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LADB Staff

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Four Honduran Generals Under Investigation in Disappearance of Funds

by LADB Staff

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Four Honduran generals are under investigation for possible misappropriation of Armed Forces funds during a 14-year period. Controller General Vera Rubi Avila, who is conducting the investigation, said in January that the military could not account for US\$100 million it received between 1985 and 1999. During that period, in addition to its regular budget, the Armed Forces received some US\$1 billion in military aid from the US in return for Honduran support for the US-backed contra war against the Sandinista regime in Nicaragua.

The officers being investigated all former Armed Forces chiefs are Gens. Humberto Regalado Hernandez, Anulfo Cantarero Lopez, Luis Alonso Discua Elvir, and Mario Hung Pacheco. Rubi declined to give details of the investigation but has said she will soon refer the matter to the attorney general for possible prosecution.

The comptroller is simultaneously investigating irregularities in two other state institutions, the Universidad Nacional and the public employees pension system (Instituto Nacional de Jubilaciones y Pensiones de los Empleados Publicos y Funcionarios del Poder Ejecutivo, INJUPEMP).

The military has been investigated for years. The investigation of military funds and business practices stretches back several years. In 1998, after a lengthy investigation, the comptroller general's office said it had found various irregularities including salary payments to nonexistent troops, but asked for more time to complete its investigation (see NotiCen, 1998-08-20). In May 1999, Hung Pacheco was investigated for questionable private business practices.

In July 1999, Defense Minister Edgardo Dumas took the arms business away from the Armed Forces' private holding company, Grupo Economico del Instituto de Prevision Militar (IPM). Dumas said the arms business violated the Constitution because it was not under the direct control of the state (see NotiCen, 1999-07-15).

In September 1999, the banking commission (Comision Nacional de Banca y Seguros, CNBS) revealed that the Banco de las Fuerzas Armadas (BANFA) was in trouble because bank executives had made a series of inadequately secured loans on which the bank could not collect.

The insurance company Seguros Previsa, another of the 17 businesses owned by the Armed Forces through IPM, was investigated for financial problems. Col. Daniel Lopez Carballo, chief of the Estado Mayor Conjunto (EMC), said he was cooperating with prosecutors in the struggle against corruption "because the doors [of the Armed Forces] are always open to everyone."

Armed Forces spokesman Col. Romeo Vasquez Velasquez said the military would act as "facilitators" of the probe and that it welcomed the investigation to help the Armed Forces become

a model, "perhaps not perfect, but certainly an example of transparency." However, much of the information on where the US\$100 million went may not be made public because certain military budget items are protected as national security secrets.

Rodrigo Castillo, vice president of the Legislative Assembly, cautioned against publicly divulging details of the investigation. In response, Rubi said that to keep quiet about corruption is itself a form of corruption. She said Castillo had not attempted to block the investigation, but challenged him to make any objections to it overt. "If what they want is that we stop the investigation, they should order it and we will immediately stop," Rubi said.

Gens. Regalado and Cantarero have already given depositions. Discua has to be deposed through the Foreign Ministry because of the immunity he possesses as military attache for the Honduran UN delegation. Hung Pacheco has to wait until his predecessors testify. [Sources: Notimex, 09/23/99; Associated Press, La Prensa (Honduras), 01/28/00; El Tiempo (Honduras), 08/04/99, 01/25/00, 01/28/00]

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