

Undermining Democracy in Central America

AN ESSAY ON THE ROLE OF OUTSIDE ACTORS IN THE EMERGING
AGNOSTIC AUTHORITARIANISM GRIPPING THE REGION

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As a new type of ideologically agnostic authoritarianism rapidly undermining the rule of law, media freedoms, judicial independence and democratic norms across Central America, the Biden administration has struggled to find a viable strategy to address root causes of the crisis.

The new authoritarian wave sweeping the region, exemplified by presidents Nayib Bukele in El Salvador and Daniel Ortega in Nicaragua, is now consolidating under the new administration of Xiomara Castro in Honduras and the Guatemalan administration of Alejandro Giammattei, whose administration is in its waning days.

While the Ortega regime is now a full-fledged dictatorship, the other leaders are following his playbook and well on their way to the same end point. These measures include: illegal detentions; massive violation of due process; the classification of public information to avoid all accountability and transparency; acquisition of sophisticated surveillance equipment to monitor citizens without legal justification or oversight; threatening to arrest journalists, activists and political leaders reporting on corruption and human rights abuses; and driving much of the internal opposition into exile in Costa Rica, the United States and elsewhere.

What is largely absent from the analysis of the authoritarian moves in the three traditional U.S. allies in the Northern Triangle of Central America – Honduras, El Salvador, and Guatemala – is the outsized role of a cadre foreign advisers including several U.S. citizens and lobbyists with ties to Donald Trump's Make America Great Again (MAGA) movement, in pushing, defending, and sustaining the authoritarians.

This informal group of MAGA loyalists, who maintain access to those in Trump's orbit, have imported the MAGA lexicon of "fake news," attacks on President Biden, conspiracies about George Soros –funded NGOs and other supposedly nefarious globalists, and constant attacks on human rights groups and independent media as enemies of the state.

They have also supported the authoritarians' most extreme measures, from gutting the independent judiciaries to the "iron fist" policies of arresting tens of thousands of supposed gang members with little or no evidence and arbitrarily detaining them indefinitely – often done without notifying the families of the prisoners' whereabouts or forcing families to pay hundreds of dollars a month for what should be state provided food, mattresses, and sanitary products.

Some members of this informal group are allegedly telling tells their patrons that, because of Trump's imminent return to power (after assuring them that he would not leave office in January 2021), they can ignore the Biden administration's sanctions and the revocations of the U.S. visas of dozens of the region's most influential leaders because of corruption and criminal ties, promising the measures will be reversed in a new Trump administration.

As part of its anti-corruption drive the Biden administration has undertaken in Central America, more than two dozen members of illegally appointed supreme courts, legislative leaders, and executive branch officials in all three countries have had their U.S. visas revoked. Giammattei and Bukele have particularly targeted their countries' judicial systems, gutting independent supreme courts and attorney generals in order to ensure impunity for their actions.

The State Department's Congressionally mandated actions, commonly called the Engel List is, by law, a report to Congress of "individuals who have knowingly engaged in acts that threaten

democratic processes or institutions, engaged in significant corruption, or obstructed investigations of such acts of corruption in Guatemala, Honduras, and El Salvador.”

As the Washington Office on Latin America (WOLA) noted,

The list sanctions corrupt individuals who undermine democracy or obstruct corruption investigations. It also sanctions those allegedly involved in the following offenses: corruption related to government contracts, bribery and extortion, and the facilitation or transfer of the proceeds of corruption, including through money laundering.

(The most recent list) released by the State Department includes three officials close to President Nayib Bukele of El Salvador, including the head of the ruling party’s legislative bench, the press secretary, and a senior official of the presidency’s legal secretariat.

Despite these findings, the informal network works with, advises, and defends the authoritarian undertakings of the region’s leaders, and collectively received millions of dollars in lobbying fees to influence U.S. policy to ignore the rising level of abuses.

The MAGA aligned operatives include Damian Merlo, a former telecommunications businessman and one-time foreign policy adviser to the late Sen. John McCain’s 2008 presidential campaign; former head of Guatemalan intelligence and dual Guatemalan-US citizen Mario Duarte; and Ronald Johnson, the Trump administration’s U.S. ambassador to El Salvador who, as a retired Army colonel served as a liaison with the intelligence community. He developed deep personal friendships with Bukele, and as ambassador hosted at least one meeting with Duarte at the U.S. Embassy residence in El Salvador, along with the CIA station chief and leading anti-Castro Miami Cubans.

A Venezuelan adviser to Bukele who has a U.S. green card, is also reportedly under investigation for helping to move hundreds of thousands of dollars from the Maduro regime in Venezuela through U.S. banks for illicit activities.

U.S. law enforcement agencies are investigating the activities of two of these individuals based on credible reports of potentially illegal activities ranging from failing to register properly as agents for foreign governments to participating in a failed plot to kidnap a former president of El Salvador in Nicaragua, to aiding the fugitive sons of a former president of Panama fleeing U.S. arrest warrants.

None of the individuals have been charged with crimes.

Separate from the MAGA aligned actors but actively engaged is retired Ambassador Thomas Shannon, Jr., a former undersecretary for political affairs at the State Department – the third highest ranking official in the department – through the law firm Arnold & Palmer. He registered as a lobbyist for Bukele from March 2021-March 2022, collecting \$1.2 million for his services, according to FARA filings. FARA filings show he is currently registered as a lobbyist for the Castro government in Honduras, charging \$90,000 a month for seven months beginning in May 2023. The Castro government has recently enacted a “state of emergency” and begun a public assault on media outlets reporting on corruption and nepotism in the administration, closely following Bukele’s playbook.

What is striking about the principal actors is that they have all served in democratic institutions in the past, some at the highest levels of the U.S. government and now act to design, implement and defend the measures that are robbing the region of decades of fragile progress toward democratic reforms supported by the United States across both Republican and Democratic administrations. Now, this informal group is helping to empower authoritarianism, regional remilitarization and the strengthening of rogue intelligence operatives and judiciaries paving the road to dictatorships.

IBI Consultants has spent six months examining the operations of these loosely affiliated individuals who usually act independently of each other, interviewing dozens of individuals with direct knowledge of events, and reviewing law enforcement files, and public documents. IBI Consultants received no funding to write this essay.

This essay is based on those sources in order to better understand the deep crisis facing Central America that not only is rapidly eroding most of the fragile democratic gains made after peace agreements ended decades of civil war and political violence, but driving migration flows, deepening corruption, and creating the potential for a return to civil strife in an area of key strategic interest to the United States.

The Trumpian thirst for revenge against perceived enemies is also part of the Bukele and Giammattei playbooks. Both leaders and their lobbyists were enraged when Rep. Norma Torres (D-CA), who immigrated from Guatemala when she was 5 years old, publicly, and repeatedly criticized corruption and human rights abuses in Central America, focusing particularly on Bukele's actions.

In an effort to defeat her in 2022, according to the U.S. State Department in a rare public rebuke of a foreign government, senior Salvadoran officials sought to "directly influence" her district's election. Torres said Bukele and his "accomplices" who supported her Trump aligned opponent must be held accountable and requested the Salvadoran ambassador be expelled. That action was not taken.

Like Trump, Bukele, Castro and Giammattei view political dissent and normal political disagreements as betrayal, seek revenge on those they feel grow disloyal to them, and seek to consolidate power in the executive. And, like Trump, Bukele and Castro have placed close relatives – brothers, sons, nephews and nieces – in key positions of power or senior advisers in order to have trusted people at the nexus of political power and economic opportunity. Bukele and his brothers have long standing friendships with Castro's children in Honduras and often coordinate strategy and tactics.

The thirst for revenge does not end there. According to sources with direct knowledge of the matter, Merlo and others have worked for the past two years to get MAGA-aligned Republicans in Congress to thwart and disrupt the careers of two senior State Department officials who they view as their enemies. They are:

- Ambassador Jean Manes, a career officer who is currently deputy civilian commander at the U.S. Southern Command and nominated to be ambassador to Colombia, who was publicly critical of Bukele's attacks on democracy as ambassador to El Salvador after initially befriending the young president;

- Todd Robinson, the Assistant Secretary of State for the Bureau of International Narcotics and Law Enforcement Affairs (INL) and former ambassador to Guatemala where his outspoken defense of anti-corruption investigations infuriated many of the Guatemalan political elites, including Giammattei and his inner circle and the previous administration of Jimmy Morales, where Duarte served as head of intelligence.

The March 2023 visit of Sen. Marco Rubio (R-FL) a senior member of the Senate Select Intelligence and Foreign Relations committees, to El Salvador to meet with Bukele, was a significant victory for those seeking to legitimize Bukele's authoritarian tactics. After the meeting Rubio issued several Twitter threads praising Bukele, a significant change in his previous stance.

Just as importantly for the MAGA aligned efforts and Bukele, Rubio then issued a statement saying he could not support Manes' nomination as ambassador to Colombia after "careful consideration and review of her qualifications and performance at previous posts" despite her distinguished and uncontroversial career. Rubio's lack of support has cast doubt on Manes' path to Senate confirmation.

The trusted foreigners on the payroll, with at least one given the title of presidential adviser and use of an official government email account, are also used as gatekeepers for access for journalists to ensure only "trusted" reporters who will write favorable stories of MAGA favorites like Tucker Carlson get access to government officials.

Another foreigner who often works with MAGA aligned efforts retains significant influence with Bukele and like-minded groups in the region. Sara Hannah Georges, a controversial Venezuelan/Lebanese national is often considered the most powerful outsider in El Salvador due to her influence with Bukele and his older brother Karim, who is the president's primary adviser.

Hannah Georges holds a U.S. green card, sometimes travels on a Lebanese passport and is under investigation by U.S. law enforcement due to credible reports she has helped channel hundreds of thousands of dollars for the Maduro regime in Venezuela to the United States while living in Miami. For years she worked as an assistant to Liliana Tintori, the wife of Venezuelan opposition leader Leopólido López, before joining Bukele's successful presidential campaign.

After the campaign Hannah Georges effectively became Bukele's chief of staff, running cabinet meetings and sitting in on Bukele's meetings with diplomats, political operatives, and financiers, amassing significant power in both El Salvador and beyond. How much she and her Venezuelan team are paid by Bukele is not publicly available. She has not been charged with any crime.

The most visible and controversial of the MAGA aligned advisers and lobbyists, centered in Miami, is Merlo, an unabashed Trump supporter whose Twitter posts show him wearing a "Let's Go Brandon" t-shirt and attending C-PAC conferences, Merlo was instrumental in arranging for Bukele to appear on Tucker Carlson's program for a fawning interview before Carlson's firing from Fox News. Merlo has been a public defender of Bukele's anti-democratic measures, including the mass jailing of some 65,000 people accused of being gang members, a tactic that has drawn widespread international condemnation.

Merlo's lobbying firm, Latin America Advisory Group LLC, receives \$65,000 a month to lobby for the Bukele government's interests in Washington and also has a contract with the government of Haiti, according to public FARA filings. In January 2023 Merlo filed a public Lobbying Disclosure Act for his company DMM Consulting Inc., to represent Tether Operations Limited, based in British Virgin Islands. Tether says its "tokens are assets that move across the blockchain just as easily as other digital currencies but that are pegged to real-world currencies on a 1-to-1 basis." Merlo's filing said he received \$60,000 from Tether for his work in the first quarter of 2023.

His initial ties in Central America came when he worked for the Digicel telecommunications company, establishing relationships that endure in numerous countries. In El Salvador his relationship with Ernesto Castro, among the most fanatical of Bukele's acolytes and who now leads Bukele's supermajority in the legislative assembly, was a key to getting close to Bukele.

While Merlo formally registered as a lobbyist for the Salvadoran government in November 2020 under the Washington, DC Invest El Salvador firm, according to FARA filings, he had been part of official Salvadoran government delegations in dealing with U.S. officials shortly after Bukele assumed the presidency on June 1, 2019. Merlo documented many of the encounters on his Twitter account. In one selfie he shows a United Nations credential from September 30, 2019, identifying himself as an El Salvador adviser during Bukele's first trip to the UN as president.



Figure 1: Merlo's name holder identifying him as a senior adviser to the President of El Salvador in September 2019 (left) and with his UN pass to accompany Bukele to the General Assembly, also from September 2019 (right)..

Many of the elements of Merlo's work with Bukele prior to registering under FARA have been reported in media outlets, as have the reports of FBI investigations into these and other activities.

It is unclear if Merlo was being paid for his services during those 11 months before he registered as a foreign agent, but if he was receiving remuneration it could place him at risk of violation of reporting FARA laws and regulations. This period of unregistered activity on behalf of Bukele is one area of inquiry U.S. law enforcement is currently investigating, although no charges have been filed.

What is clear is that Merlo, who has been issued a Salvadoran diplomatic passport, first reported by the regional news outlet *Prensa Comunitaria*, accompanied Bukele during his September 2019 visit to the annual meetings of heads of state at the United Nations. On September 25, 2019, while in New York to give his first speech at the United Nations – where he stopped in mid-speech to take a selfie with his phone. The day before Bukele held a bilateral meeting with Trump at the InterContinental Barclay New York hotel.



Migración & Extranjería		GOBIERNO DE EL SALVADOR	
Nombre:	Damian Matias		
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Estado Civil:	Soltero		
Profesión:	Consultor		
Pasaporte "D":	CONFIDENCIAL SIN ACCESO		
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Figure 2: The Salvadoran migration system registration of Merlo's Salvadoran diplomatic passport noting that his personal information is "confidential and without access."

During the meeting Merlo was seated with the small group of senior Salvadoran officials as the two presidents bantered at the front of the room, Bukele declared Trump and himself both "cool" and Trump unleashed a tirade against the Democrats in Congress after praising Bukele for his efforts to combat the MS-13 gang.

Seated to the left facing the presidents in the hotel meeting room was the Salvadoran delegation of Foreign Minister Alexandra Hill, the leader of the Salvadoran National Assembly and Bukele ally Ernesto Castro, and Merlo. The U.S. delegation, seated to the right, as led by acting Secretary of Homeland Security Kevin McAleenan.

The Salvadoran delegation, including Merlo, also met separately with McAleenan, DHS Deputy Under Secretary James W. McCament, intelligence community members and members of the

National Security Council to discuss strategies for slowing Central American irregular migration to the United States and other topics of bilateral interest.

Sources familiar with the visit said that few U.S. officials knew Merlo was a U.S. citizen or not registered as a foreign agent. Trump, after speaking with him briefly, reportedly congratulated him on how well he spoke English. If Merlo were representing himself as a member of the Salvadoran presidential team rather than a U.S. citizen and were being paid while meeting with senior U.S. officials, it could be a serious FARA violation, one U.S. official familiar with the investigation said.



Figure 3: Photo on left: Damian Merlo (closest to camera, Ernesto Castro, with glasses, middle, and Foreign Minister Alexandra Hill, far end) observe Bukele and Trump during the bilateral meeting. Photo on right: Merlo, seated on the right with Foreign Minister Hill, meet acting DHS Secretary Kevin McAleenan and other U.S. officials.

Merlo's loyalty to Bukele has led to credible reports of another incident that U.S. officials are now investigating and reported through diplomatic and intelligence channels. Again, no charges have been filed.

When Bukele took office he promised to return a hated enemy, former Salvadoran president Mauricio Funes (2009-2014) who is living in exile in Nicaragua, to El Salvador during his first 100 days in office. Funes is wanted on corruption charges in El Salvador and, while once a friend of Bukele, he became viewed as traitor to Bukele. After the personal falling out Funes, using his popular social media feeds and access to some members of the Salvadoran intelligence system, began broadcasting damaging information on Bukele and Bukele's inner circle to a broad audience.

According to an FBI investigation in 2020 and two sources who know of the events, Merlo was part of a group tasked by Bukele to devise a plan to kidnap Funes in Nicaragua and bring him back to El Salvador. The scheme eventually centered on contracting a small team of former U.S. Special Forces operators to infiltrate Managua, conduct surveillance on Funes' residence, abduct him and spirit him out of the country to El Salvador. The price was reportedly \$2 million.

The plot was never executed because the would-be operatives, in researching the mission, found that Funes' residence, in addition to being guarded by Nicaraguan security forces, is adjacent to the heavily guarded and surveilled Iranian embassy in Managua, making the success of any operation almost impossible and a firefight with Iranian security almost inevitable. In addition, the initial surveillance found that Funes' young child lived in the residence, increasing the odds of civilian casualties. Unwilling to go further, the team abandoned the effort.

According to law enforcement documents seen by IBI Consultants, some of those involved in concocting the plan were careless in discussing the idea as it developed with friends in Miami, Panama, and El Salvador, to the point that the plot eventually was reported to U.S. law enforcement, where the FBI opened an investigation.

Funes himself, with strong ties to Nicaraguan intelligence and close enough to Ortega to have been granted Nicaraguan citizenship in order to avoid extradition, also became aware of the plot. Tweeting on December 6, 2019, Funes said he had "received intelligence that there was a planned operation against my physical integrity and take me to El Salvador." No one has been charged in this incident.

There is another event under investigation that reportedly involves a convoluted plot by Merlo to help his friend, former Panamanian president Ricardo Martinelli – who has been barred from entering the U.S. due and faces money laundering charges in Panama – and Martinelli's two sons, Luis Enrique Martinelli and Ricardo Enrique Martinelli. Merlo's relationship with Martinelli went back to Merlo's work with the telecommunications company Digicel, vying for the Panamanian market.

The sons were convicted of money laundering \$28 million in the United States in May 2022 and served one year of their three-year prison sentences there before being returned to Panama to serve the remainder of the time in January 2023. But following the arrest warrants being issued for them in the United States and their apprehension and conviction, the fugitive sons made a madcap dash to escape U.S. justice.

According to an FBI investigation seen by an IBI Consultants investigator, Merlo, using his official Salvadoran government presidential email account, wrote to Michael C. Harper, a trial attorney in the U.S. Department of Justice's Criminal Division on February 29, 2020, time stamped 13:52:07. Harper was a DOJ trial attorney in the Martinellis' case.

In the email, Merlo, who had established a long-time friendship with the Martinelli sons, offered to help U.S. officials obtain the cooperation of the Martinelli brothers in identifying criminal activities by former Salvadoran president Funes in Panama in an effort to reduce the sons' criminal exposure. However, it was a subject the DOJ reportedly was not investigating or interested in as it did not directly touch on U.S. interests.

But Merlo had a problem because Harper never answered his email, as is standard practice because the request did not follow normal protocol procedures of requests for international assistance. Merlo reportedly felt he needed to produce results and on April 29, 2020, he announced he had received a reply from Harper apologizing for the delayed response and saying he would set up a meeting to discuss the matter. The meeting never took place.

However, FBI sources reported Merlo's sharing news of his non-existent meeting with DOJ, to FBI agents and the FBI then asked Harper about the communication. Harper, according to the FBI report, said he had never responded to the request. A forensic examination of the email reportedly sent by Harper, which the FBI has, showed it was pasted from a Word document and had a timestamp that was remarkably similar to the email Merlo sent, ending in 52:07 and not sent from computers of Harper or DOJ. No one has been charged with crimes in this event.

The Martinelli brothers then took a boat to the Bahamas and chartered a private airplane headed for Panama to escape arrest. The aircraft was denied landing in Panama and elsewhere due to the decision by regional governments at the time to ban all arrivals due to the Covid 19 pandemic. Merlo, according to two sources with knowledge of the events, reportedly then arranged for Bukele to lift the ban for the private plane carrying the brothers to land in San Salvador on June 29, 2020.

However, a worker at Salvadoran migration, realizing the two clandestine passengers on the irregular flight were the Martinelli brothers fugitive from the U.S., called a contact at the U.S. Embassy. An Embassy employee raced to the airport to find the head of migration, Ricardo Cucalón, had apparently erased the registration of the entrance records of the Martinelli brothers.

However, U.S. Embassy officials, including then ambassador Johnson, reportedly felt harboring U.S. fugitives was untenable and persuaded Bukele to send the brother on to Guatemala, from where they were eventually extradited to the United States, where they were convicted of laundering \$28 million through U.S. banks.

In the trial the brothers said they carried out the criminal activities at the direction of their father, former president Martinelli, who they claimed exerted psychological pressure because both sons were so eager to please their dad.

As multiple investigations advanced, U.S. officials asked Panamanian officials to help monitor Merlo's activities when he returned to Panama on a private jet, registration N617RR, on September 20, 2021. Accompanied by five associates, including a Miami attorney, Merlo was reportedly supposed to meet with Martinelli as his sons were preparing for their trials, a move that would have been unusual.

Around 8 a.m., the following day as Merlo was having breakfast with another U.S. citizen who served in the Trump administration at the Balboa Hilton Hotel, two FBI agents approached him, identified themselves and asked if they could speak with him. Merlo said he had a meeting scheduled for later in the day at the U.S. Embassy and requested to speak to them there instead. The agents agreed. However, Merlo did not show up at the Embassy and flew out with his delegation early the next morning.

While Merlo has been the most public MAGA face in Central America, writing op-eds in newspapers defending Bukele, promoting Bukele's failed Bitcoin policies – then registering to lobby for Tether – and in constant contact with a wide range of Congressional aides, Miami power brokers and MAGA insiders, he is not the only operator.

Duarte for much of 2021 was a registered lobbyist for Zury Rios, an authoritarian minded presidential candidate in Guatemala, according to FARA documents. Rios, who won only 6.5 percent of the vote in Guatemala's June presidential elections, is the daughter of former Guatemalan

dictator Efraín Ríos Montt, now deceased, who was charged with massive human rights abuses during his time as de facto president (1982-1983). Ríos, known for her close ties to the military and firm ally of Giammattei and his predecessor Jimmy Morales, campaigned explicitly on replicating Bukele's governance model.

Hannah Georges was reportedly tasked by Bukele to build an alliance of like-minded politicians and deep pocketed financiers who supporter autocracy across the region to build a Bukele-led coalition that promised to emulate Buekle's iron fist measures against traditional democratic institutions.

In keeping with the ideologically agnostic model, in Honduras, the Bukele brothers and the children and nephews of leftist president Castro – now occupying positions from minister of defense to chief of staff to leaders in the legislature – regularly meet to share experience, strategies and intelligence from their regional networks with each other.

This constant reinforcement of anti-democratic actions by individuals who have access to parts of the U.S. policy and intelligence communities, has served to convince Bukele and others that U.S. human rights concerns, anti-corruption measures, opposition to gutting independent judicial structures and mass arbitrary arrests are merely background noise until Trump's triumphant return in 2024. The willingness of leaders like Sen. Rubio to praise Bukele and his actions adds credibility to this narrative.

The widely repeated mantra that the popularity of violent, indiscriminating security crackdowns justifies the destruction of other democratic norms has been adopted as a justification for public inaction by U.S. policymakers, leading to the perception that the Biden administration has abandoned the region. Human rights activists note that the arrest of Guatemala's most prestigious journalist José Ruben Zamora, passed with barely a tweet of protest from senior Biden administration officials. Driving human rights workers and journalists into exile in El Salvador has largely been met with little public condemnation, as has illegal meddling in U.S. electoral politics and the torture and disappearances now almost daily occurrences under Bukele's state of exception or his flagrantly unconstitutional bid for reelection.

The sustained attacks on Rep. Torres, Amb. Manes and Assistant Secretary Robinson by the MAGA aligned forces with little visible push back from U.S. officials induces caution and paralysis among those pressing for a more aggressive policy but who would rather not see their careers founder on Central American issues that are not career enhancers in the best of times. If one is looking for the reasons the Biden administration has made so little progress in Central America, one key factor is the role of the MAGA aligned forces in making it politically acceptable to install new ideologically agnostic authoritarian regimes. And so they grow and consolidate.