
EXCLUSIVE

A palm oil company, a group of US financiers, and the destruction of Peru's rainforest

Ocho Sur sold 'deforestation-free' palm oil to the makers of Cheetos, Colgate, and Pepsi. Exclusive documents reveal ties between US investors and entities that cleared Amazonian rainforest.



Florence Goupil for Business Insider



[Brendan Borrell](#)

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Two of the largest palm oil plantations in Peru are located on the west side of the Ucayali River, which flows from the Andes to the Amazon. From above, the surrounding landscape looks like stirred paint: a swirl of green amid inky lakes and brown rivers. Tibecocha, the larger

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miles and contains a million palm trees. The smaller property, Zanja Seca, is nearly the size of Manhattan.

Each year, these plantations generate about \$50 million in revenue for the Ocho Sur group, whose palm oil has ended up in products ranging from Cheetos to Colgate toothpaste. The \$160 million that the company's backers, primarily US venture capitalists and private equity funds, have spent on its operations represents the largest foreign investment in agriculture in the history of the Peruvian Amazon.

The palm industry got off the ground here thanks to US development programs designed to give farmers a money-making alternative to growing coca plants, the precursor to cocaine, and the US ambassador to Peru even paid a visit to Ocho Sur's properties last year. Ocho Sur's operations are now so vast, and it is such a dominant force in the region's economy, that locals refer to it simply as *la empresa* — "the company."

But the creation of the plantations came at a steep price. To make way for those industrial fields of palm trees, some 30,000 acres of rainforest were cut down, a swath of destruction that one Indigenous leader called an act of "ecogenocide." Biologists from Chicago's Field Museum have ranked the rugged mountains that rise west of the plantations "among the most diverse of all conservation areas in Peru." When the museum's team surveyed the region for three weeks in 2000, it tallied 1,600 species of plants, 71 species of mammals, and more than 500 species of birds. At least 28 species were new to science.

Since the 1960s, more than 13% of the original Amazonian rainforest has been cleared. Most of the destruction has been concentrated in Brazil, but Peru is second on the list. If the destruction continues, Thomas Lovejoy, a former biodiversity advisor to the World Bank, has argued that the Amazon could reach a tipping point and become too hot, dry, and fire-prone to remain a rainforest. Without the carbon-absorbing capacity of the Amazon, the world would face increasing temperatures and melting the ice caps, making cities as far away as Mumbai virtually unlivable.

Seeking to be a model of sustainable development, Ocho Sur has signed pacts with local communities to conserve the native ecosystem, and its polished English-language website features a slideshow of anteaters, sloths, and monkeys. The company has replaced its trucks and tractors with mules and water buffalo and has vowed not to expand its operations into standing forest. Over the past two years, Ocho Sur says, it has spent \$3 million maintaining roads and building schools and medical clinics.

When the company's CEO, Michael Spoor, who joined Ocho Sur in 2019, talks

territory. "We came to Peru in 2016 and bought two farms in Ucayali at a public auction," he has said. "All that we have done, we have done without deforesting anything."

Documents I obtained from a criminal investigation into Ocho Sur — along with an exclusive trove of internal company emails, bank records, and spreadsheets covering eight years of plantation operations — tell a more complex story about the role of the company's founders in the original destruction of the rainforest. At its heart is an American businessman named Dennis Melka, who a Peruvian prosecutor has claimed is the ringleader of a "criminal organization" that passed mature plantations from one company his investors had bankrolled, United Oils, onto a second, Ocho Sur. After the transfer, I found, key personnel from United Oils remained in place — including Melka. Most importantly, prosecutors say that United Oils illegally cleared much of the plantation land, and that Ocho Sur, for all of its sustainable initiatives, is in many respects the same entity as its clear-cutting predecessor. Melka has not responded publicly to the prosecutors'

Ocho Sur's links to deforestation have profound implications for businesses, consumers, and the environment — and what exactly counts as "sustainability" in the palm oil industry. The global market for palm oil, valued at more than \$70 billion last year, is experiencing steady growth, driven by its use in products as varied as food, beverages, biofuels, and cosmetics. Last year, the European Union passed new regulations on deforestation that promised to be the strictest in the world. Companies like Ocho Sur are now racing to demonstrate that their plantations were not illegally deforested — or risk losing their share of the lucrative market. But it may not be that easy.

"Nearly everything they export has been illegally produced," argues Julia Urrunaga, who leads research in Peru for a Washington, DC-based environmental organization. "What needs to happen here is they need to be sanctioned, and they need to be ordered to reforest and leave."

In April, Michael Spoor invited me to spend a few days visiting Ocho Sur's plantations and the surrounding communities. The company was losing buyers left and right. That month, PepsiCo, which had used Ocho Sur palm oil in its Cheetos and Doritos, became the latest global brand to be named in the media over the historic deforestation. Spoor was eager to tell his side of the story.

The company's headquarters are on the fifth floor of the Wyndham hotel in the regional capital of Pucallpa, a city of 300,000 on the banks of the Ucayali River. When I met Spoor in the lobby one morning, he was wearing what passes for executive attire in these parts: a loose nylon shirt, khaki pants, and hiking boots. He looked more like a tourist heading off to hike the ruins of Machu Picchu than the head of a palm oil empire.

The son of a Protestant minister in Iowa, Spoor earned a degree in civil engineering before working for Exxon and leading companies that recycled spent oils and other industrial waste. One of his operations, NewStream, which Spoor ran from 2008 to 2014, was accused by the Massachusetts attorney general of illegally dumping wastewater tainted with lead, chromium, and other hazardous chemicals into a municipal treatment facility that flows into the Ten Mile River. In April 2014, Spoor signed a consent decree on behalf of NewStream to settle the case and the company paid a fine; he has denied that NewStream released any hazardous waste. Two months later, he headed to Latin America. His first stop was Mexico, to run another waste recycler. Then, in 2019, he joined Ocho Sur to oversee a different kind of cleanup.

which can produce five times as much edible oil per acre as corn or soy. Every 10 days, each tree develops a 50-pound cluster of fruits oozing with thick, red oil. They will keep producing for the next 20 years. The catch is that oil palm can be profitably grown only within 10 degrees of the equator, a region that overlaps with the planet's most biodiverse ecosystems.

As environmental activists raised the alarm about the palm oil industry's toll on the tropical forests of Southeast Asia two decades ago, Unilever, the world's largest buyer of palm oil, teamed up with the World Wildlife Fund and other parties to establish the Roundtable on Sustainable Palm Oil. The roundtable launched a program in 2007 that certifies growers whose plantations are not on recently deforested or contested lands. Only a fifth of palm oil sold across the globe was certified by 2022. Spoor's mission was to get Ocho Sur's crop certified as deforestation-free, but exactly what that means depends on when you start the clock.

Spoor and I headed out of Pucallpa in a four-wheel-drive truck driven by Krassimir Doldourov, a chain-smoking Bulgarian who oversees the plantation's road maintenance work. After an hour, Doldourov swung onto a dirt road with tire-swallowing holes. We passed abandoned farms, cattle pastures, and stray dogs, but not much forest. Finally, Doldourov maneuvered the truck down the scoured bank of a large, brown river, a tributary to the Ucayali, and onto the platform of Ocho Sur's pontoon-style ferry, powered by two outboard motors.

On the other side of the river, we passed a series of signs Spoor had installed when he took the job. "We work in harmony with nature," read one. "We protect wildlife," read another. "We conserve forests," read a third.

Julia Urrunaga, who leads research in Peru for the Environmental Investigation Agency, says of Ocho Sur, "They need to be ordered to reforest and leave." Florence Goupil for Business Insider

As Spoor pointed out, most deforestation in the Peruvian Amazon today comes at the hands of small-scale farmers, and he wanted to convince me that industrial agriculture, which had deepened climate impacts elsewhere, could achieve the opposite here. Ocho Sur is the largest formal employer in the Department of Ucayali and accounts for about half of its exports, meaning that it provides economic opportunities to thousands of people who might otherwise be clearing forest for cattle or short-lived crops like banana or cassava. Oil palm, as he rightly noted, can sequester more carbon than such annual crops, though studies have found it absorbs less than half that of a standing forest. "It's a permanent crop that's going to grow for decades and decades and decades," he said.

"What is it that people are going to do here in the jungle?" Doldourov asked.

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In Spoor's view, only sustained investment could lead to the cultivation of valuable crops like oil palm on all the degraded land we had passed. If not, he said, settlers will keep clearing primary forest and abandoning the spent land a few years later. Fighting this migratory agriculture was one of the goals of Peru's National Plan to Promote Oil Palm, enacted in 2000, which helped attract the company's investors to the region over a decade ago. "Those plantations, 20 years from now, will be the greenest areas in the whole zone," Spoor said. "People are going to look back and go, 'Wow, look at those two islands of green!' and, in some weird way, that will have been the result of what we started."

To dig deeper into the origins of Ocho Sur's plantations, I flew north to the jungle city of Iquitos to meet with William Park, a self-described "eco-social entrepreneur" from Bronxville, New York. Over an açai bowl at the Dawn on the Amazon Café, a favorite spot for travelers and expats, Park relayed his life story. He had served in the Marine Corps and earned a biology degree in college, but a childhood meeting with the founder of the organic food company Arrowhead Mills shaped his unconventional path. After a job running sales for a hemp apparel company, he lit out for Peru, where he launched Eco Ola, an export business in Amazonian superfoods, with the goal of helping local communities develop sustainable economies from their native forests. Operating between two worlds — conservation and business — made him particularly suited to recognize what had unfolded here on the Amazon River back in June 2013.

One day, Park was sitting on this same patio when he heard troubling news from a friend who lived upriver in Tamshiyacu, an isolated village on the edge of an uninterrupted swath of rainforest that stretched for hundreds of miles. The region, which is believed to have the world's greatest

important area," Park said. Now, according to Park's friend, a massive palm oil plantation was springing up in the area. Workers had been conducting surveys and slashing paths with machetes.

Oil palm fruits being processed at Ocho Sur's mill in Ucayali. Every 10 days, each tree develops a 50-pound cluster of fruits oozing with thick, red oil. Florence Goupil for Business Insider

Initially, Park was skeptical. He often heard rumors of new megaprojects, but they usually fell apart before they got off the ground or turned out to be scams. Tamshiyacu seemed too remote to be worth anyone's while, he thought.

He was wrong. Before long, workers showed up there with two dozen bulldozers and excavators. They proceeded east, widening and grading a dirt road for some 6 miles until they reached their destination. "Clearcutting happening now, the neighboring communities are not happy," Park wrote to an environmentalist he knew. "The name of the company and its international affiliations are not known but it is rumored to be a Malaysian company."

hunted for satellite images to confirm the devastation, while other environmentalists followed a paper trail to figure out who was behind the operation. Julia Urrunaga, who works as a researcher with the Environmental Investigation Agency tracking deforestation in the region, discovered a network of companies recently registered in the region. First, she found "Plantaciones de Loreto" based in Iquitos, then "Plantaciones de Ucayali." Ultimately, she unearthed more than two dozen interrelated companies. Like a series of nesting dolls, six of these companies were owned by two shell companies in the British Virgin Islands, which were in turn owned by a Cayman Islands-based company called United Oils Limited. This corporate labyrinth obscured the true shareholders and decision-makers, but one figure stood out in the records: Dennis Melka.

A worker harvest palm fruits at the Tibecocha plantation. Florence Goupil for Business Insider

unlimited amount."

Melka, Urrunaga learned, was a venture capitalist who had made his name developing palm oil plantations on Borneo, but she couldn't find much detail about his plans for Peru, or even what crops he planned to grow. Images online showed a sharply dressed man in his late 30s with a bald head and blue eyes.

Finer, meanwhile, got his hands on the first clear satellite images showing strips of bare, red earth in the forest as the Tamshiyacu plantation took shape. Finer notified a journalist at the local newspaper, La Región, and a photograph of the naked landscape ended up on the front page. "Where is the environmental prosecutor?" the paper asked.

They didn't yet know that Melka's clearing and planting was already further along in Ucayali.

When I first heard about Melka's role in these events some years ago, I tried to talk to him in person at a conference in San Francisco. He was in his element, pitching investors, and looked relaxed in jeans and a blazer as he handed me his business card in a hotel banquet hall. He would be flying to Peru a few days later. When I started to ask about the deforestation allegations against him, his face grew tense, and he waved me away. "I created thousands of jobs in Peru," he said. "Leave me alone."

From what I learned without his cooperation, Melka grew up in Marin County, California, and his first job out of college was at Credit Suisse in New York. After postings in London and Prague, he found his niche in the free-

In those days, palm oil was booming on Borneo, a 90-minute flight to the east. "When I started meeting the companies and talking to them, I realized this was a phenomenal business," Melka later told a Singaporean publication. "That's something I want to get into."

His biggest problem was that most available land on Borneo and other parts of Indonesia and Malaysia was controlled by Indigenous people or held in state forestry concessions. "Without special connections within the government, you won't be able to secure this land," a former Melka employee told me. Melka soon made those connections through a business partner, Graeme Iain Brown, whose father-in-law, according to an industry report, was a former Indonesian cabinet minister.

In 2009, Melka and his partners founded a company called Asian Plantations that obtained 50,000 acres of rainforest through what the company called "non-competitive" negotiations based on "long standing local relationships." They proceeded to clear-cut their land and plant oil palm, according to satellite analyses conducted by the Environmental Investigation Agency. Six years later, as a member of the Roundtable on Sustainable Palm Oil, they sold that operation to Felda Global Ventures, the third-largest palm oil company in the world, for almost \$200 million. (Brown told me the notions that they had deforested any land or benefitted from family connections were "totally false.")

Malaysia and Indonesia dominated global palm oil production at the time, but usable land was predicted to run out by the end of the decade and Melka was already on the hunt for new territory. Company emails show that he reached out to government officials in the newly created country of South Sudan and in Myanmar, which was just opening for business after emerging

Under President Alan García, Peru was welcoming foreign investors with open arms. Not only was García's government offering sweetheart deals to foreign investors under its National Plan to Promote Oil Palm, but the country had more than 3 million acres suitable for oil palm. "Tax free at all levels!" Melka raved in an email to a London-based investment advisor. "Labor costs at US\$11.50 per day. . .!" And, unlike in much of Southeast Asia, Peru allowed foreigners to own plantations outright. Palm oil, as he put it in his pitch, was "the most profitable crop that humans can grow outside of narcotics."

It was more than a clever line.

Over the past 30 years, the rise of the palm oil industry in Peru has been directly stimulated by the United Nations and by the US Agency for International Development, which has spent hundreds of millions of dollars there funding organizations that work to redirect coca farmers toward alternative crops. The first oil palm project, spearheaded by the United Nations Office on Drugs and Crime in 1991, helped 270 families in Ucayali — largely refugees fleeing Shining Path guerillas — to establish 3,000 acres of oil palm along a highway near Pucallpa. The United States later financed a mill that would be run by a farmer cooperative.

Bruno Tangoa, chief of the Shambo Porvenir indigenous community in the Ucayali region, who grow palm oil for Ocho Sur on their land. Florence Goupil for Business Insider

Rolf Wachholtz, an economist hired to evaluate one of the UN's coca-eradication programs in 2010, praised it for improving the livelihoods of farmers but stressed that the UN needed to "focus more on environmental issues," including deforestation.

Melka worked to take full advantage of the government aid. After making connections with diplomats and development agencies in multiple countries, he was even hired by USAID to provide a financier's perspective on its work in Peru. "The Peruvian industry needs scale," he said in a draft report he prepared in 2010. "All UN & USAID efforts should be focused on growing the productive resource and planting land."

That November, he repeated the theme when he gave a talk in Lima organized by the UN, along with his business partner Bill Randall, the managing director of Pacific Agri Capital, a private equity firm that Melka founded in 2008 to fund his Malaysian plantations. Peru still had only 100,000 acres of palm under cultivation, and Melka was seeking to triple that

impress anybody," said Wachholtz, the UN evaluator, who was in the audience that day. "I found it crazy."

The next day, Melka established the first eight Peruvian corporations for the plantations he wanted to develop — several of which, according to company records, would be acquired by his offshore holding company, United Oils. In a letter to local authorities, he wrote that his company had "extensive experience implementing the world's best practices for environmental stewardship."

During a meeting at the US Embassy in Lima, Melka was introduced to Alfredo Rivera Loarte, an agronomist at the UN Office on Drugs and Crime. Melka promptly hired him as a consultant to oversee plantation operations. Rivera's son Julio also came on board, as did another UN employee, Maria Teresa Trigos. Doldourov, who drove Spoor and me around during my visit, had also worked at the UN, and built roads for United Oils before joining Ocho Sur.

Along with United Oils, Melka created United Cacao, having decided that the Tamshiyacu plantation to the north was better suited for that crop. Melka boasted of his UN ties every chance he got, writing in one pitch document that his senior managers collectively had several decades of experience with

Over the next three years, Melka raised \$38 million for United Oils, according to the company's shareholder records. Seed funds came from wealthy friends and friends of friends, some of whom told me they hadn't fully appreciated what they were supporting.

"At some point I had started to learn more about orangutans and how they were being impacted by palm oil plantations" on Borneo, said one American investor, who was so ashamed by his participation that he asked me to withhold his name. "Oh, fuck," he remembered thinking. "I just put my money with someone who is clearing forest in the Amazon."

Melka quickly lined up more than a dozen investors. Early financiers included Eric Varvel, then the CEO of Credit Suisse in the Asia-Pacific region and Steadfast Financial, a New York hedge fund with over \$8 billion under management. At the company's launch, the majority shareholder, with \$10 million in equity, was a fund managed by Randall at Pacific Agri Capital. Randall's fund received \$3 million in capital from Anholt Services, a holding company that managed the \$2 billion trust left behind by the Danish petroleum shipping magnate Torben Karlshøj, who founded Teekay. Though Anholt was an indirect investor in United Oils, the company received a privileged view of the company's inner workings directly from Melka, according to a confidentiality agreement signed in September 2012.

In 2014, after being assured by local counsel that Melka was complying with Peruvian laws, Anholt joined with a core group of shareholders in providing United Oils with an additional \$48 million through a private bond offering. "The business can support easily US\$50m in debt or so (or more)," Melka assured a shareholder in an email. He had purchased \$7 million of the company's debt himself.

Melka told his shareholders that he was aiming for an initial public offering on either the Nasdaq or the London Stock Exchange in early 2016. "We've been meeting with mid-tier investment banks with positive feedback," he wrote. "Granted i-banks will always whisper 'sweet nothings' in a client's ear but at least there is interest."

The next challenge was acquiring land for the plantations. Outside conservation areas and Indigenous communities, much of the Peruvian Amazon was in the hands of regional governments: Undivided, untitled, and unclaimed, it was controlled by a glacial bureaucracy in a country where government corruption was widespread.

With his fresh infusion of cash, Melka needed to either find large blocks of land that cash-strapped authorities in Ucayali were willing to swiftly title and sell to him directly, or buy individual properties from homesteaders — settlers who had obtained "certificates of possession" for untitled state lands by proving they had used it continuously for at least one year. According to Juan Luis Dammert Bello, a Peruvian geographer who has studied the growth of plantations in the Amazon, buying land from settlers is an attractive loophole for large developers who are restricted from clearing forest themselves.

Wilson Barbarán Soria, the leader of the Santa Clara indigenous community. After his election in 2022, he asked prosecutors to withdraw the community as a party to a lawsuit against Ocho Sur. Florence Goupil for Business Insider

Increasingly, shady intermediaries known as land traffickers were organizing peasants to invade untitled lands and then packaging and selling the properties for a profit. Sometimes, the "settlers" they enlisted never actually set foot on the land they were claiming: They just signed a document asserting that they had. Land-trafficking mafias, which operate in every region of Peru, have allowed developers to launder unclaimed swaths of rainforest into legal farmland. But experts say Melka's enablers would be the first to carry it out on such a large scale.

"Melka is the game changer," Dammert told me. "There is a before and an after."

leader of the UN's alternative development program in Peru. "I was supposed to designate land suitable for growing oil palms," Pablo Ramírez Mori, an official with the regional agriculture authority in Ucayali told the filmmakers. Wiese, Ramírez said, "agreed to this or that zone." Ramírez declined my request for an interview, saying it was "up to the authorities to follow the process"; Wiese, who died in an accident last year, had said his only goal in helping Melka was to help the Peruvian people.

In 2012, Melka acquired the 17,000-acre Tibecocha property, which included 222 parcels owned by an association of farmers. The association's members had obtained certificates of possession years earlier under questionable circumstances, according to Dammert's research. Apart from the extraction of high-value timber, Peruvian auditors found little evidence that they had cultivated it in a sustained way during their tenure, as required under the law. Most of them didn't even live nearby. Dammert has called it a textbook example of "ghost titling," where government officials create an association whose ranks they fill primarily with friends and relatives, hoping to profit from a subsequent sale. One sales contract, for a 109-acre parcel, indicates that Melka paid members of the group about \$100 an acre.

Some 10 miles west of Tibecocha, Melka obtained a second property, Zanja Seca, by different means. This included 11,000 acres of state land in Ucayali that had already been surveyed and would soon be mass-titled in an effort to support a hundred or so subsistence farmers who had abandoned coca under a USAID-funded program. As soon as they received their certificates of possession, these farmers were hoping to plant cacao and oil palm. But after a massive fiscal decentralization, the Ucayali government was in need of cash. Ucayali authorities began dragging their feet in finalizing the homesteading paperwork, according to a legal complaint filed by the farmers. Then, to their great surprise, Melka purchased all 11,000 acres directly from the state for a steal: \$25 an acre. (This month, three officials were sentenced to prison by an anti-corruption court for abuse of their positions in making that deal.)

With his lands in hand, Melka hired contractors to bulldoze the forest, burying the trees in trenches to improve the poor tropical soil. Analyses of satellite images conducted by the Peruvian government and environmental groups indicate that more than 90% of the Zanja Seca and Tibecocha properties were covered with primary or secondary forest at the time Melka took ownership. A million palm seeds were soon imported from Ecuador, Colombia, Costa Rica, and Ivory Coast. Worker camps, dining areas, and soccer fields were erected.

With Melka's development of the plantations came new roads, followed by more homesteaders, speculators, and land traffickers, according to Dammert and other researchers. Oil palm spread in the uplands, rice crops in the peatlands. Land conflicts were on the rise. Melka's two plantations were like a tightening vise, forcing communities in the middle to decide whether they would work with the company or against it.

The Tibecocha plantation stretches across 17,000 acres of what was once rainforest. Florence Goupil for Business Insider

One of the communities trapped in this vise was Santa Clara de Uchunya, an Indigenous Shipibo village tucked away in a looping bend of the Aguaytía River, a tributary of the Ucayali. The Peruvian state granted the community about 540 acres in 1986. It wasn't much, but they had only to cross the river to hunt wild game, gather native fruits, and harvest natural dyes for pottery and textiles they sold in local markets. Now, those forests were being cleared.

In an April 2015 letter to the director of the regional agriculture authority, the leaders of Santa Clara de Uchunya complained about their situation. "Our ancestral territory has been granted to Plantaciones de Pucallpa for the planting of oil palm," they wrote. They requested a territorial expansion to make up for what was being lost. And to help their cause they summoned a prominent Indigenous activist, Washington Bolívar Díaz, a descendant of the

Bolívar had helped found a federation uniting nine Kakataibo communities and became an eloquent defender of Indigenous rights. He was immediately recognizable by his long hair and the beaded necklaces and headdresses he wore for meetings.

In May 2015, Bolívar filed a legal complaint with Peru's Public Ministry, which has the power to launch criminal investigations. In it, he alleged that corrupt officials in the regional agriculture department had conspired with Melka's company to steal and deforest their lands. He described visiting the Tibecocha property one morning that month with a contingent from Santa Clara de Uchunya as part of a government inspection. Bolívar said he was shocked to hear "crying baby monkeys" and "wounded animals looking for their mothers" as the sun beat down on a landscape that had become "a cemetery of trees."

Melka tended to move fast, and that held true as he snapped up land. A new, stricter agricultural law had gone into force in Peru in 2012, but he didn't wait for the government's sign-off on an environmental management plan or obtain a "change of use" authorization to demonstrate the property's suitability for growing crops, according to a 2022 audit by Peru's comptroller general. Nor did he leave 30% of the property's forest cover intact, as required under the law, the audit found. In some cases, the audit said, Melka had cleared property he did not even own, including several hundred acres of a state-owned timberland known as the Biabo Cordillera Azul, which abutted the Tibecocha lands.

None of that corner-cutting stopped Melka from working toward his dream of earning environmental plaudits for his palm oil. In October 2013, a United Oils subsidiary, Plantaciones de Pucallpa, joined the Roundtable on Sustainable Palm Oil. Becoming a member was the first step toward getting the farm certified as 100% sustainable, which could mean a 2% to 7% premium in US and European markets. According to roundtable records, Melka's subsidiary affirmed that it had not cleared any forest for Tibecocha. Melka prepared for certification by commissioning an art-deco-style poster showing a worker hoisting a palm seedling in front of a pale yellow sun. "United Oils," it reads. "World's Finest Palm Oil."

Government investigators were now fanning out across Ucayali to interview hundreds of suspects and witnesses, as part of the criminal investigation that Bolívar's complaint set off. They soon discovered Melka was on the verge of pulling off his most brazen scheme. To skirt the reputational risks of buying more land directly, his employees had begun selecting parcels for homesteaders to clear themselves, then lending them money for fertilizer and seedlings.

They would effectively become contract farmers for United Oils — in debt to the company from the moment they set foot on their new land.

Melka's team had pitched the idea directly to farmers. "What is oil palm? Where will it take us?" one of the sons of Alfredo Rivera, the manager Melka hired after his decades with the United Nations, told a group gathered near Zanja Seca, according to a transcript by a researcher who attended the meeting. "Look, how I have credit cards like a casino! One for my wife, one for me, another one for my wife, and another one for me. That is what oil palm is."

The farmers' paperwork would get fast-tracked by the regional agriculture director, a man named Isaac Huamán Pérez who was a true believer in the promise of oil palm to alleviate poverty. "What alternatives do we have?" he asked me. Though he said he had never met Melka, he had longstanding ties to the United Oils team. He had known Alfredo Rivera since the 1990s. Huamán also told me he was "a great friend" of Ulises Saldaña Bardales, the former mayor of Pucallpa whom Melka had hired as institutional relations manager.

The office where Isaac Huamán Pérez, Ucayali's regional agricultural director, fast-tracked the titling of lands that prosecutors say were destined for Dennis Melka's plantations. Florence Goupil for Business Insider

One of the farmers who seized the opportunity was Freddy Monteluz Paima, who lives with his wife and two children in the community of Esperanza, a village on the left bank of the Aguaytía. When I arrived at his wooden home one May afternoon, he told me that he had no idea what oil palm was until Melka's people arrived.

But the money sounded good, and he said he happily joined 16 other residents in 2015 who heeded the company's call. They grabbed their chainsaws and piled onto several tuk tuks, heading out to a 500-acre plot of land that a local land trafficker had told them they could claim as their own to cultivate oil palm for the company. "That is where the conflict began," he recalled.

Melka had sought to bring another 12,000 acres into cultivation through this sharecropping strategy. In fact, a total of 128 certificates of possession, totaling at least 7,000 acres, were rubber-stamped by the titling division overseen by Huamán, the regional agricultural director. Apart from Monteluz and a few others from Esperanza, most of the other new landholders had no connection to the area; some went to relatives of Huamán or other officials in his office, according to a prosecutorial report I obtained. When Ucayali's field-titling team visited the area in September 2015, the settlers could not even point out their own parcels. The property lines had all been drawn in a back office in Pucallpa, signed off on by the town's mayor, who was working with the land trafficker. The process was so haphazard that some of the parcels Huamán approved were partway inside a lake.

The plan quickly backfired. On September 24, 2015, according to prosecutors' records and interviews with participants, Bolívar and a few dozen residents of Santa Clara de Uchunya, outfitted with rusty machetes and rifles, headed out to the disputed land to confront the settlers. Monteluz and his companions fled into the jungle, leaving behind their chainsaws.


By then Julia Urrunaga, of the Environmental Investigation Agency, had published the first detailed report on Melka's modus operandi in Malaysian Borneo and Peru, arguing that a failure to prosecute him would be "to expose Peru's national forest patrimony to rampant illegality and ultimately deforestation."

"The cost is simply too high, the victims too many, for Peru not to act," she and her colleagues wrote.

A family home and shop in Santa Clara de Uchunya. Florence Goupil for Business Insider

Peruvian regulators had issued a stop-work order to the Zanja Seca plantation for failing to comply with environmental regulations; now they ordered work to halt on the Tibecocha plantation too. The Roundtable on Sustainable Palm Oil followed suit with its own stop-work order.

In a response to the roundtable, the company wrote, "Most of these lands had been degraded by the illegal cultivation of coca, and by other exploitations of the forest, such as illegal timber and migratory cultivation over 40 years." As for the growing international controversy, Melka responded by lashing out. In one unsigned email to a Czech journalist, he called Bolívar "a total fraud" and warned the reporter to "cease and desist from attacking our company."

 or over a year, Melka was able to defy the stop-work orders and

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until the end of 2016, and he was so underfinanced, according to one investor, that he wasn't spending enough to adequately fertilize the trees. "Bank accounts are empty," Melka emailed his board. "Suppliers are physically protesting outside the office doors."

That February, United Oils defaulted on a \$5 million interest payment on its corporate bonds. The \$48 million principal would be due in six months time. Melka wrote his shareholders to say that his attempts to obtain bridge financing had gone nowhere. United Oils was on the verge of insolvency, and Melka would soon be publicly named in a criminal investigation against the company and its collaborators.

The crisis pitted Melka's investors against one another. Some shareholders stood to gain in a bankruptcy and some stood to lose, depending on how much of the company's debt they held.

The company's final balance sheet, dated March 2016, tallied the company's assets at \$77 million. If a foreclosure auction reaped offers in that ballpark, the surplus could pay back most of what the shareholders had put in, and then some.

But debt trumps equity, and Anholt, the lead creditor with more than a third

Capital grave concerns: Though Randall's funds had been pivotal in the company's early days, they had only purchased 6% of the company's debt. Anholt, he warned in a May 11 memo, might try to "keep the price of the assets as low as possible and attract as little number of bidders for the assets as possible."

Under Cayman Islands law, Anholt's lawyer wrote back, creditors had no obligation to achieve the highest possible price. As for Melka, company balance sheets show that his stake in the plantations would remain around 15% after a sale. (Randall did not respond to multiple requests for comment, and Anholt referred all questions about its investment to Spoor.)

Advertisements soon appeared in the pages of El Peruano and The Jakarta Post inviting interested bidders to participate in a public auction of the plantations. On the auction's final day, July 14, Anholt and the other bondholders acquired all of United Oils' assets in exchange for forgiveness of their debt.

The new company's name: Ocho Sur.

Corporate records indicate that 18 of the 19 shareholders in Ocho Sur funded entities that bankrolled Melka's work clearing and planting of the rainforest between 2012 and 2014. With Melka and other key personnel from the early days remaining involved, the only truly new player was Amerra Capital Management, a New York private equity firm whose funds purchased \$10 million of United Oils' bonds.

According to Peruvian prosecutors, Amerra had been told in a due-diligence document that United Oils had "caused the deforestation of approximately

they received on the legality of the plantations was inconclusive. "We looked at this so many times," he said. "It's not like the investors took it for granted that Melka was right."

Álvaro Rodás Farro, the prosecutor specializing in organized crime who named Ocho Sur in the case against Melka, has argued that the transfer of the mature plantations was part of a criminal conspiracy in which Melka was the ringleader. He dubbed the maneuver "covert business succession."

The company has robustly denied this claim. "Ocho Sur is not the continuation of any previous company," the company wrote in February in response to a new report from the Environmental Investigation Agency. "It is incorrect and impossible to attribute to it any alleged actions that occurred before its existence."

A

s for the tight-knit circle of environmentalists in Peru who had been tracking Melka for the last several years, they were in the dark during the 2016 transition.

Unless you had a budget for bodyguards — and Lucila Pautrat Oyarzún, the forest engineer who runs Kené, a tiny Peruvian environmental NGO, certainly didn't — it was too dangerous to travel to Pucallpa at that time. Since 2010, at least 29 environmental defenders have been killed in the Peruvian Amazon. Pautrat instead monitored the situation from Lima, in a modest third-floor apartment where the shades were always drawn, messaging with government informants and managing undercover investigators.

Environmental activist Lucila Pautrat. Her organization, Kené, and other environmental NGOs have been attacked by the right as a "caviar mafia." Florence Goupil for Business Insider

It wasn't until January 2017 that Pautrat first saw the name Ocho Sur in a document she obtained from the Peruvian business registry. Then she got a tip that Melka was still visiting Pucallpa, in his roles as a consultant and a member of the board. In fact, she learned, several key players — including Alfredo Rivera, Ulises Saldaña, and Krassimir Doldorouv — continued working their old jobs for the new company. Ocho Sur kept the same United Oils offices in what would become the Wyndham hotel. The signs were simply updated.

Pautrat believed that she was witnessing a greenwashing operation of epic proportions.

Soon, some of United Oils' enablers, including Isaac Huamán, were sentenced to prison for obstruction of justice. But the plantations were receiving fresh investment; Amerra brought a crop consultant over from England, and the shareholders put their money into building a state-of-the-art mill.

Michael Spoor was hired in 2019 after being recommended by an old friend, Joseph Massoud, the managing director of Anholt. Spoor said the overlap in employment in the company was not "surprising or suspicious" given how few qualified professionals are available in the region.

One of his first acts after taking the company's helm was to get rid of Melka. "I went to the board of directors, and I said, 'I don't think we have a chance of success if he remains associated with the project,'" Spoor told me. The company bought out Melka's shares and ended his consulting contract.

Next, Spoor and the company's lawyers worked to get the \$2.5 million in fines the company owed to government agencies overturned. In order to get the land reclassified as farmland, they had to pay the state approximately \$450,000 to cover harvest rights for the timber that Melka had chopped down. In any event, Spoor thought he was making progress toward resolving the outstanding claims against the company. Then, in 2022, Peru's comptroller general released three audits, concluding that, despite the agency reversals Spoor had orchestrated, Ocho Sur's plantations could never be brought into compliance with existing laws. Spoor took issue with the agency's findings, saying the officials had "overstepped their legal competence."

An Ocho Sur weighing station. The company purchases oil palm fruits from local growers it has verified as deforestation-free. Florence Goupil for Business Insider

Spoor has little good to say about the environmentalists who have sought to hold his plantations accountable. The campaigns against Ocho Sur — funded by what he called a "powerful, transnational ideological machine" with "limitless" cash — had cost the company millions in legal fees. They had also led it to be blacklisted, he said, by some of the world's largest food companies, including Nestlé and PepsiCo, and by such prominent commodities traders as Bunge and Louis Dreyfus.

In the past year, Ocho Sur and its supporters have participated in a slew of news coverage critical of environmental NGOs — what Peru's right wing calls the "caviar mafia." Willax Television, the Peruvian counterpart to Fox News, ran a story early this year claiming, without evidence, that Pautrat was hiding millions of dollars in an offshore account. One of Ocho Sur's lawyers made a

"If I had this money," Pautrat told me, "I would be living in Italy." Kené's annual budget is \$160,000.

One day in Pucallpa, Spoor connected me to one of his trusted advisors, Álvaro Agurto Mazzini, a gregarious entrepreneur who has been promoting Ucayali's economic development for over a decade. He wanted me to meet Ulises Saldaña, one of the employees whom Ocho Sur inherited from the Melka days and who now served as the community-relations manager.

Saldaña emerged from an open-air restaurant with two coworkers and a broad-shouldered man in blue jeans and a Henley shirt. This third man stood out because his hair was pulled into a high ponytail atop his shaven head. It was Washington Bolívar, the activist who had helped Ucayali's Indigenous communities fight the palm oil plantations. Once Ocho Sur's most outspoken enemy, he had become the company's supporter.

"He knows that Ocho Sur is defending the truth," Agurto said. "That the NGOs are shit."

"The situation changes," Bolívar said, "because what we want is to improve the quality of life of the people." He now frequently appears in the media as an Indigenous voice lambasting NGOs.

Bolívar was not the only one who'd switched sides. In 2019, the state government granted Santa Clara de Uchunya a chunk of forest adjacent to Ocho Sur, which tripled the community's size to 1,544 acres. After an election in January 2022, their new leader, Wilson Barbarán Soria, wrote prosecutors asking them to drop the community as an "aggrieved party" in the criminal

Saldaña arranged to take me to visit Santa Clara de Uchunya the following day. When we arrived, a group of residents were gathered under a metal canopy as a television blared. We found a quiet place to speak with Barbarán, the newly elected leader.

"We are not going to live like our parents had lived," he told me. "We want to better ourselves." He said his people now had the chance to obtain an education to become teachers, lawyers, and police officers.

In his view, Ocho Sur had helped make all this possible by providing benefits like a Starlink terminal, a new health post, and a better road. "Thanks to *la empresa*, we have a line of communication to the internet," Barbarán said.

In turn, Santa Clara de Uchunya had signed a pact with Ocho Sur to preserve its newly acquired forests for the next 25 years. It was a critical final step for Ocho Sur in legalizing its plantations. Since Melka had failed to preserve 30% of the forest he'd purchased, as required under Peruvian law, Spoor needed to offset the deforestation by guaranteeing conservation elsewhere.

As Saldaña jumped in to explain that the conflict with the company had been blown out of proportion by the media, a woman emerged from the house next door and interrupted our conversation. "Señor, Ulises," she said, "why do you deny it?" There was an awkward moment as Saldaña calmly ignored her, saying that the majority of the community fully supported Ocho Sur.

I later learned that the woman was the daughter-in-law of a woman named Luisa Mori González, who heads an organization made up of the resistance — a group of 10 or so families who remained opposed to Ocho Sur and didn't share Barbarán's rosy assessment of the community's prospects.

Luisa Mori Gonzáles at home in Santa Clara de Uchunya. She leads a group of 10 families who remain opposed to Ocho Sur. Florence Goupil for Business Insider

I found Mori in the back of the house, seated at a table near a wood fire stove, where a splayed possum was about to be cooked in a blackened pot. She expressed indignation about the pact the community had signed with the company, saying they were still a long way away from securing enough forest for their own future.

"Where are we going to work during the next 25 years? Where are we going to hunt animals like this?" she said, gesturing to the stove. Though the agreement with Ocho Sur allowed hunting and gathering in the forest, she said too many natural resources had already been lost. It was no longer possible, she said, to find the apacharama tree, whose bark was traditionally burned to ash and used in pottery.

"I am taking this position so as not to be tricked by the businessmen, the millionaire entities that are going to fool us with 1 kilo, 2 kilos of rice," she said. At stake, she said, was the future of the community. "Life is not bought — life is borrowed," she said. "Just as my ancestors left our territory for me, so I am going to leave it to my children and to my grandchildren."

Later that day, Spoor and I met for lunch at a cabana with a palm-thatch roof overlooking the dark waters of Tibecocha Lake. It's a lovely spot on the edge of the property where Spoor has brought many of his influential guests. As the company chef prepared us a meal of risotto and breaded arapaima, an Amazonian fish, we leaned against the railing, gazed out at the forest on the opposite bank.

He told me he was proud to have opened a new weigh station to purchase palm fruits from farms it has verified as deforestation-free. "It is literally a cash register for farmers," Spoor said. "Farmers who used to grow coca leaves are happy to switch to palm oil." Peru's ministry of agriculture liked the idea enough to finance families seeking to grow oil palm for Ocho Sur and other local mills on previously degraded land. Diane Farrell, the US deputy undersecretary of international trade, even attended a launch event at Ocho Sur's nursery.

As Spoor and I talked, I noticed a fresh clearing in the lakeside forest, where rice shoots were sprouting from the soggy soil. It had been leveled just six months earlier by farmers from Esperanza, who had once sought to grow oil palm for Melka. "It was a devastating surprise," Spoor said. He had been hoping, he said, to conserve that land to add to the company's offsets.

Since Melka's arrival in 2010, the Ucayali region has experienced the highest

2011 to 2016 by four communities that now grow oil palm on some of those lands for Ocho Sur. Coca farming, meanwhile, has increased by a factor of five. Researchers who have evaluated the impact of the USAID and UN eradication programs concluded that while they had produced some benefits, they sometimes pushed "marginalized coca growers into more precarious positions, often leading them to replant coca in more distant forests."

A spokesperson for USAID told me that the agency now works to limit deforestation by helping small coffee and cacao growers increase production and that the US government "will continue to partner with and strengthen institutional capabilities of Peruvian agencies involved in counternarcotics efforts." Candice Welsch, who heads the UN Office on Drugs and Crime in the Andean region, said the office's strategies had evolved in the decade since Hans-Jochen Wiese was leading alternative development. In 2022, the UN approved a resolution prioritizing biodiversity protection in its development work. "We never advocate for monocultures," Welsch said.

When I asked Spoor recently how Ocho Sur could ever escape the land-clearing its plantations were built upon, he challenged me to identify anyone in the region who was truly worse off because of it today. "Do you think 10 years from now, 20 years from now, people will say this is a tragedy?" he asked. "I'm puzzled by this ideology that wants to keep people in poverty." He told me he hoped my story would focus on the "paradox of human progress" and show how "even amidst despair, seeds for a better future can take root."

A mature oil palm in Shambo Porvenir. Florence Goupil for Business Insider

For Ocho Sur, achieving that dream has meant erasing history. The company has vigorously challenged its inclusion in Rodás' criminal case against Melka, filing a countersuit claiming that the prosecutor had overstepped his powers and engaged in "ideological persecution." Rodás' office told me formal charges were imminent.

But the real battle over the company's future and the definition of deforestation has already shifted from the courts to the politicians.

In January, Peruvian lawmakers granted amnesty to landowners who, like Melka, had cleared their land without first obtaining the change-of-use authorization. Supporters of the new law have said it will help formalize the farming sector, but the move has been challenged in court on the grounds

is represented in these efforts by the law firm Estudio Gherzi, which is also defending Ocho Sur in the criminal case.

One of the biggest obstacles to Ocho Sur coming into full compliance with Peruvian law is its lack of an approved environmental management plan, but a separate regulation, enacted in June, gave companies across the Peruvian Amazon a chance to retroactively obtain the needed approvals.

A few months after my visit, the Amazon was engulfed by record wildfires that incinerated over a hundred million acres of rainforest. The forests of Ucayali were among those going up in flames. In a climate of impunity, farmers and land traffickers had set hundreds of fires to clear new land for crops. These fires, I was told by one human rights organization, had swept through part of Santa Clara de Uchunya's new territory.

The firefighting crews had taken up residence in housing provided by Ocho Sur.

The European Union met the moment by voting last month to postpone its new deforestation regulations for a year.

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