

## Extortion Study for Northern Central America – September 2022

### Honduras Overview

Extortion permeates daily life in Northern Central America (NCA), from patterns of violence to individual incomes. The Extortion Study for NCA – conducted by Latin America and the Caribbean Learning and Rapid Response (LACLEARN) on behalf of USAID’s Bureau for Latin America and the Caribbean – provides a holistic examination of extortion trends and impacts in El Salvador, Guatemala, and Honduras.

#### What does extortion look like in Honduras?

From a legalistic view, extortion can be defined as the demand for money or objects of value through threat against persons or property. This study used a broader definition, examining the causes and effects of other forms of extortion such as payments to be able to carry out routine activities (e.g., keep a job, enter an area) or demands beyond cash (e.g., free food, sexual services).

**Extortion rates are significantly higher in urban areas.** Most reports of extortion – up to 70% of complaints – came from Tegucigalpa and San Pedro Sula between 2016 and 2020 (see Figure 1). However, there are significant inconsistencies and a general lack of available data in the Ministry of Security’s open data portal. For example, there are no cases reported out of the department of Cortes in all of 2021. At the same time, the National Anti-Gang Task Force – recently renamed the Anti-Gang Police Directorate Against Organized Crime and Gangs (Dipampco) – has maintained extortion reports and shares these through specific requests. The team obtained a 2021 database from Dipampco, which indicated between 504 and 1,464 reports per year from 2016-2020.

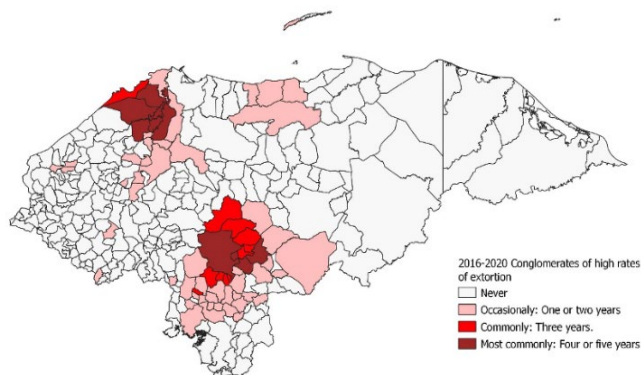


Figure 1. Rates of Extortion by Municipality, 2016-2020

**The NCA region is estimated to lose 2-3% of gross domestic product per year to extortion.** Extortion especially affects the transportation sector through clandestine tolls, rents, and killings. There were an estimated 3,000 transportation workers killed for non-payment of extortion from 2010-2020, and a taxi driver is estimated to lose 30% of income to extortion.

**Extortion has a negative effect on Honduran businesses, disproportionately harming micro-, and small-, and medium-sized enterprises (MSMEs) and inhibiting investment.** MSMEs provide more than 70% of jobs in Honduras, but extortion is estimated to have caused or contributed to closure of 40,000 businesses from 1996-2016. While gangs were most likely to extort business owners, Dipampco estimates 70% of extortionists are imitators rather than members of major gangs.

**Women are particularly vulnerable to extortion, while also taking on expanded roles in gangs.** The role of women in gangs is increasing to an estimated 20-40% of members. Women’s roles in gangs are expanding to those with greater risks (although restricted from gang leadership), from extortion fee collection to surveillance or contract assassinations. Currently, 11% of detainees for extortion-related crimes are women. Female vulnerabilities to sexual threats and violence are also under-documented, both as extortion victims and within the justice system.

**Minors are disproportionately affected by and detained for extortion.** In 2017, the FNAMP estimated that 40% of all detainees were minors. In the first half of 2022 an estimated 17% of cases involved minors.

**LGBTQI+ individuals are particularly vulnerable to extortion.** In general, LGBTQI+ people are more likely to experience socioeconomic instability that affects their lives and livelihoods, pushing them into positions (e.g., informal commerce, sex work) that make them more likely to be exposed to extortion. LGBTQI+ groups also report that government agencies have declined meetings, sometimes with homophobic slurs, underscoring the risks, insufficient institutional support, and lack of protection LGBTQI+ people face.

**There is an understudied relationship between extortion and displacement.** Between 2004 and 2018, 247,090 Hondurans were internally displaced due to violence. Among causes of forced displacement among women, extortion was cited as the cause in 13% of cases. It is unclear, however, how extortion might interact with other causes of displacement such as threats, killings, or restrictions on mobility.

### **What are significant drivers of extortion in Honduras?**

**Gangs are the primary perpetrators of extortion, making the crime a key enabling factor for their influence.** The two main gangs in Honduras are MS-13 and 18th Street. Close to a dozen other gangs have emerged in the last decade, though many are short-lived or aim to imitate the major gangs. MS-13 obtains its income from arms and drug trafficking, while 18th Street relies on extortion against distributed merchandise (traders), micro-entrepreneurs, and people working in the transportation sector. In contrast, the presence of police and prosecutors is limited by under-staffing, and alliances between gangs and local police allow gangs to entrench their influence.

**Impunity and judicial interference enable extortion.** The confluence of these factors undermines

credibility in timely and effective prosecution, which further de-incentivizes reporting to authorities.

**Extortion is linked with many peoples' livelihoods, creating perverse incentives for the crime to continue.** This momentum – especially among gang members, communities they exert control over, and government actors complicit in extortion schemes – must be overcome to make progress on combating extortion.

### **How is extortion addressed in security and judicial institutions, and what are the gaps?**

**Legal instruments fail to address gaps.** Under Penal Code Article 222, extortion can be reported in person in any Dipampco office, via the 143 hotline, or through social media. In the revised penal code, extortion is covered mainly in Article 373, though other legal instruments could address gaps. The Seized Goods Office, the Law on Definitive Deprivation of Ownership of Goods of Illicit Origin (*Ley sobre Privación Definitiva del Dominio de Bienes de Origen Ilícito*), and the Special Law Against Money Laundering (*Ley Especial contra el Lavado de Activos*, Decree 144-2014) could collectively help address patterns of investment with extortion earnings, laundering, and seizure of assets.

#### **Honduran Agencies Addressing Extortion**

- National Anti-Gang Task Force / *Fuerza Nacional Anti-Maras y Pandillas* (FNAMP), recently renamed the Anti-Gang Police Directorate Against Organized Crime and Gangs / *Dirección Policial Anti Maras y Pandillas Contra el Crimen Organizado* (Dipampco)
- National Anti-Gang Anti-Extortion Task Force / *Fuerza Nacional Antiextorsión* (FNA)
- Military Police of Public Order / *Policía Militar del Orden Público* (PMOP)
- Special Prosecutor's Unit Against Organized Crime / *Public Prosecutor Especial Contra el Crimen Organizado* (FESCCO)
- *Fiscal Team Against Drug Microtrafficking / Equipo Fiscal Contra el Microtráfico de Drogas en Microtráfico*
- Technical Criminal Investigation Agency / *Agencia Técnica de Investigación Criminal* (ATIC)

**The perception of police as complicit (due to gang infiltration or ineffective investigations) undermines reporting.** Most businesses do not report extortion cases to Dipampco. Study respondents also reported that if a detainee does not appear to belong to a gang, investigative units do not process the case. Insufficient reporting weaknesses aggravate other gaps, such as limited ability to gather intelligence from citizens, lack of data availability and analysis, and weak inter-institutional coordination.

**Improvements in institutional coordination have benefited investigation and prosecution, especially through local and regional courts, though gaps remain.** Extortion investigations have improved through coordination among specialized agencies, particularly the Technical Criminal Investigation Agency (ATIC), the Investigative Team Against Drug Microtrafficking, and the Special Prosecutor's Unit Against Organized Crime. These agencies, however, lack shared databases, methodologies, and geographic coordination.

**Extortion is facilitated by telecommunication and banking channels that lack the necessary political will to enact adequate controls.** Dipampco estimates that 95% of extortion is collected in cash, which makes it difficult to track. Honduran officials complain about the ease with which gangs utilized Banco Azteca for extortion, laundering, and other financial crimes. Banco Azteca works with Dipampco, but results are limited. Ad hoc and isolated agency efforts fall short in addressing increasingly complex patterns of extortion such as money

laundering and connections to other illicit sectors (e.g., transport, narcotrafficking), which are further exacerbated by legal gaps.

## Key Recommendations

Read the full Extortion Study for Northern Central America [here](#), including additional data and recommendations.

→ Replicate promising responses to extortion among the private sector, such as collective anti-extortion efforts through MSME associations and police-private sector partnerships.

→ Provide better protection for entrepreneurs, LGBTQI+, and women, all of whom are particularly vulnerable to extortion, such as through specialized training to police and prosecutors, as well as promoting secure reporting mechanisms.

→ Build on successful transport sector approaches, including video surveillance and support to transit police units.

→ Support real-time data sharing among Dipampco, the Public Ministry's office, and the judicial system.

→ Support the strengthening of banking regulations, focusing on controls and monitoring of extortion-related activity.

→ Replicate and support successful anti-extortion court models, including local and regional courts.

→ Support the penitentiary system to improve monitoring and telecommunications blockages.

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**About the Study:** LACLEARN's Extortion Study for NCA addressed three primary questions around: socioeconomic conditions that foment extortion; impacts of extortion among vulnerable populations, and; effectiveness of security and judicial agencies to prevent, investigate, and prosecute extortion. Evidence presented in the study report are based on a robust literature review, secondary analysis of existing databases, as well as primary data collection (including 120 interviews and 30 focus group discussions in NCA). To complement its study, LACLEARN also issued a grant under contract (GUC) to Asociación para una Sociedad Más Justa (ASJ), which completed case studies on emblematic extortion cases, analyzed court files, and developed a typology of extortion perpetrators and victims.

Learn more about Latin America and Caribbean Learning and Rapid Response (LACLEARN) [here](#). This brief was prepared for USAID under the terms of Contract 7200AA19D00006. The opinions expressed herein are the sole responsibility of Development Professionals, Inc.-Making Cents International, LLC and do not necessarily reflect the views of USAID.