10-29-2015

Fallout Continues as Anti-Corruption Authority Probes Honduran Social Security Megascandal

George Rodríguez

Follow this and additional works at: https://digitalrepository.unm.edu/noticen

Recommended Citation

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiCen by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.
Fallout continues from the corruption scandal that went off earlier this year shaking the foundations of the Instituto Hondureño de Seguridad Social (IHSS). The Consejo Nacional Anticorrupción (CNA), which is probing into the affair, has opened yet another investigation front: the grossly overpriced purchase of hardware equipment for the IHSS computer network.

Officials involved in this particular chapter of the seemingly unending IHSS corruption saga managed to inflate by more than 300% the price of a computer network interconnection device, as the anti-corruption authority discovered.

The scandal broke May 8, when Globo Radio and TV director David Romero reported that a phenomenal rip-off by pharmaceutical companies—some of which, described as empresas de maletín (briefcase companies), were actually nonexistent—caused the institute a financial deficit close to 6.4 billion lempiras (more than US$290 million).

Romero—who has since reported threats to his life—added that a portion of the money ended up in a ruling Partido Nacional (PN) bank account to fund the rightist party’s successful election campaign two years ago, which now has Juan Orlando Hernández sitting in the presidential chair for the 2014-2018 term (NotiCen, July 2, 2015).

Local press reports indicated that, because of the IHSS’s collapse, as many as 3,000 patients died, causing thousands of Hondurans nationwide to massively take to the streets, demanding Hernández’s resignation.

Call for international anti-corruption body

The massive Movimiento de Indignados also called for the creation of a Comisión Internacional contra la Impunidad en Honduras—modeled after the UN’s Comisión Internacional contra la Impunidad en Guatemala (CICIG). The demands were also backed by some 20 persons—including members of indigenous communities—who staged a 42-day hunger strike (NotiCen, Aug. 27, 2015).

CICIG was instrumental in the downfall and imprisonment of former Vice President Roxana Baldetti and, shortly after, of former President Otto Pérez Molina—a retired general with a negative human rights record—both accused of having led a tax-evasion network known as La Línea within the Guatemalan customs structure (NotiCen, April 23, 2015, and Sept. 3, 2015).

The huge Honduran social protest led this Central American nation’s government and the Organization of American States (OAS) to agree on appointing a Misión de Apoyo contra la Corrupción y la Impunidad en Honduras (MACCIH). Members are scheduled to arrive in Honduras the second week of November, according to an OAS press release.

At the start of its probe into the IHSS scandal, the CNA focused on three main components: bribery of a Ministerio Público (MP) official, purchase of overpriced medical equipment, and money laundering through nonexistent pharmaceutical companies.
On the first front, the reports pointed to former Secretaría de Recursos Naturales (SERNA) assistant secretary Darío Roberto Cardona as having offered a US$250,000 bribe to an unnamed high MP official.

In the second case, biomedical equipment was purchased at US$118.9 million, although estimates by the UN Office for Project Services (UNOPS) placed the real price in the US$61 million to US$67 million range.

For the laundering activities, the local media reported, front companies were created to facilitate what has been described as pillaging the IHSS, and their top executives ended up on the International Criminal Police Organization (Interpol) wanted list. Such companies include Insumedic, which obtained close to 9.2 million lempiras (some US$420,000) for medical products the institute never actually received, reported the Honduran press.

Cousin of former director arrested

The 18-name Interpol wanted list/roll included Susette Atuán, a cousin of the jailed former IHSS director Mario Zelaya, who faces several other corruption-related legal proceedings, and whose father, Mario Roberto Zelaya, is wanted as well by the international police for money laundering. Her elder sister is also involved in the money-laundering scheme.

Atuán, who, according to local media reports quoting the CNA, received close to 1.3 million lempiras (almost US$60,000) through a company named Sumimed, was arrested on Sept. 22 in a storage room in her Tegucigalpa home, where she hid as police officers were closing in. As she left the place, handcuffed, she assured reporters, "I'm innocent. I trust divine justice. God is the only fair judge, and he's the one who's going to lift my head."

The local morning daily El Heraldo said that her capture was actually a "lucky strike," since personnel of the Oficina Administradora de Bienes Incautados (OABI) and the MP detected Atuán's presence inside the house as they were in the process of securing the property.

In a June interview with El Heraldo, Atuán said, "I don't consider myself a money launderer," adding that her assets were the product of inheritances.

Meanwhile, Zelaya and former IHSS administrative manager Ramón Bertetty, described by Honduran media as two of the intellectual authors behind the social security scam, have already been held for more than a year at the Army's First Infantry Battalion, charged with embezzlement of public funds and violation of public officials' duties in another corruption trial. Their lockup responds to not having transferred to the Dirección Ejecutiva de Ingresos (DEI) some 167.5 million lempiras (around US$7.6 million) worth of income tax deductions from IHSS employees' salaries.

Shady purchasing practices

The day of Atuán’s arrest, the CNA issued a press statement on the new investigation line. It then reported that its Unidad de Investigación, Análisis y Seguimiento de Casos (UIASC) detected the hardware was being overpriced.

The CNA said that, in August 2011, former IHSS assistant manager for informatics and technology Alberto Antonio Barahona "stated the need to purchase a new computer network interconnection device because the exiting one was obsolete." It added, "By then, the price was estimated at US $500,000, but the figure was overvalued by more than 365%."
The following month, the institute’s Purchases Committee "agreed to declare an emergency in order to skip the public bidding procedures, expediting the purchase of the interconnection equipment for the computer network through the direct purchase mode," the CNA stated. "The committee requested three quotations from an equal number of companies, none of which were registered as distributors authorized by the manufacturer of the equipment offered and purchased."

"The first company submitted the lowest offer, the second did not submit any documents whatsoever, but a [bid] was introduced in its name, and no economic value was established by the third company, whose legal representative pointed out that he was invited to bid although they did not have the product and never sold that kind of equipment," the CNA further revealed, without naming the companies. "The equipment was delivered without following the delivery process, which specifies equipment must be delivered at the [IHSS] central warehouse, and without any accompanying documents, bills, and it had no packaging, box, or any type of packaging that could indicate the equipment was protected when shipped."

The CNA also said the irregularities in the bidding process were included in a report it presented to the MP’s Unidad de Apoyo Fiscal.

Two days later, El Heraldo reported that the first company’s bid was 1.5 million lempiras (some US $68,000), "but for unknown reasons it was not considered," while "the third company submitted an offer for US$500,000, and this is the one it [the purchase] was awarded to."

Regarding Barahona, the daily also reported on Sept. 24 that the former IHSS official apparently amassed a quick fortune while heading the institute’s technical area. Under the headline "From Web master to millionaire thanks to the IHSS," the paper reported that, during his brief tenure as assistant manager, Barahona "could have accumulated a fortune worth 10 million lempiras (more than US$454,000) doing shady business with entity suppliers."

It also reported that Barahona's monthly salary was 43,600 lempiras (barely US$1,900).

In a November 2014 report to the Tribunal Superior de Cuentas (TSC), the CNA stated that on Aug. 22, 2012, Barahona bought a US$233,000 house, but upon learning that the MP was seizing property of those involved in the IHSS embezzlement, in March 2014 he transferred ownership of the property to César Amílcar Castillo, president of CEWTEC—a Costa Rica-based company.

Two payments in that transaction—for US$91,000 and US$81,000, respectively—were made by CEWTEC, the CNA pointed out, quoting an unidentified source. Barahona also bought two luxury Ford F150s, but "he returned the vehicles to the agency when the IHSS investigation proceedings began, the source said."

Regarding its probe of the overpriced computer equipment, the CNA concluded in the report on this specific investigation, that it leads to consider that "the crimes of authority abuse, violation of the duties of officials and fraud by public officials, and the crimes of fraud and money laundering by private persons were possibly committed, all with damage to the state of Honduras." This was done "through a pre-conceived plan ... by the persons involved," the anti-corruption authority added.

-- End --