemalan affiliates and partners could also be sanctioned by the United States.

"The consequence would be economic implications to those sanctioned. I understand that the majority of clients in Europe have businesses in the United States", considers Juan Francisco Sandoval, the former head of the Special Prosecutor's Office Against Impunity (FECI) of the

Public Ministry, whom the Giammattei government, through the current Attorney General Consuelo Porras, drove into exile.

“Million-dollar bribe to President Alejandro Giammattei”

In 2021, Sandoval's FECl initiated a criminal investigation in which a witness claimed that Mayaníquel, one of the sanctioned companies, delivered a million-dollar bribe to President Giammattei in Guatemala City.

Solway is the Swiss-based company, fueled by Russian oligarchs' capital, to which the State of Guatemala illegally granted the concession to exploit the Fénix Mining Project, a nickel mine in El Estor, Izabal.

For years, with the tolerance of the governments of first Jimmy Morales and then Alejandro Giammattei, the mine operated despite the fact that a resolution of the Constitutional Court (CC) prohibited it from doing so because it did not comply with environmental requirements or consultation with the Maya Q'eqchi' indigenous communities living in the exploited area.

The names of Russian Kudryakov and Belarusian Litviniuk appear in dozens of internal Solway emails in which both executives were informed of illegal activities carried out by the mine in El Estor. In some emails, they requested actions related to a scheme to conceal evidence of environmental contamination of neighboring Lake Izabal, to follow and harass community leaders opposed to the mine and critical journalists, or to give bribes to public officials - the latter referred to by the Treasury Department in the sanctions released on November 18.

When journalistic investigations, among them several published by Prensa Comunitaria, revealed the abuses of the Swiss-Russian mine and its relations with the companies that are now sanctioned, they alleged, among other things, that they were independent companies. However, the Treasury Department assumes that they all have a common thread, the Russian Kudryakov. The three Guatemalan companies designated by OFAC, says the statement, "are owned or controlled directly or indirectly by Kudryakov".

The shadow of the Fenix Project's mining activity in El Estor has publicly haunted President Alejandro Giammattei since the Guatemalan public's attention ceased to focus on the COVID-19 pandemic in early 2021.

In June 23 of that year, Sandoval's FECl interviewed a witness who presented evidence that a group of foreigners, several Russians and a Kazakh-Israeli, related to Mayaníquel, had arrived in April 2021 in Guatemala City, where they were received, among others, by Antonio Malouf, then Minister of Economy of the Giammattei government.

During that trip, according to this witness, the foreigners delivered a million-dollar bribe to the President in his house in Zone 15 of the capital.

Sandoval opened a file and started an investigation that came, as none before since he began his term, very close to the president. But Attorney General Porras, whom Giammattei had re-elected, took it upon herself to close the file and initiate a criminal prosecution against Sandoval that led to his exile in June 2021. Currently, Porras' Public Prosecutor's Office maintains 100 active files and four arrest warrants against the former head of FECl.

Today, from Washington, Juan Francisco Sandoval understands that the sanctions announced by the Treasury Department validate the investigation he initiated. "They give credibility to facts that I was documenting in Guatemala prior to my departure. Consuelo Porras, instead of supporting the investigation, dismissed me and two months later issued an arrest warrant against me for that investigation," said the former prosecutor to Prensa Comunitaria.

The State Department communiqué does not mention any Guatemalan official, but it does lash out, in general, against the "corrupt" people related to the miners. "We stand with the people of Guatemala and support protecting their country's natural resources from foreign exploitation," said Treasury Under Secretary for Terrorism and Financial Intelligence Brian E. Nelson, adding, "We will use our tools to help ensure that corrupt profiteers face consequences for stealing from the Guatemalan people."

A U.S. official familiar with OFAC's sanctions process, who spoke to Prensa Comunitaria on condition of anonymity because he was not authorized to do so publicly, said, "Mr. Giammattei would have to read these sanctions very carefully. His name is not on there, but the message seems pretty clear."

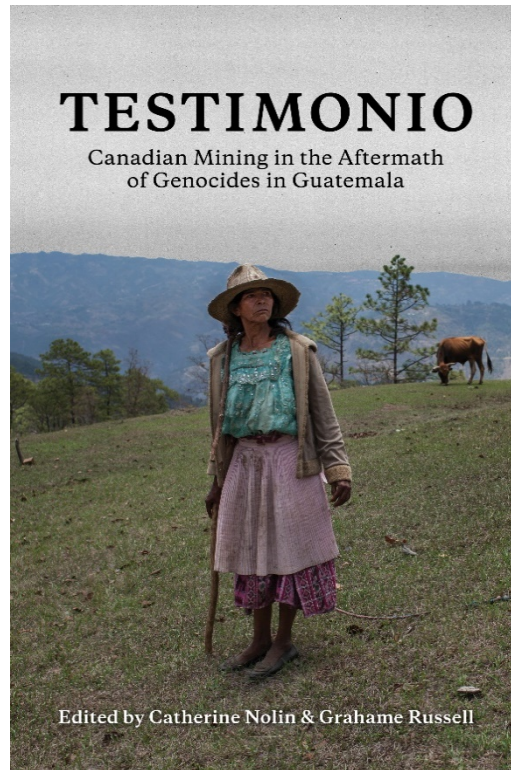
The Treasury sanctions come the same week that a group of congressional Democrats called on President Biden's administration to be more forceful against kleptocracy in Guatemala, and shortly after an internal government report exposed Pentagon and State Department negligence in investigating the misuse of U.S.-donated military equipment that the Guatemalan government used to intimidate and repress the CICIG, the U.S. Embassy in Guatemala City and the Q'eqchi' who opposed the nickel mine in El Estor.

More Information

- 60 Years of Mining in Q'eqchi' Territories (Rights Action archives): <https://rightsaction.org/hudbay-minerals-archives>
- Prensa Comunitaria, <https://www.prensacomunitaria.org/>

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