

Where Has Venezuela's Money Gone?

By Alek Boyd

As much as 95% of Venezuela's export earnings originate from one source: Petróleos de Venezuela (PDVSA).¹ What this means in practical terms is that PDVSA is the source of nearly all foreign exchange available to the Venezuelan State. Therefore, when analysing Venezuela's corruption, PDVSA has got to be the first port of call.

PDVSA audited accounts give an idea of the size of the corruption problem Venezuela has, since when Chavismo got into power in 1999 through to 2016.² PDVSA's oil sales' income for the period was \$1,391,920,000,000 USD.³ That figure represents over three times the amount the U.S. government spent on the Trouble Assets Relief Programme (TARP),⁴ put in place to rescue the world's largest economy. Yet despite this enormous windfall, 25% of Venezuela's population is in urgent need of humanitarian assistance, according to the United Nations Under Secretary-General for Humanitarian Affairs and Emergency Relief.⁵

According to some estimates, Venezuela is nursing \$180 billion worth of "external liabilities".⁶ This debt, in the form of bonds issued by both the sovereign and PDVSA, was incurred into in the middle of PDVSA's extraordinary levels of income, as noted above.

Given PDVSA's income over the years, how can Venezuela's current humanitarian crisis be explained? Venezuela's international reserves are a little over \$8.5 billion,⁷ that's what left in cash. How could such a windfall become so depleted so quickly? Where has all the money gone? This is where corruption becomes the evident explanation.

The international flow of corrupt Venezuelan money since 1999 likely dwarfs that of any other nation in the region. As way of first example PETROCARIBE, which was an agreement signed in June of 2005, allegedly with the objective of "contributing to energy security, social and economic development and the integration of the Caribbean countries using the energy resources found in the region".⁸ The signatory countries were Antigua & Barbuda, Bahamas, Belize, Cuba, Dominica, Grenada, Guyana, Jamaica, Dominican Republic, Saint Kitts & Nevis, Saint Lucia, Saint Vincent & the Grenadines, Suriname and Venezuela.⁹

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Kassai, Lucia; Marino, David and Lin, Jeremy, "Venezuela's Decline From Oil Powerhouse to Poorhouse to Madhouse", Bloomberg Businessweek, January 25, 2019, <https://www.bloomberg.com/graphics/2018-venezuela-oil/>

²In constant 2016 USD. Source: PDVSA audited accounts; http://www.pdvsa.com/index.php?option=com_content&view=article&id=6538&Itemid=1186&lang=es

³ One trillion, three hundred and ninety one billion, nine hundred and twenty million dollars.

⁴Congressional Budget Office, "Report on the Troubled Asset Relief Program, October 2012", October 11, 2012, <https://www.cbo.gov/publication/43662>

⁵ Reliefweb, "Under Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator, Mark Lowcock: Briefing to the Security Council on the humanitarian situation in Venezuela" April 10, 2019, <https://reliefweb.int/report/venezuela-bolivarian-republic/under-secretary-general-humanitarian-affairs-and-emergency>

⁶Cooper, Richard and Walker, Mark, *Venezuela's Restructuring: A Path Forward*, SSRN, March 28, 2019, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3361887

⁷ Data Drum, Venezuela, <https://www.datadrums.com/main.php?package=VE#dash>

⁸*Sistema Económico Latinoamericano y del Caribe*, "Evolution of the PETROCARIBE Energy Cooperation Agreement", <http://www.sela.org/media/1950653/evolution-of-petrocaribe.pdf>

⁹ Ibid.

The alleged objective has amounted in practice to a vote-buying mechanism, whereby Venezuela has provided billions of dollars in subsidised oil / refined products in exchange for political support.¹⁰

Under PETROCARIBE, the Dominican Republic (DR) accumulated a debt of about \$4 billion. Purchase agreements signed between PDVSA and DR's Treasury ("*Ministerio de Hacienda*") produced promissory notes, whereby the DR would commit to pay amounts financed by PDVSA (50% of invoices under agreement at 1% rate) by a certain date. For the very same reason, Jamaica accumulated a debt of \$3.2 billion. After negotiations, the Dominican Republic decided to buy itself out of the debt by agreeing to pay \$1.93 billion, which is less than half of what was owed.¹¹ Jamaica did a similar deal and paid \$1.5 billion.¹² Thus just two out of the 19 members of PETROCARIBE have caused losses to PDVSA close to \$3.5 billion.

In the case of Cuba, another member, the loss remains difficult to quantify. Another cooperation agreement that predated PETROCARIBE was enacted 30 October 2000. It pledged 53,000 barrels per day of oil and derivatives to Cuba's CUBAMETALES.¹³ PDVSA has been shipping cargoes to Cuba ever since. Shipping data gives a glimpse of the scale. In December 2018, PDVSA sent to Cuba: 601,000 barrels of crude in two shipments (04/12); 293,000 barrels of gasoil / blend stock in two shipments (12/12); 310,000 barrels of gasoil (23/12); 85,000 barrels of jet fuel (25/12); 60,000 barrels of butane (27/12); and 463,000 barrels of crude (31/12).

The transfer of Venezuela's resources to Cuba in the amounts quoted coincides with earlier periods. Between September 2017 and February of 2018, PDVSA sent 5,700,000 barrels of crude oil to Cuba, which is roughly over 1,100,000 barrels per month. More recent shipping data corroborates these figures / shipments per month. In March 2019, seven cargoes of crude oil (1,081,000) and other products were dispatched.¹⁴ It is imperative to mention the context of diminished PDVSA production, ongoing humanitarian crisis and generalised scarcity of the most basic items to appraise March 2019 figures.

To get a basic idea of how much wealth PDVSA has transferred to the Cuban dictatorship, one million barrels of crude oil per month, averaged at prices since October 2000, is \$64,280,000 per month,¹⁵ which multiplied by number of months since, is over \$14,000,000,000 (USD).¹⁶ This calculation does not take into account other refined products, such as gasoline, jet fuel, gas-oil, etc., shipped on a monthly basis, and it is by no means exhaustive.

¹⁰The Economist, "Venezuela and Latin America: Using Oil to Spread Revolution", July 28, 2005, <https://www.economist.com/the-americas/2005/07/28/using-oil-to-spread-revolution>

¹¹Jimenez, Manuel, "Dominican Republic pays off Venezuelan oil debt at hefty discount," Reuters, January 30, 2015, <https://www.reuters.com/article/dominican-venezuela-debt/dominican-republic-pays-off-venezuelan-oil-debt-at-hefty-discount-idUSL1NOV90WX20150130>

¹²Mendoza, Naki, "Hoe Jamaica is turning its energy debt into development, Devex, June 3, 2016, <https://www.devex.com/news/how-jamaica-is-turning-its-energy-debt-into-development-88248>

¹³CubaDebate, "Texto del Convenio Integral de Cooperación Venezuela-Cuba (2000)", November 7, 2010, <http://www.cubadebate.cu/especiales/2010/11/07/convenio-integral-de-cooperacion-venezuela-cuba/>

¹⁴Parraga, Marianna, "Exclusive: Venezuela oil exports stable in March despite sanctions, blackouts", Reuters, April 2, 2019, <https://www.reuters.com/article/us-venezuela-oil-exports-exclusive/exclusive-venezuela-oil-exports-stable-in-march-despite-sanctions-blackouts-idUSKCN1RE24K>

¹⁵Source for average price <https://www.indexmundi.com/commodities/?commodity=crude-oil&months=240>

¹⁶ \$64,280,000 x 222 (months since October 2000) = \$14,270,160,000

Daniel Ortega's Nicaragua is another beneficiary of Venezuela's rampant corruption, through ALBANISA, an energy company under PDVSA and Ortega complete control. Reports in the Nicaraguan media based on leaked documents indicate that what was initially intended as a cooperation agreement, geared towards development, turned into a completely opaque funding mechanism, through which Ortega and his cronies propped up their government and eventually privatised, and took control of, \$3.5 billion worth of subsidies from Venezuela.¹⁷

More recent reports suggest that Ortega could have misappropriated as much as \$4 billion.¹⁸ Given how Ortega's Sandinista Front has dealt with recent protest in Nicaragua, during which as many as 535 people have been killed,¹⁹ it could be argued that Venezuelan funds have been put to illicit use to maintain Ortega's status quo at the detriment of Nicaraguan people.

It is unknown whether oil sales figures reported in audited financials include give-aways to PETROCARIBE and Cuba.

Procurement within PDVSA has been one of the largest sources of corruption. Former PDVSA and Minister of Energy Rafael Ramirez claimed that PDVSA gave -as a matter of regular practice- 100,000 procurement contracts through its holding of 234 companies.²⁰ An investigation into PDVSA procurement, based upon more than 6,000 contracts granted between 2012-2015, revealed that over \$30 billion (USD) were spent. As many as 20% of selected contractors were shell companies without track record, according to a Congressional Committee that received and analysed the collected data.²¹ Those well connected in the industry were also favoured by contracts that ran into the hundreds of millions.

An example is contractor Iker Guarima, a company that has "no company website, no record in Venezuela's registry of contractors, no online presence of any sort, no track record, and yet it seems to have been awarded by PDVSA, on August 2014, nearly a billion USD for the provision of materials destined for construction of social housing".²² Another example are companies, such as Industrias Maritimas Venezolana de Construcciones, Zulia Industrial Constructions, Tierra Alta Sistemas de Produccion and EHCPEK, all controlled by Mr. Antonio Moschella, which managed to get contracts worth \$1.16 billion in a three year period.²³

¹⁷Olivares, Ivan, "Una 'Pulpería' de Negocios", Confidencial, April 11, 2016, <https://confidencial.com.ni/una-pulperia-de-negocios/>

¹⁸Adams, David and Miranda Aburto, Wilfredo, "Daniel Inc: Cómo Daniel Ortega financió una dinastía política en Nicaragua", Univisión Noticias, May 5, 2018, <https://www.univision.com/noticias/america-latina/daniel-inc-como-daniel-ortega-financio-una-dinastia-politica-en-nicaragua>

¹⁹Stirling Hill, Toby, "Nicaragua: one year after protests erupt, Ortega clings to Power", The Guardian, April 16, 2019, <https://www.theguardian.com/world/2019/apr/16/nicaragua-protest-ortega-government-one-year>

²⁰Lissardy, Gerardo, "Habla Rafael Ramírez, ex hombre fuerte del chavismo enfrentado a Maduro: "No estaba equivocado y las cosas han salido muy mal", BBC News, December 7, 2017, <https://www.bbc.com/mundo/noticias-america-latina-42261044>

²¹Ulmer, Alexandra, "Venezuela congressional probe says \$11 billion missing at PDVSA", Reuters, October 19, 2016, <https://www.reuters.com/article/us-venezuela-pdvsa-idUSKCN12J22H>

²²Boyd, Alek, "PDVSA: Over \$30bn awarded to contractors between 2012-2015", Medium, February 3, 2016, <https://medium.com/@alek.boyd/pdvsa-over-30bn-awarded-to-contractors-between-2012-2015-4a3a432f5cc5>

²³ Ibid.

Opaque procurement processes, where payment of bribes is standard practice, have revealed some of the largest corruption scandals seen in Venezuela over the last two decades. One of the most notorious is the one involving Roberto Rincon and Abraham Shiera, both arrested upon Department of Justice probes into PDVSA graft schemes. Rincon and Shiera engaged in bribe-paying mechanisms to guarantee obtention of procurement contracts. Some of the officials involved, such as Luis Carlos De Leon-Perez, a dual US-Venezuelan citizen, have already pleaded guilty to conspiracy to violate the Foreign Corrupt Practices Act to conspiracy to commit money laundering.²⁴

Guilty individuals involved with Rincon and Shiera took part in other schemes centred in PDVSA. For instance, Nervis Villalobos has been charged with money laundering in Andorra, in relation to a structure of extortion and corruption involving PDVSA, Rafael Ramirez, his brothers, his close relatives, and his management colleagues.

Diego Salazar, Ramirez's first cousin, became PDVSA's go-to person for all insurance needs. International insurance companies were, in short, requested to pay Salazar a commission in order to obtain contracts. Salazar incorporated dozens of shell companies through Banca Privada D'Andorra Serveis, a fully owned subsidiary of Banca Privada D'Andorra (BPA), which received commissions not only from insurance companies, but also from Chinese companies selected under bilateral Venezuela-China developmental agreements. One such fund, Fondo Pesado I, got as much as \$20 billion USD worth of deposits, according to Andorra's prosecutor.²⁵ These funds were administered by both Hugo Chavez and Nicolas Maduro without a shred of transparency and accountability.

Villalobos-like operators would be hired by entrepreneurs willing to obtain contracts from PDVSA. Once percentages / amount of bribes were negotiated, PDVSA would then grant procurement contracts. Once contracts had been granted, operators' services would be engaged again, this time to clear outstanding invoices. Such perverse, two way corruption mechanism, was exposed in precise details by Andorra's Prosecutor's Office.²⁶ Commissions for billions of dollars-worth of procurement and insurance contracts were processed by Banca Privada D'Andorra, "a foreign financial institution of primary money laundering concern" according to the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN).²⁷

Villalobos is also under investigation in Spain, owing to a €50 million plus bribe he received from Duro Felguera.²⁸ Villalobos was also hired by Derwick Associates, a corrupt company with interests in power generation, oil, and foreign exchange mechanisms.

²⁴United States Department of Justice, "Former Venezuelan Official Pleads Guilty to Money Laundering Charge in Connection with Bribery Scheme", Press Release, July 16, 2018, <https://www.justice.gov/opa/pr/former-venezuelan-official-pleads-guilty-money-laundering-charge-connection-bribery-scheme-0>

²⁵ Boyd, Alek, "Why hasn't DoJ arrested Rafael Ramirez? Exhibit Andorra", Infodio, <https://infodio.com/180918/rafael/ramirez/andorra/bpa>

²⁶ Ibid.

²⁷United States Department of the Treasury, Financial Crimes Enforcement Network, "FinCEN Names Banca Privada d'Andorra a Foreign Financial Institution of Primary Money Laundering Concern", March 10, 2015, <https://www.fincen.gov/news/news-releases/fincen-names-banca-privada-dandorra-foreign-financial-institution-primary-money>

²⁸Irujo, José María and Gil, Joaquín, Former ministers of Venezuela's Hugo Chavez hid €2 billion in Andorra", El País, December 14, 2017, https://elpais.com/elpais/2017/12/14/inenglish/1513248259_101681.html

Aside from Corruption of PDVSA's oil wealth, schemes to take advantage of foreign exchange control mechanisms, implemented by Hugo Chavez in 2003, were also used to embezzle billions of dollars.

Operation Money Flight was a \$1.2 billion corruption scheme set up, among others, by Francisco Convit and Alejandro Betancourt -both from Derwick Associates. Convit was declared fugitive by the Justice Department in connection to Operation Money Flight.²⁹ Internal compliance documents from EFG Bank from a separate but similar scheme -in which both Convit and Betancourt were also involved- explain how the scheme worked. A local company would lend money in local currency (BsF) to PDVSA, which PDVSA would pay back in USD -at the official rate of exchange- to accounts controlled by "lending" parties. Venezuelan companies needing hard currency, importers of car parts for instance, would then buy USD from parties lending to PDVSA, not at the official rate but at black market rates. That presented huge arbitrage possibilities, for USD obtained for 6 BsF were sold at many times the value. As stated by Department of Justice, people connected to the scheme could turn \$10 million into \$100 million in two transactions.

Operation Money Flight refers to one scheme, whereby \$1.2 billion were embezzled. That scheme took place sometime in 2014-2015 as per Department of Justice indictment, but it was not the only exhibit. Starting in 2013, PDVSA signed a "line of credit contract", worth over \$4 billion, with Administradora Atlantic, a shell company used for the scheme. EFG Bank states in compliance documents that \$1.5 billion worth of funds were processed (Pablo Custer, Dieter Staubli), and rival Swiss banks (Charles Henry de Beaumont / Joseph Benhamou at Compagnie Bancaire Helvetique) did more (in excess to \$2 billion). PDVSA accounts at Banco Espirito Santo were the source of funds wired to accounts at EFG Bank controlled by Luis and Ignacio Oberto Anselmi, as shown in internal documents sought to justify these transactions.³⁰ Millions of dollars from the Oberto Anselmi accounts would then be wired -often via internal transfer- to other accounts at EFG belonging to Convit and Betancourt.³¹

Convit, Betancourt, and the Oberto brothers basically replicated a money laundering scheme that had been perfected earlier at Venezuela's Treasury, by Alejandro Andrade, Raul Gorrin and Gustavo Perdomo. In that scheme Andrade, a Venezuelan citizen residing in Wellington, Florida and a former Venezuelan national treasurer, admitted that he received over \$1 billion in bribes from co-conspirator Raul Gorrin Belisario and other co-conspirators in exchange for using his position as Venezuelan national treasurer to select them to conduct currency exchange transactions at favourable rates for the Venezuelan government. He was sentenced in US courts to 10 years in prison after pleading guilty to one count of conspiracy to commit money laundering.³²

²⁹United States Department of Justice, "Two Members of Billion-Dollar Venezuelan Money Laundering Scheme Arrested", Press Release, July 25, 2018, <https://www.justice.gov/opa/pr/two-members-billion-dollar-venezuelan-money-laundering-scheme-arrested>

³⁰Boyd, Alek, "When will the Oberto Anselmi bros & Derwick Associates be indicted?", Infodio, <https://infodio.com/150119/luis/ignacio/oberto/derwick/associates/pdvsa>

³¹Boyd, Alek, "La corrupción de Rafael Ramirez en PDVSA, parte 4", Infodio, <https://infodio.com/es/181019/corrupcion/rafael/ramirez/pdvsa/4>

³² United States Department of Justice, "Former Venezuelan National Treasurer Sentenced to 10 Years in Prison for Money Laundering Conspiracy Involving Over \$1 Billion in Bribes", Press Release, November 27, 2018, <https://www.justice.gov/opa/pr/former-venezuelan-national-treasurer-sentenced-10-years-prison-money-laundering-conspiracy>

Convit and Betancourt pitched this replica scheme to Rafael Ramirez.³³ As in the Andrade case, proceeds were then processed and distributed mainly through Swiss banks Julius Baer, EFG Bank, and Compagnie Bancaire Helvetique. Worth noting: the confidential source that assisted U.S. law enforcement in Operation Money Flight (Pedro Binaggia) was also involved with the Oberto Anselmi brothers in previous embezzlement scheme.

Upon being dismissed from the post of Venezuela's representative to the U.N. in New York, Ramirez claimed that during his (2004-2014) tenure as the President of the State oil company and as Minister of Energy, PDVSA was able to raise and transfer to State coffers \$480 billion. It is unclear what exactly was Ramirez referring to, as PDVSA audited financials for the period 1999-2016 show that \$129 billion were deposited as contributions to FONDEN, etc.; that royalties and taxes deposited were \$210 billion and that profits deposited were \$102 billion.³⁴ That means there is a \$39 billion discrepancy between sum of figures above and Ramirez's alleged transfers.

Some illicit proceeds from Venezuela are parked in the U.S. Andrade, the man who admitted to have gotten \$1 billion in bribes for instance, led a lavish lifestyle and kept stables and horses worth millions for years in Wellington, Florida. Alejandro Betancourt managed to purchase Aristotle Onassis's PH in New York with a mortgage from JP Morgan.³⁵ Betancourt, Pedro Trebbau and Andrade's partner in crime Leonardo Gonzalez Dellan, all bought apartments in Jade Ocean,³⁶ Miami, without problems. So did the Oberto brothers in Canyon Ranch and New York City.³⁷ Many of the facilitators / enablers that have created necessary mechanisms to facilitate flow of Venezuelan corruption's illicit proceeds live and operate in the U.S.

The Dominican Republic is another favourite destination. The Andrade indictment revealed a connection to Banco Peravia, whereby Gorrin partnered with Peravia-owner Gabriel Arturo Jimenez Aray to "launder bribes paid to Venezuelan officials and proceeds of the scheme."³⁸ The Dominican Republic is also the base of Danilo Diazgranados, an active participant in the money laundering scheme centred at PDVSA, mentioned earlier.³⁹ In fact, on 12 March 2012, an associate of Diazgranados (Juan Andres Wallis), representing Administradora Atlantic 17107, signed a "loan agreement" with PDVSA, represented by Victor Aular,⁴⁰ to facilitate the syphoning of over \$4 billion dollars executed by Convit, Betancourt and the Oberto brothers.

³³Boyd, Alek, "La corrupción de Rafael Ramírez en PDVSA", Infodio, <http://infodio.com/es/061019/corrupcion/rafael/ramirez/pdvsa>

³⁴Author's own calculation from PDVSA audited financials 1999-2016.

³⁵Boyd, Alek, "Eduardo TraviesoL The Derwick Associates – JP Morgan Connection", Infodio, <https://infodio.com/021013/eduardo/travieso/derwick/associates/jp/morgan>

³⁶Boyd, Alek, "Money laundering Derwick style", Infodio, <https://infodio.com/260514/money/laundrying/jade/ocean/derwick>

³⁷ Boyd, Alek, "Who is Luis Oberto?", Infodio, <https://infodio.com/260913/who/is/luis/oberto>

³⁸United States, Department of Justice, "Venezuelan Billionaire New Network Owner, Former Venezuelan National Treasurer and Former Owner of Dominican Republic Bank Charged in Money Laundering Conspiracy Involving Over \$1 Billion in Bribes", Press Release, November 20, 2018, <https://www.justice.gov/opa/pr/venezuelan-billionaire-news-network-owner-former-venezuelan-national-treasurer-and-former>

³⁹Boyd, Alek, "Who is Danido Diazgranados", infodio, <https://infodio.com/031218/who/is/danilo/diazgranados>

⁴⁰Boyd, Alex, "Money laundering PDVSA style: featuring Rafael Ramírez, Nervis Villalobos, Luis Oberto, and Juan Andrés Wallis", Infodio, <https://infodio.com/021115/money/laundrying/pdvsa/ramirez/villalobos/oberto/wallis/bpa>

Diazgranados established a partnership with Compagnie Bancaire Helvetique's (CBH) owner Joseph Benhamou, and with CBH banker Charles Henry de Beaumont, to take part in the scheme. Diazgranados ended up becoming a shareholder in CBH.⁴¹ EFG Bank compliance documents claim that over \$2 billion worth of transactions were processed through CBH, where Gorrin, Perdomo, Convit, Betancourt, and Oberto brothers have maintained accounts.

Diazgranados destined some of the proceeds to hotels and real estate development in the Dominican Republic, Eden Roc. Another Eden Roc regular is Diazgranados's partner Moris Beracha,⁴² involved in misappropriation of \$500 million worth of PDVSA's workers's pension funds.⁴³ Convit / Betancourt also own property in the Dominican Republic.

Panama and some Caribbean islands (St Barts, Dominica, Nevis, Antigua, Curaçao), have also become destination of choice for Venezuelan bankers and financial operators. Little or non-existent anti money laundering regulations fuelled an expansion of money laundering platforms in those jurisdictions. Perhaps the best example is that of Alex Saab's banking licences in Dominica.⁴⁴ Saab is a central figure in the massive corruption around the Venezuelan Government's food assistance program, known as CLAP for *Comités Locales de Abastecimiento y Producción*, which is not the scope of this chapter. Suffice it to say that Saab has never been a banker.⁴⁵

Spain is another net recipient of hundreds of millions of dollars-worth of stolen and misappropriated public funds from Venezuela. Since Chavismo's arrival in power, banks / real estate acquisitions and investments into media, hospitality, and telecoms have mushroomed. The "Boligarchs", as the parvenu class of Venezuelan "entrepreneurs" are known, have become one of the most important source of foreign direct, private capital investment.

Convit and Betancourt are, again, a good example. Upon Derwick Associates's initial power plant procurement contracts fraud, illicit gains were laundered through acquisition of a portfolio of valuable real estate and investments: a hunting castle near Madrid, flats in prime locations, and a controlling majority in sunglasses start up Hawkers have signalled Derwick's clear desire to establish itself in Spain.

There are other "investors", perhaps more discreet but equally flamboyant in their expenditure: Armando Capriles, Miguel Angel Capriles, Danilo Diazgranados, Jorge and Francisco Neri Bonilla, Juan Carlos Escotet, Nervis Villalobos, Javier Alvarado, Victor Vargas, Roberto Rincon, Gustavo Mirabal, to name just a few, have sort of "emigrated" to Spain where they want to pass as legitimate businessmen. Claudia Diaz, former assistant of

⁴¹ Author's own investigation based on CBH's internal documents.

⁴² Boyd, Alek, "Raul Gorrin, Angelo Mazzarella & Luis Mara Pieyrua Pittaluga", Infodio, <https://infodio.com/221118/raul/gorrin/angelo/mazzarella/luis/maria/pineyrua/pittaluga>

⁴³ Walker Guevara, Marina and Diaz-Struck, Emilia, "Ponzi Scheme used Offshore Hideaways to Shuffle investors' Money", International Consortium of Investigative Journalists, April 3, 2013, <https://www.icij.org/investigations/offshore/ponzi-scheme-used-offshore-hideaways-shuffle-investors-money/>

⁴⁴ John, Hector, "Dominica has to be in the spotlight of international corruption. Alex Saab one of Roosevelt Skerit's associate is being pursued by the US. Alex Saab had his business/ offshore bank on Kennedy Ave in Roseau", Twitter September 25, 2018, 6:29 pm, <https://twitter.com/Negbawi/status/1044715585056182272>

⁴⁵ Boyd, Alek, <https://infodio.com/260719/doj/treasury/alex/saab/corruption/ivan/duque>

Andrade at Venezuela's Treasury, and equally corrupt husband Adrian Velasquez (partner of Carlos Gill), were arrested in Spain. So was Villalobos, and Ramirez's right hand man Rafael Reiter, and PDVSA (Intevep) and CORPOELEC legal counsel Luis Carlos de Leon (also involved with Derwick, Villalobos, etc.). More recently Hugo Carvajal, former chief of intelligence and trusted lieutenant of Hugo Chavez, was also apprehended in Madrid, while visiting his son, who resides there. Proxies of Diosdado Cabello, such as Jesus Vidal Salazar or Majed Khalil, travel often and maintain companies in Spain, which has become the mecca of the boliburgeoisie.

While Spain is destination of choice for real estate, Switzerland is where most of the laundering takes place. Nearly all Swiss banks have had exposure in the schemes detailed above, and in others, such as energy trading. Glencore, Trafigura, Vitol, and Lukoil, which are perhaps the world's largest energy trading companies, are involved in a fraudulent scheme set up within PDVSA by Helsing, a three-man outfit led by Francisco Morillo that gained - through bribe payments- real-time access to PDVSA's Commerce & Supply bidding information. For over a decade Helsing, traded access to that information, and caused billions of dollars in losses, as all bids in which Helsing or its energy trading partners participated were rigged at the last minute to favour pre-selected bidders. Helsing could not have run such scheme without complicit partners inside PDVSA. The Swiss trading houses apparently knew that, as likely did the banks, as suggested in a Geneva court ruling from December 4, 2018.⁴⁶

Morillo was also a client of Julius Baer, like Goring, Perdomo, Convit, Betancourt, etc. It is a fair assumption to say that all Swiss banks knew of Venezuela's "potential" as a source of phenomenal commissions; as many Swiss energy traders that could get into PDVSA deals did so, fully aware of the corrupt nature of the Venezuelan State oil company.

Glencore has been subpoenaed by the U.S. Department of Justice for its involvement in corrupt deals in Nigeria, DRC and Venezuela.⁴⁷ Glencore stands accused of having gotten in excess of \$40 billion worth of PDVSA deals through the scheme over the years. Trafigura and the rest aren't far behind.⁴⁸ All of this happened right under Ramirez's nose while holding both PDVSA's CEO and Minister of Energy roles, though he insists he is not corrupt.

Once Ramirez departed, PDVSA finally realised there was a problem with Helsing / Swiss traders. The late Nelson Martinez -a member of the management structure that Ramirez put in place, set up a New York litigation trust with David Boies,⁴⁹ and proceeded to waive PDVSA rights and to transfer 66% of rights to potential proceeds, to be obtained through civil lawsuit filed by Boies in Florida. Thus the rationale was, to prevent Helsing's corruption by gifting 66% of proceeds to a corrupt and utterly illegal litigation trust set up by Boies / Martinez. A Florida judge not only dismissed Boies's case, but granted sanctions against his PDVSA US Litigation Trust.⁵⁰

⁴⁶ ACPR/724/2018, Chambre pénale de recours, Arrêt du mardi 4 décembre 2018.

⁴⁷ Payne, Julia and Shabalala, Zandi, "US slaps Glencore with subpoena as part of money-laundering probe", Reuters, July 3, 2028, <https://www.reuters.com/article/us-glencore-subpoena/u-s-slaps-glencore-with-subpoena-as-part-of-money-laundering-probe-idUSKBN1JT0PA>

⁴⁸ Besson, Sylvain, "A Genève, la justice cible les seigneurs du pétrole vénézuélien", Tribune de Genève, <https://www.tdg.ch/suisse/geneve-justice-cible-seigneurs-petrole-venezuelien/story/10379222>

⁴⁹ Boyd, Alek, <https://infodio.com/100718/david/boies/nelson/martinez/pdvsa/litigation/trust>

⁵⁰ Lean, Raychel, "Boies Schiller Client hit With Sanctions Over Dismissed Billion-Dollar Suit", March 26, 2019, <https://www.law.com/dailybusinessreview/2019/03/26/boies-schiller-client-hit-with-sanctions-over-dismissed-billion-dollar-suit/?sreturn=20190329102104>

Another refuge of proceeds of illicit schemes at PDVSA has been Venezuela's own debt. Well connected operators have traded and acquired positions on Venezuela's Sovereign as well as PDVSA's debt. It is unknown how much of Venezuela's \$180 billion debt is held by Venezuelans. As way of example, the Oberto brothers instructed their EFG bankers to invest \$15 million in PDVSA bonds. Another \$130 million were destined to purchase U.S. Treasury Bills. These transactions encompass a period of one month, in 2013, and involved a tranche of \$1 billion worth of operations centred at EFG Bank.⁵¹ As noted above, the Obertos got over \$4 billion in that scheme. Gorrin got even more from Venezuela's Treasury. Inside information allowed these operators to buy on the cheap, or commit to reserve parts of bonds financed through corrupt schemes at the very institution issuing debt.

Venezuela is, without a doubt, the most corrupt country in the Western Hemisphere. An extraordinary windfall has pushed corruption to levels unseen anywhere in the 21st century. Corruption is the root cause of nearly all problems affecting Venezuela today; from the brutal state repression of people belonging to the opposition, or perceived as such; to the humanitarian disaster, where millions go hungry, get sick, emigrate or die. This level of corruption cannot take place other than when it is directed from the very top, as a matter of State policy. Hundreds of billions of dollars don't just disappear, without connivance of tax and financial authorities, Central Bank, private banks, etc. Hundreds of billions of dollars could not be just syphoned out of Venezuela in cash. The most corrupt enterprise ever seen in the region, Odebrecht, executing huge infrastructure works across 14 countries, allegedly paid "\$788 million in bribes to government officials".⁵² That's just a drop in the bucket compared to Venezuelan corruption; and is less than what Alejandro Andrade admitted to have gotten: \$1 billion worth of bribes from Gorrin et al while connected to Venezuela's Treasury.

33 million people inside Venezuela have suffered and are suffering its consequences. How many around the region? The latest figures suggest more that 4 million Venezuelans have left the country in recent times, as part of a massive Chavista-made humanitarian crisis. That's about half the amount of those displaced in Colombia, which suffered over five decades of conflict with narco-terrorist groups. We must ask why they've left. Is it not evident that it is because their personal wellbeing has reached such intolerable levels due to lack of most basic needs? What's the root cause of the economic contraction that has made scarcity a reality for nearly all Venezuelans, if not looting almost every last dollar from state coffers?

Let's revisit those initial figures: almost \$1.4 trillion worth of State income in the last 20 years, plus a further \$180 billion borrowed and now owed in debt. Despite this, a large proportion of Venezuela's citizens are suffering from malnutrition and scavenging for food in garbage dumps and millions are fleeing the country. Had Chavismo not squandered and stolen \$1.4 trillion, would Venezuela's economy and society not be in a different position today?

⁵¹ Author's own investigation from EFG Bank compliance documents.

⁵²United States Department of Justice, "Odebrecht and Braskem Plead Guilty and Agree to Pay at Least \$3.5 Billion in Global Penalties to Resolve Largest Foreign Bribery Case in History", Press Release, December 21, 2016, <https://www.justice.gov/opa/pr/odebrecht-and-braskem-plead-guilty-and-agree-pay-least-35-billion-global-penalties-resolve>