

# Identifying and Responding to Criminal Threats from Venezuela

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## THE ISSUE

*Nicolás Maduro, following former president Hugo Chavez's legacy, fostered the creation of a criminalized state in Venezuela that uses transnational organized crime as an instrument of state power.<sup>1</sup> According to a research report published after five years of fieldwork, the Venezuelan state is part of a consortium of criminalized actors working in concert with other states and nonstate actors with shared objectives. This brief is meant to describe the ongoing criminal activities in Venezuela, including global money laundering, corruption, narcotrafficking, illegal mining, and the role of foreign nations and non-state actors in Venezuela. The breadth of these criminal activities helps demonstrate why the Maduro regime remains in power despite stiff international and domestic pressure.*

*This brief provides specific policy recommendations for Venezuela's interim government led by Juan Guaidó, as well as for the United States and other like-minded countries. These policy recommendations include prosecutions, sanctions, and the use of other tools that can help increase pressure on the Maduro regime more efficiently.*

## BACKGROUND

Venezuela's humanitarian, economic, and political crisis has forced millions of citizens to flee, created a lawless environment where crime rates are astronomically high, and has given rise to the presence of various state and nonstate actors within the country. Venezuela is increasingly vulnerable to drug and human trafficking. There are few, if any, legitimate institutions in place to combat these criminal networks and gangs, which run rampant throughout the country.

In attempts to retain power, Nicolás Maduro has arrested opposition leaders, oppressed free media, packed institutions with loyalists, and hosted a presidential election that was globally recognized as unfree and unfair. Military support is an asset Maduro has left in his arsenal, and this support is crucial if he wants to remain in power. Although there are some ideological divisions within the

military, most remain loyal to Maduro due to the stability and power his regime provides.

### FAST FACTS

- Venezuela's homicide rate is the highest in the region at **81.4 per 100,000**, according to Insight Crime.
- Kidnapping rates remain precariously high with over **80 percent** of kidnappings going unreported, as declared by the U.S. Department of State.
- Venezuela **ranks 168 out of 180 countries** in Transparency International's 2018 Corruption Perceptions Index.

## CORRUPTION AND MONEY LAUNDERING

Corruption in Venezuela is systemic, infiltrating many, if not all, public and private institutions in the country.

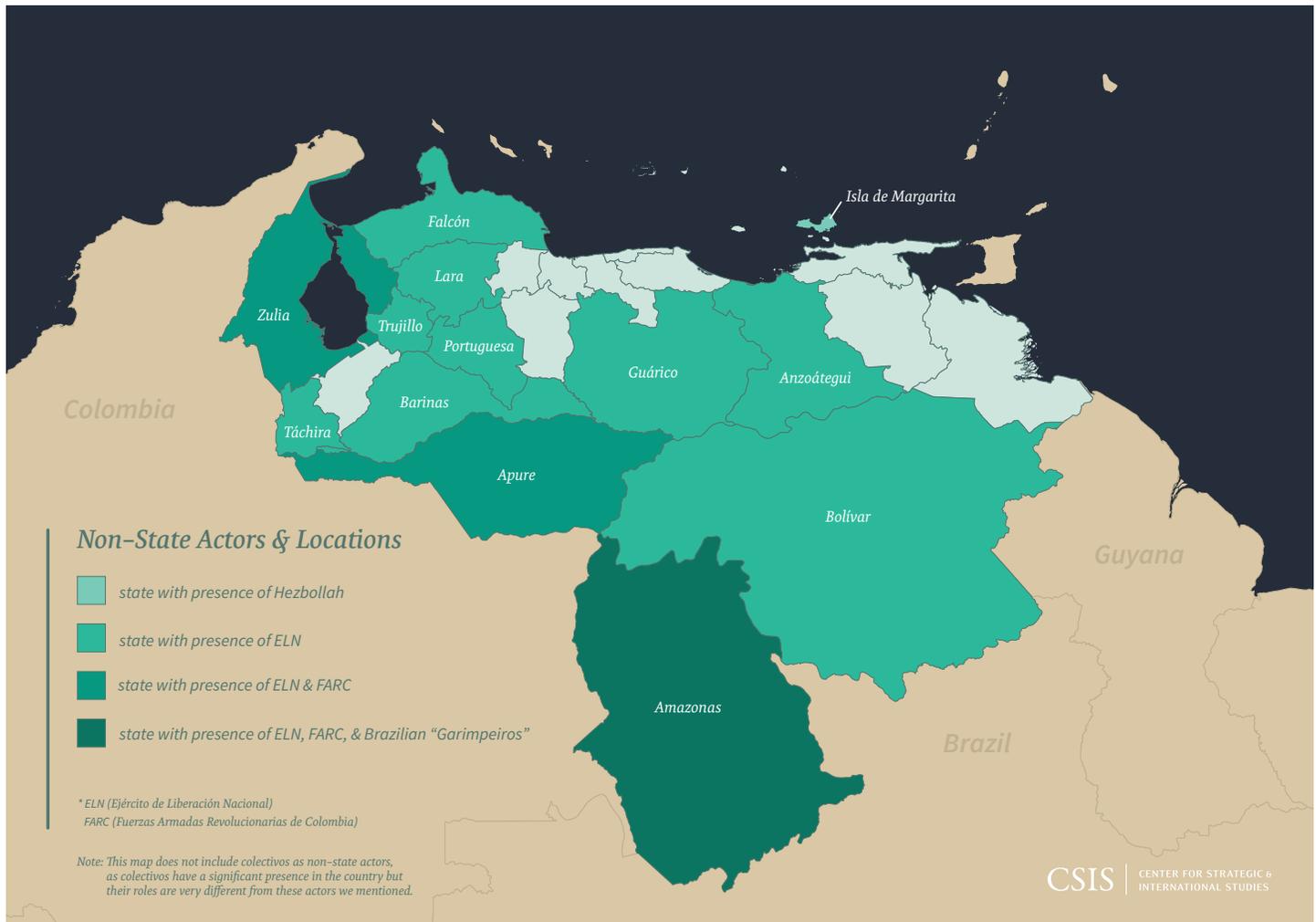
Transparency International’s [Corruption Perceptions Index](#) recently gave Venezuela a score of 17 out of 100, with 0 being very corrupt and 100 being very clean. Venezuela ranked 168 out of 180 countries, showcasing its extremely high levels of corruption not only compared to other countries in the region, but also to the rest of the world. The state-owned oil company, *Petróleos de Venezuela, S.A. (PDVSA)* and corruption go hand in hand, as both Chavez and Maduro have long used PDVSA as a political tool. In 2017, Maduro named National Guard major general Manuel Quevedo to both lead PDVSA and to be the oil minister of Venezuela despite Quevedo having no energy experience. This move highlighted the increasing influence of the military in the public sector as well as Maduro’s growing attempts to blur any sort of line between various government institutions and Venezuelan companies. Corruption through organized crime has also risen as Venezuelan territory has become a hub for narcotrafficking and other criminal groups. According to a IBI Consultants report by Douglas Farah and Caitlyn Yates, Maduro now depends more and more on criminal networks to help keep

his administration running due to the worsening economic crisis and the drop in oil prices, which in turn furthers the crisis for the people of Venezuela.<sup>2</sup>

## THE BOLIVARIAN JOINT CRIMINAL ENTERPRISE

With the consolidation of Hugo Chávez’s as a regional leader in the 2000s came the creation of the Bolivarian Joint Criminal Enterprise, a “trust-based multi-nation social and criminal network” that spans all across the region and is aided by governments, including from Cuba, Nicaragua, Bolivia, Ecuador, Suriname, El Salvador, in addition to the Revolutionary Armed Forces of Colombia (FARC) rebels (discussed below).<sup>3</sup> Russia also plays a role in this criminal enterprise by supporting Venezuela both militarily and economically as well as serving as a strong anti-U.S. presence in the region.

According to the aforementioned IBI Consultants report, the authors identified at least \$10 billion that has been moved by this criminal enterprise and up to \$43 billion that has been stolen or laundered over the past decade.<sup>4</sup> Although



Maduro's regime has become the epicenter of this endeavor, it thrives on the cooperation of the other Bolivarian countries and actors. Due to this interregional coordination, the ousting of Maduro as Venezuela's leader will not halt the criminal activity; rather, it will create a situation where any post-Maduro president could easily fall into the enterprise which has held up the Venezuelan presidency and elite for years. If the entire Bolivarian system were to be dismantled, fighting corruption in the region and in Venezuela itself would become a more feasible task, as corrupt leaders and institutions would not be able to count on the support of inter and intraregional actors to help prop up their individual regimes.

During a [CSIS Americas' event](#) that took place on May 23, 2019, experts discussed the Venezuela-Bolivarian money laundering structures and how they are connected, the amounts of money they move, the geographic and criminal diversity of the network, adding context to help explain why regimes like those of Maduro do not fall quickly despite stiff U.S. sanctions.

Venezuela's deteriorating economy and increasingly corrupt political structure have also left a void in the country, and narcotraffickers have taken advantage and turned Venezuela into a hub for drug-related crimes. The execution of these illegal activities has been complemented by the support of the Bolivarian Joint Criminal Enterprise, which has profited from these activities and has even abetted its coordination and implementation.

## ILLEGAL MINING

The country's conditions are similar to those of a failed state, with the Maduro regime having less and less control over the country's territory. Criminal groups, including gangs, Colombian guerrilla groups, and *colectivos* are creating new threats across southern Venezuela as they compete for control of the region's valuable mineral resources, including bauxite, diamonds, gold, and oil. In many cases, these rogue actors work in partnership with the government, which has passed a number of policies to allow these activities in Southern Venezuela. These actions are also key in extending Maduro's reign, as part of his regime's funding also comes from illegal mining. This mining is taking place in the country's Orinoco region, a Heritage Protected Area that covers about half of Venezuelan territory.

The illegal mining is causing lasting damage to the Amazon, particularly in the region south of the Orinoco River, encompassing the states of Bolívar and Amazonas, which will take centuries to reverse. [SOS Orinoco](#) has been

raising awareness of the ongoing significant deforestation and erosion of the environment that is occurring in the Amazonia and Orinoco regions of Venezuela, and how both the erosion and the presence of these rogue actors affect the miners, the rural communities and most importantly, the indigenous peoples in the area. The U.S. Treasury Department wisely imposed [sanctions](#) against Venezuela's state gold mining company and its president for propping up illegitimate Maduro regime. However, illegal mining activities continue as they provide lucrative sources to both irregular groups and the Maduro regime.

### ARE SANCTIONS WORKING IN VENEZUELA?

The Maduro regime has proven to be resilient and adaptable despite stiff sanctions. Sanctions and widespread diplomatic pressure, both tools to pressure Maduro to step down from office, have not been as effective as they could have been, in part due to the presence of criminal networks. These networks provide the Maduro regime with the funds and resources it would otherwise have gotten from other areas, allowing it to resist, at least temporarily, the effects of steep sanctions.

## THE PRESENCE OF FOREIGN COUNTRIES

Another security problem facing Venezuela is the presence of foreign governments in the country. These actors serve to delegitimize the will of the Venezuelan people by helping prop up the Maduro regime, whether it be through supplying the military with arms or engaging economically with Venezuela. Of particular concern is the presence of Cuba, Russia, and China.

### CUBA

Cuban influence has helped prop up the Maduro regime and facilitated Maduro's crackdown on dissent throughout the country. Although this observation is correct, the level of Cuban presence and influence is disputed, particularly within the U.S. government. National security adviser John Bolton claims that Cuba has sent between [20,000 to 25,000 security forces](#) to the Bolivarian country, a declaration fiercely contested by the Cuban government itself. Cuba's director general of U.S. affairs Carlos Fernández de Cossío [responded](#) to Bolton's statement by saying that "There are no troops," and that "Cuba does not participate in military operations nor in security operations in Venezuela." Although former Venezuelan military officials have reported the presence of Cubans within their ranks, particularly within the intelligence forces, there has been no concrete evidence or reporting to suggest the number of Cubans in

the military. Whatever presence the Cubans may hold in the Venezuelan military, it is well-known that they are key consultants and advisers to the Maduro government.

However, even if the two governments are not militarily linked, evidence demonstrates close economic and ideological ties between the two, dating back to the administrations of Hugo Chávez and Fidel Castro. Venezuela has sent highly subsidized oil to Cuba in return for temporary Cuban workers such as doctors and nurses, creating an economic incentive for Cuba to continue its support of the Maduro administration. Venezuela is also Cuba's closest ideological ally in the region as a leftist government amidst a trend of increasingly right-wing politics across Latin America.

## RUSSIA

Russia is another country whose presence in Venezuela has worried the international community. In an eerie reiteration of the Cold War, it appears that Russia is attempting to expand its influence in Latin America to serve as a counterbalance to the strong presence the United States has enjoyed in the region throughout the past few decades—and arguably since the enactment of the Monroe Doctrine. Contrary to the vast majority of the [free world](#), Russia still recognizes Maduro as Venezuela's legitimate leader, and in accordance with that stance, it recently [sent two military planes](#) with about 100 Russian personnel to Caracas to join Russian forces that had already been stationed in Venezuela as part of an enduring military partnership between the two countries. Although it later pulled these planes out of Venezuela, the act demonstrated Russia's continued support of the Maduro regime. This is in addition to the two Russian factories currently under construction in Venezuela, whose purpose will be to make Kalashnikov assault rifles and ammunition. The new planes and personnel were ostensibly sent to Caracas to help update Venezuelan military equipment and advise the military, though many in the United States and elsewhere believe that the true objective was to help keep Maduro in power by increasing his military capabilities in case of a large public uprising.

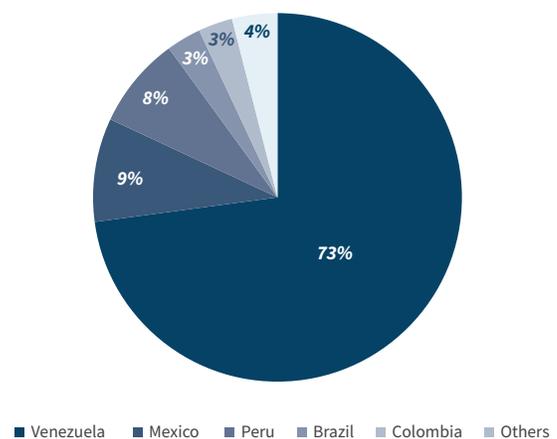
A similar scenario is being played out in Syria where the United States is at odds with Russia over its support of dictator Bashar al-Assad. The presence of both countries in the Middle Eastern country is extending the length of the conflict as their ideas for how to resolve the conflict in Syria are at odds. However, it appears as though Russia is more reluctant to get involved on the ground in Venezuela than it is in Syria, suggesting that it is merely using its support of Maduro as an excuse to provoke the United

States. Venezuela provides Russia with the opportunity of undermining U.S. power in the region at a low cost and using few resources.

Russia has an interest in its economic ties with Venezuela as it owns two gas fields in the country, and it has also [sold \\$11.4 billion](#) of military equipment to Caracas. Venezuela actually owes Russia more than [\\$17 billion](#), indicating another potential reason for Russia's continued involvement in the country; Russia may still hold out hope that its outstanding debts will be repaid, either by the Maduro government or the administration that follows. Whatever the cause of its involvement, Russia has the tools to help ameliorate the conflict and will certainly be a key player in Venezuela's "Day After" scenario.

## Russian Arms Sales to Latin America by Country, 1992–2017

Stockholm International Peace Research Institute (SIPRI) Data



Source: Stockholm International Peace Research Institute, "SIPRI Arms Transfers Database," Raw Data, March 11, 2019, <https://www.sipri.org/databases/armstransfers>

## CHINA

China's continued support of Maduro is [widely recognized](#) as one of the main reasons that Maduro has been able to remain in power. More than [\\$615 million in weapons](#) were sold by China to Venezuela over the past 10 years, supplying the military and the *colectivos* with arms to help deter criticism from the general population. The China Development Bank had provided Venezuela with over [\\$30 billion in loans](#) by 2014, fueling the money supply that has kept the Maduro regime afloat. However, most of the Chinese loans were tied to Venezuela's oil production, which has [declined](#) significantly. For this reason, China is probably the most malleable actor in terms of changing its allegiance to interim president Juan Guaidó; it has already opened up channels of communication with the opposition and has received confirmation from Guaidó that the National Assembly will [honor all lawful agreements](#) it had

previously approved, hence affirming that the post-Maduro government would repay its loans to China. Such a proposal was not offered to Russia.

In another unprecedented move, China delivered over 65 tons of medical supplies to Caracas in an effort to provide relief to the Venezuelan citizens suffering from a humanitarian crisis. The opposition had tried to attain the deliverance of humanitarian aid in February 2019 and had been blocked by Maduro. The delivery of aid from China marks both the growing weakness of the Maduro regime as well as China moving closer to the opposition. It is too early to tell whether or not China will switch its allegiance from Maduro to Guaidó, but if it does, it is unlikely that the Maduro regime would remain in power for much longer.

## THE PRESENCE OF NONSTATE ACTORS

Other countries are not the only groups to have an influential presence in Venezuela; over the past decade, many nonstate actors have either grown out of the conflict in the country or have brought their operations to Venezuela. How these actors respond to the “Day After” events in Venezuela will have a direct and significant impact on the future of the country. These groups consist primarily of *colectivos*, the National Liberation Army (ELN) and FARC, and Hezbollah, although there are many more fringe groups freely operating within the country.

### COLECTIVOS

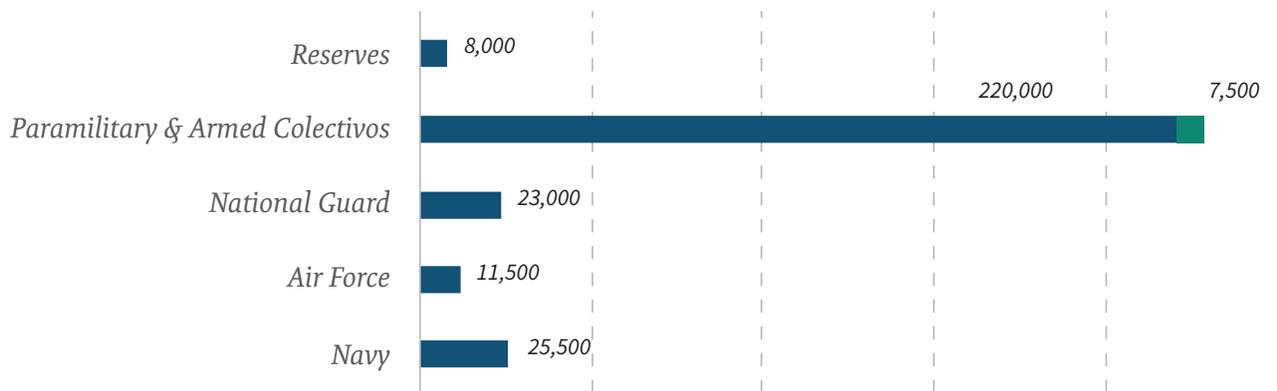
Amnesty International has classified *colectivos* as “groups of armed pro-government supporters who are tolerated or supported by the authorities.” Although *colectivos* got their beginnings as social organizations aiding the Chavista government in implementing aid programs across Venezuelan communities, many became paramilitary groups and used their power to leverage control over

the neighborhoods they were supposed to be helping. Today, *colectivos* work side by side with Maduro’s security forces and keep public dissent to a minimum. Classified sources number *colectivo* members at over 100,000, though armed *colectivos* are numbered at about 7,500. *Colectivos* tend to operate mostly in cities, though their directive of distributing government food to local communities has strengthened their control over poorer and more rural areas as these communities depend on the *colectivos* for food. One of the main problems for Juan Guaidó is how to lessen the influence of the *colectivos*, who are also known for helping the Maduro regime dispel protestors and squash dissent. As long as the *colectivos* remain on the side of the government—which they do strictly for power, not for ideological reasons—it will be incredibly difficult for Guaidó to secure the necessary public uprising that will help put an end to the Maduro regime.

### ELN AND FARC

The ELN and FARC, both Colombian guerrilla groups, have had a presence in Venezuela for years but have increased their activity during the regimes of both Chávez and Maduro. They operate mostly in border regions between Venezuela and Colombia because it is easier for them to run operations and evade Colombian authorities from Venezuela. Although FARC officially ceased to be an armed group in June of 2017 after signing a peace deal with the Colombian government, many dissidents who still subscribe to the FARC ideology have taken refuge in Venezuela and have used the Bolivarian country to continue running certain FARC operations out of reach of the Colombian security forces. Both ELN and FARC dissidents are engaged in drug trafficking and smuggling activities as well as illegal mining in Venezuela, therefore solidifying the existence of organized crime in the country. The FARC’s presence in

## Military Personnel and Equipment



Venezuela can be documented in at least [7 of Venezuela's 24 states](#), and the ELN exists in [12 of those 24 states](#).

## HEZBOLLAH

Hezbollah, the Iranian-backed Shi'ite Lebanese militant group classified as a terrorist organization by the United States and other countries, is another nonstate actor with a foothold in Venezuela. Hezbollah has operated in South America for over two decades, mainly partaking in [drug trafficking, money laundering, and illegal financing](#) to raise money around the region for its terrorist activities. According to [Insight Crime](#), it is also possible that some *colectivos* received training from Hezbollah officials, particularly on Margarita Island, a notion which would explain the rise in violent tactics being used by *colectivos*. Hezbollah has been known to conduct much of its business from Margarita Island, a small island in the Caribbean Sea just north of the Venezuelan mainland. The terrorist group is allegedly receiving a significant portion of funding from the Maduro regime, a claim currently being [investigated](#) by U.S., Israeli, and Colombian authorities.

While ties between the Venezuelan government and Hezbollah have been difficult to prove, information has come to light in recent years highlighting connections between the two. Tareck El Aissami, a former vice president and now Maduro's industry minister, was [indicted](#) in March after having been sanctioned two years ago by the U.S. Treasury Department, accused of working alongside drug lords. Even more alarming, however, was the discovery of intelligence documents that illustrate the former senior intelligence officer's efforts to [sneak Hezbollah militants into the country](#), mainly by providing them with false passports and visas. A [study](#) conducted by the Center for a Secure Free Society (SFS) found that 173 Middle Eastern citizens carried Venezuelan passports and even more carried other forms of Venezuelan identification. El Aissami's father was involved in a plan to [train Hezbollah](#) members in Venezuela in an effort to expand intelligence networks and drug trafficking networks throughout the region. Despite the lack of data and trustworthy information, the existence of Hezbollah's networks will still pose a significant roadblock for the government that comes to power after Maduro.

## THREATENING U.S. INTERESTS

It is imperative that the United States maintains its strong position against the reign of Maduro and actively help the Venezuelan people restore their democracy. Venezuela should be a central priority for the United States, especially when taking into account U.S. interests. Venezuela is

geographically close to the United States—only about 1,300 miles from Florida—and therefore any crisis in Venezuela is bound to spill over into U.S. interests. Should the situation in Venezuela continue to spiral downwards, the economic, security, financial, and political risks for the United States would only be exacerbated. Additionally, Colombia, the United States' closest ally in the region, is in a crucial period of fragile peace, attempting a coordinated peace process between the government and FARC rebels. Venezuela's circumstances could further destabilize the region, which would cause irreparable damage to Colombia's fragile peace as well as hurt other countries such as Guatemala and Bolivia in their attempts to solidify their democratic institutions and significantly harm U.S. interests in the region.

The further the situation in Venezuela erodes, the larger the criminal enterprises of narcotrafficking and human trafficking will grow. Cocaine exports have increased exponentially from South America over the past five years, and as the United States is the number one consumer of cocaine in the world, it should have serious concerns over its national security and health of its own citizens. The Venezuelan territories which serve as hubs for criminal organizations also encourage the rise of nonstate actors to function within the country, enabling these groups to carry out terrorist operations with ever-growing proximity to the United States. In addition, allowing Russia and China to wield influence in the region, particularly within a country such as Venezuela which has not taken any precautions against the presence of foreign actors within its borders, will allow both Russia and China to exert more power and influence and aim to end the profound influence the United States has enjoyed in the region. As the crisis in Venezuela deteriorates in the United States' own backyard, it is of extreme importance that the United States pay attention to the developments and assess the implications for the region as a whole.

## POLICY RECOMMENDATIONS

The United States has various options to help curtail the criminal activities of the Maduro regime and to increase security in Venezuela. Several of these possibilities were discussed during roundtable discussions, expert interviews, and desk research at CSIS.

One option would be to create a special task force to consolidate all ongoing investigations of Maduro's illegal activities. Senator Marco Rubio recently [proposed](#) the creation of this task force to Attorney General William Barr. This would ideally occur through a

multilateral institution such as the Organization of American States (OAS), although different organizations would require different approaches to ensuring the success of a special task force. As Maduro is the face of the criminal enterprise and the cause of human suffering in Venezuela, it would send a strong message to both Maduro and the rest of the world if he were investigated—and possibly tried—for his crimes.

Indictments against members of Maduro’s network would similarly help restrict the regime’s criminal actions by targeting those elites who help finance the illegitimate regime and who keep Maduro in power. In fact, the United States Department of Treasury [recently indicted ex-Venezuelan Vice President Tareck El Aissami](#) with sanctions violations and [Nicolás Maduro’s son](#) for serving in Venezuela’s illegitimate government, a move which highlights the permeability of Maduro’s network. This initiative would also be significantly more successful if done in coordination with other countries and with indictments targeted towards strategic members of the regime. Cooperation with the Lima Group and other South American countries, in addition to the European Union, would be key.

Collaboration with other ally countries in the region and in the world to find and prosecute corrupt officials and assets would be an important complement to the previous policies. United States government officials recognize the [need for international cooperation](#) in combatting these illicit finance networks whose operations uphold the continuity of the Maduro regime. If network members saw their colleagues be persecuted, they would be less likely to continue supporting the corrupt institutions as their own safety would likely be compromised.

Another policy option would include supporting Venezuelan technical experts and non-profits both on the ground and abroad who are shedding light on the criminal networks present in Venezuela. Experts from Plan País, an initiative of the Venezuelan National Assembly and the Guaidó administration, and other NGOs have laid out specific policy recommendations for how to improve the security structure in the country, and they depend on support from outside countries to continue promoting and implementing their approach.

The United States, Canada, and other countries have prevented the travel of members of Maduro’s criminal enterprise, causing these individuals to lose a substantial portion of freedom and ability to move around the world. The National Assembly should consider banning Venezuelan passports of those involved in the illicit activities of the Maduro regime. The international community should consider removing or not granting visas to those same individuals. With the loss of the ability to travel, it is plausible that offenders will cease their support of Maduro and his criminal enterprise in exchange for the ability to move freely and more lenient sanctions.

As discussed during a public panel at [CSIS](#), the United States could increase the capacity of its Department of Treasury to focus on finding Venezuelan stolen assets. Finding and seizing assets as soon as possible would slow the looting and money laundering that the Bolivarian joint criminal enterprise relies on and prevent the Maduro regime from accessing its illegally-gained resources. Additionally, recovering these assets and returning them to Venezuela once democracy is restored could help revive Venezuela’s economy and help grow its infrastructure.

Lastly, the interim government led by Juan Guaidó and the National Assembly should work with its allies such as the United States and the Lima Group in both raising awareness and building consensus within the international community on the uses of transnational organized crime led by the Maduro regime in Venezuela and beyond, and how these crimes hinder the return of democracy to the Bolivarian country. ■

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Cover Photo: FEDERICO PARRA/AFP/Getty Images

## ENDNOTES

1. Douglas Farah and Caitlyn Yates, *Maduro's Last Stand: Venezuela's Survival Through the Bolivarian Joint Criminal Enterprise* (Washington, D.C.: IBI Consultants, LLC, 2019), 3.
2. Ibid.
3. Ibid.
4. Ibid.