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MACCIH-OAS / UFECIC-MP Team Presents "Patuca III Collusion and Corruption" Case

The Special Prosecutor's Unit against Corruption and Impunity of the Public Prosecutor's Office of Honduras (UFECIC-MP) today filed a fiscal injunction before the Anti Corruption Circuit against 10 citizens accused of defrauding the Honduran State through the National Electric Power Enterprise (ENEE) of several million lempiras.

The fiscal requirement presented is the product of an investigation carried out by the Integrated Investigation and Criminal Prosecution Team, composed of prosecutors and investigators of the UFECIC-MP and experts from the Mission to Support the Fight against Corruption and Impunity in Honduras (MACCIH) of the Organization of American States (OAS).

This is the first line of work dedicated to investigating the development of the Patuca Hydroelectric III Project, and includes facts initiated with the promulgation of Decree 279-2010, that gives life to the Special Regulatory Law of Public Energy Projects of Renewable Energy and the settlement of the "Contract for the furnishing of Housing Units and Offices in the ENEE camp of the Patuca III Hydroelectric Project."

In this case, the evidence shows how the defendants were part of a corruption network that defrauded the State of Honduras using the Special Unit for Renewable Energy Projects (UEPER) of the ENEE. Fraud occurred during the invitation to submit bids for the equipment of the Housing Unit of the Base Camp in the Patuca Hydroelectric III Project to a certain group of companies that were related among themselves, assigning overvalued millionaire contracts and averting procedures.

This is a case that shows categorical irregularities in the adjudication process; overvaluation of goods subject to the supply contract, in some cases up to 149% of the value that these goods had on the market. It also shows fraud in the reception of goods, in order to be paid without there being a real delivery of the same. And it demonstrates, in short, collusion in the formation of companies in order to defraud the Honduran State.

The Spokesman of the Mission, Luiz Guimaraes Marrey, assured that "this joint action demonstrates once again, the commitment of the MACCIH-OAS to continue promoting the anti-corruption fight through State institutions, in strict compliance with the mandate conferred on us by the Agreement signed on January 19, 2016, between the Government of the Republic of Honduras and the OAS General Secretariat."

The "Patuca III Collusion and corruption" case is the tenth case of integrated criminal investigation presented by the team formed by UFECIC-MP and MACCIH-OAS. The previous ones were Fraud on the Gualcarque, Network of Deputies, First Lady's Petty Cash, Impunity Pact, Pandora, Asset Assurance, Brother's Petty Cash, Social Security Fraudulent Tender and Open Ark.

UFEECCIC/MACCIH

Cuadro comparativo Caso "PATUCA III Colusión y Corrupción"

TOTAL		COMPRA DE EQUIPO POR PARTE DE LUTOPAS (PRECIO DE MERCADO)	SEGÚN CONTRATO	(PVT-PCT) Unitario	Incremento/PCT X100
			Precio vendido a la UEPER en Lempiras	MONTO SOBREALORADO EN LEMPIRAS	PORCENTAJE DE SOBREALORACIÓN
Facturas Contabilizadas de EMPRESAS PROVEEDORAS	Encontradas	L1,850,862.70	L4,137,500.00	L2,286,637.30	123.54%
	No Encontradas	L163,297.52	L354,500.00	L191,202.48	117.09%
TOTAL, PROVEEDOR 1 (10 facturas)		L2,014,160.22	L4,492,000.00	L2,477,839.78	123.02%
TOTAL, PROVEEDOR 2 (2 facturas)		L689,205.09	L1,574,115.00	L884,909.91	128.40%
TOTAL, PROVEEDOR 3 (2 factura)		L47,027.89	L799,888.00	L752,860.11	56.22%
TOTAL, DE FACTURAS CONTABILIZADAS		L2,750,393.20	L6,866,003.00	L4,115,609.80	149.6371428%

The case:

The indictment filed today before the Supreme Court is against:

- 1) GABRIEL PRIETO GUTIÉRREZ, for the crimes of FRAUD, ABUSE OF AUTHORITY and two (2) crimes of FORGERY OF PUBLIC DOCUMENTS;
- 2) JUAN JOSÉ VILLEDA MEJÍA, for the crimes of FRAUD, VIOLATION OF THE DUTIES OF OFFICIALS, and COHECHO;
- 3) RENAN ALEXIS MALDONADO RODRIGUEZ,
- 4) LUISA SOFÍA FIGUEROA CLARÉ and
- 5) ELIA VIRGINIA MEDINA ZUÑIGA, for the crime of VIOLATION OF THE DUTIES OF OFFICIALS;
- 6) WALDINA LIZZETTE SALGADO PÉREZ and
- 7) FRANCISCO ARTURO MEJÍA for the crimes of FRAUD and DOMESTIC BRIBERY;
- 8) ROBERTO ARTURO MEJÍA SALGADO PÉREZ for the crime of DOMESTIC BRIBERY;
- 9) ADA AMALIA PUERTO RAMÍREZ and
- 10) SUYAPA LORENA RIVERA for the crime of FRAUD in the degree of COMPLICITY.

Among the relevant facts that have been found throughout the investigation, the following are highlighted:

On May 10, 2012, Engineer Gabriel Prieto Gutiérrez, acting in his capacity as Executive Director of the UEPER; by means of letter N ° UEPER-224-2012, directly invited the companies LUTOPAS, ERGO LIMITED S.A. DE C.V. AND PREFABRICATED COMPANY OF WOOD SARAHI, S. DE R.L. to present their offers, in the process of "Hiring for the Equipment of Housing Units and Offices in the ENEE Camp Patuca III Hydroelectric Project ," choosing only these companies, among the wide universe of providers of movable assets that have operations in the country.

From there, the legal representatives of these three companies, ADA AMALIA PUERTO RAMIREZ, Acting external agent of the Company ERGO LIMITED and SUYAPA LORENA RIVERA who participated as Legal Representative of PREFABRICADOS DE LA MADERA SARAHI (company created but that never went into operations), in concert with WALDINA LIZZETTE SALGADO PEREZ, who had the de facto control of the LUTOPAS company, they submitted high enough offers (with a difference of up to L.7,311,332.00), so that the contract was awarded to LUTOPAS.

Subsequently, the same engineer Prieto Gutiérrez announced the selection of the "members of the Bid Analysis Commission," designating: Juan José Villeda Mejía, Renán Alexis Maldonado Rodríguez, Elia Virginia Medina and Luisa Sofía Figueroa, who in the performance of their office, did not execute the acts proper to the duties of their appointment and did not exercise due control of the offers presented by the invited companies. Likewise, they did not demand a justification of the determination of which companies to invite, nor did they carry out a comparison of the goods offered with the existing opportunities and prices in the market.

The investigation of the case has unearthed links between the three companies invited to bid through pre-existing family and commercial links between its partners, finding its meeting point in the Sociedad Consultores Especializados S. de R.L. of C.V (COESA). Among the facts that reveal these links, we find that SUYAPA LORENA RIVERA is a founding partner of COESA, a company that subsequently sold its shares, a situation that was formalized through the offices of the notary ADA AMALIA PUERTO RAMÍREZ (who was an advisor to UEPER in March to December 2011).

Likewise, COESA has its headquarters in the same addresses where the COMSSA and INVERSIONES ACRÓPOLIS companies are located. The latter's Legal Representatives were ROBERTO ARTURO MEJÍA SALGADO AND FRANCISCO ARTURO MEJÍA (son and husband of Mrs. WALDINA LIZZETTE SALGADO PEREZ).

These ties extend to Juan José Villeda Mejía, who served as Legal Advocate of the UEPER and Member of the "Offer Analysis Commission" of this contract. The same Commission was in charge of recommending the hiring of the company LUTOPAS, which was controlled in fact by Waldina Lizzette Salgado Pérez, who in turn was the wife of Francisco Arturo Mejía, who was a representative of the ACRÓPOLIS S.A. of C.V. entity, and both were the parents of ROBERTO ARTURO MEJÍA SALGADO who was the representative of the company Consulting, Maintenance and Services S.A. (COMSSA).

Mention is made of these links, because these three companies (LUTOPAS, ACRÓPOLIS S.A. , COMSSA), were in charge of buying the goods for a total value of two million seven hundred fifty thousand three hundred ninety-three Lempiras with twenty cents. (L.2,750,393.20 Lempiras), equipment that was sold to UEPER for a value of six million, eight hundred and sixty-six thousand, three lempiras (L.6,866,003.00 Lempiras), resulting in overvaluation of four million one hundred fifteen thousand, six hundred nine Lempiras with eighty cents (L.4,115,609.80 Lempiras) equivalent to a one hundred and forty nine point sixty four percent (149.6371428%) increase in the sales of equipment sold to UEPER.

It is important to clarify, that of all the goods sold at a cost of fourteen million, five hundred twenty thousand Lempiras, (Lps. 14,520,194) corresponding invoices were only recovered for 47.3% of these goods, in which an overvaluation of 149.64% is quantified, equivalent to four million, one hundred and fifteen thousand, six hundred and nine Lempiras with eighty cents (Lps 4,115,609.80), in the group of proven products.

At this point, it should be noted that the contract execution stage shows a series of inconsistencies. For example, there are two acts where the receipt of the goods is recorded, dated December 27 and 30 2012. However, the investigation of the case has shown that the purchases of the goods used to supply the contract were carried out on dates subsequent to both acts (in April 2013, November 2014 and February 2015), with fourteen million, five hundred twenty thousand, one hundred and ninety-four Lempiras (L. 14,520,194.00) being paid for these goods. That is, they appeared to receive the goods and paid the value of them when they had not yet been purchased.

The aforementioned payment was made by the Ministry of Finance through deposits made in two accounts, one in the name of LUTOPAS / Waldina Lizzette Salgado Pérez and the other in the name of COMSSA. The transfer made to COMSSA (whose Legal Representative was Roberto Arturo Mejía Salgado), was done because the company LUTOPAS, sold to COMSSA the rights derived from the contract that it had subscribed with the UEPER, such cession of rights were formalized before the offices of the notary Francisco Arturo Mejía.

Later in December 2012, Juan José Villeda Mejía left his position of influence within of the structure of the UEPER and accepted the position of General Manager of COESA, situation formalized before the offices of the notary Francisco Arturo Mejía (Representative of the entity Acropolis S.A. of C.V.).

Shortly after, following his exit from the public sector, Juan José Villeda Mejía received 5 checks from the companies COMSSA, INVERSIONES ACROPOLIS and LUTOPAS, linked to the family Mejía Salgado, for a total amount of one million, fifty-five thousand lempiras (L1,055,000.00). It is important to mention that these payments were made a few days after the Ministry of Finance made the payments for the supply of goods agreed upon in the contract signed between LUTOPAS and UEPER.

The investigations carried out by the integrated teams of the Support Mission against the Corruption and Impunity in Honduras of the Organization of American States (MACCIH /OAS) and prosecutors and investigators of the Special Prosecutor's Unit against Corruption and the Impunity of the Public Ministry (UFECIC-MP), have resulted in the following:

1. There were categorical irregularities in the adjudication process. Among them, the Evaluating Commission for procurement of supplies did not exercise any control over the arbitrary choice of companies invited to bid, nor conducted a comparative study of the goods offered with the opportunities and prices existing in the market.
2. The assets subject to the supply contract were overvalued. In some cases even by 149% of the value of these goods on the market.
3. There was falsehood in the receipt of goods, in order to be paid without real delivery. The investigations indicate that the goods subject of the contract, were purchased at a later date to which it is stated that they were received. Thus, an amount of L14,520,194 was paid for these goods, without having been received at that time.
4. The people involved formed companies and colluded in order to defraud the Honduran State. The research shows relationships between the bidding companies that lead to the conclusion of a concert for the manipulation and over-cost in the hiring. There is evidence of lack of

requirements of the bidders and direct relations of officials with the private representatives of these companies.

The Special Prosecutor's Unit against Corruption and Impunity of the Public Prosecutor's Office of Honduras (UFECIC-MP), faced with the seriousness of the facts investigated, has presented before the anti-corruption circuit the respective indictments so that said persons appear to respond for these acts.

WE KEEP WORKING!