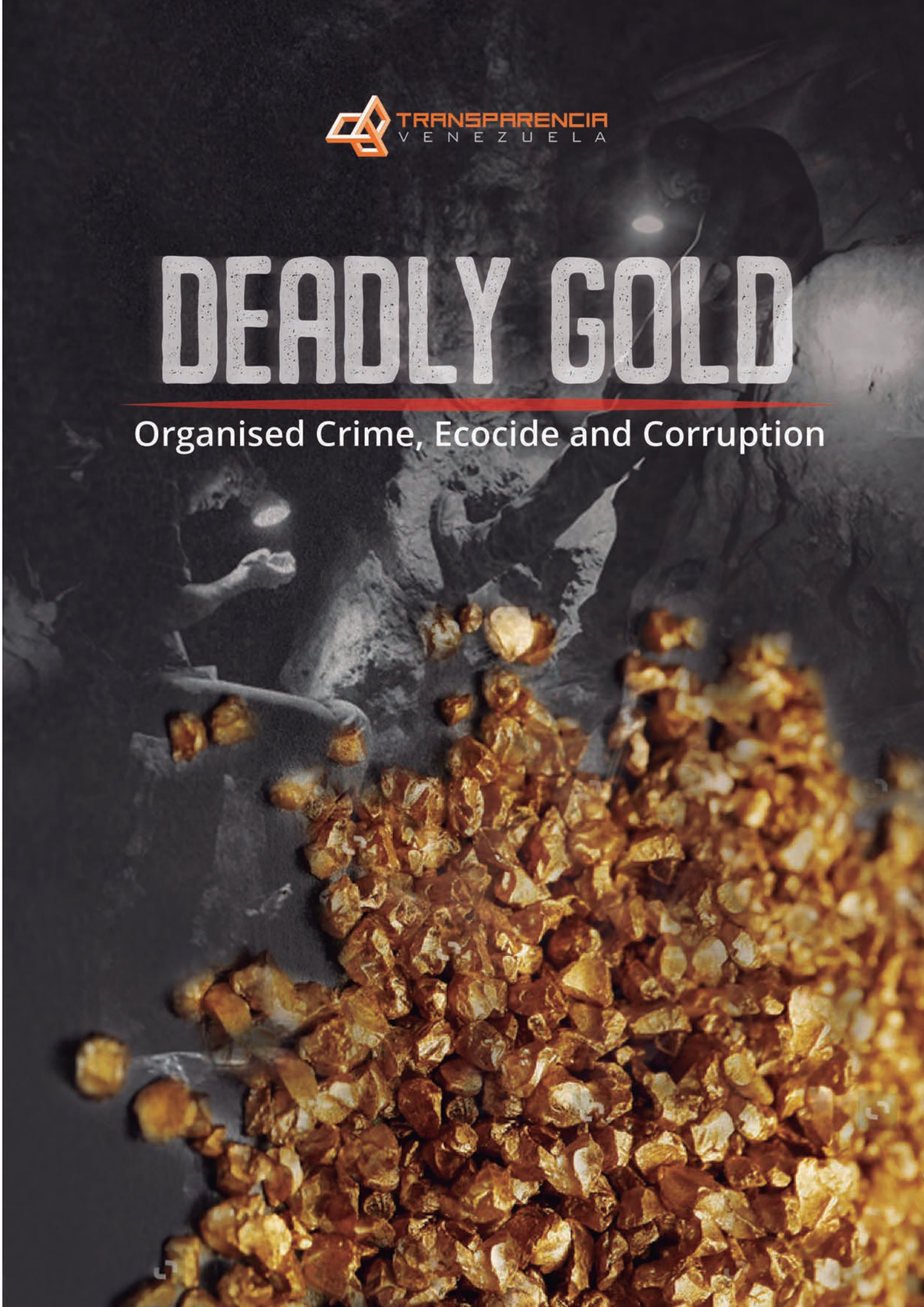


DEADLY GOLD

Organised Crime, Ecocide and Corruption





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Val Grafic Publicidad, C.A.

Printing

150 copies

DEADLY GOLD - ORGANISED CRIME, ECOCIDE AND CORRUPTION

Edition and distribution: ©Transparencia Venezuela – 2019

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Transparencia Venezuela

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INTRODUCTION

In the midst of the worst economic downturn Venezuela has ever endured, with a sharp drop in oil production—the main source of foreign currency—, hyperinflation for the past two years, and high levels of corruption, President Nicolás Maduro has survived in power by taking refuge in the sale of gold, a precious metal extracted from the depths of Venezuelan soil and the cause of bloodbaths, deforestation and corruption.

On October 15, 2019, during a meeting at the Miraflores Presidential Palace, President Nicolás Maduro announced that he would hand over a gold mine to each local state government to finance the budget, confirming that the gold business in Venezuela has become one of the last bastions propping up his government, which has been condemned by international organisations and is not recognised by more than 55 countries.

The announcement was made as part of the Tricolor Mining Plan, which aims to “boost” not only gold production, but also the mining of coltan and diamonds in the so-called Orinoco Mining Arc, a project first announced by President Hugo Chávez back in 2011 and taken up by his successor in 2016, which arbitrarily endorsed mining in 111,843 square kilometers in the state of Bolívar, of an area accounting for 12% of the national territory in an environmentally protected zone that is home to more than 190 indigenous communities.

Government secrecy, which has consolidated over the years, makes it impossible to know exactly how the mines are to be distributed among state governments or how many of the areas included in the Orinoco Mining Arc are operational and how much gold has been reported to the Central Bank of Venezuela, which is the only agency authorised to trade in this metal.

In this investigation, however, Transparencia Venezuela found that the gold business in the south of the country is tainted with blood and illegal practices, such as smuggling of gold ore and fuel, trafficking in persons and in drugs, plastics, arms, among others.

During this investigation, it became evident that the continued dismantling of the state-owned gold extraction and processing company, Minerven, has reduced it to a mere collector of the gold produced mainly in illegal mining areas, run by criminal a scheme exercising control over the mines without much resistance from the government. On the contrary, former intelligence officials and independent investigators have confirmed that authorities coexist with the criminal gangs because they profit from such activities through bribes or a share of the loot.

Various sources consulted for this research estimate that 70% to 90% of the mined gold is taken out the country illegally in operations involving high government officials and close relatives of the president. Gold is smuggled out both by land and by air to countries as close as Colombia and as far as Turkey and the United Arab Emirates. In 2018 alone, this contraband accounted for US\$2.71 billion, according to the private consulting firm Ecoanalítica.

The criminal groups fighting for control of the mines include the so-called mining syndicates, led by pranes, a term coined in Venezuelan prisons to refer to gang leaders. There are also members of neighbouring Colombia’s National Liberation Army (ELN). The guerrilla group operated briefly in the area in 2016 and reappeared in 2018, when they killed 20 people to take over six mines in the Guasipati municipality.

The investigation includes national and international media reports, and has also confirmed that the number of women engaged in illegal mining is increasing every day, facing high levels of violence and death. Their lives are exposed not only because they work with high doses of mercury—despite being banned—but also because they live in areas considered the largest focus of malaria in Latin America.

The miners, as well as the rest of the people who make their living at the mines, must also submit to the rule of the pranes, who have replicated structures such as those of the Bolivarian National Armed Forces and control with an iron fist every step anyone takes inside a mine. They set up a violence stoplight to punish those who fail to “obey.” For the first offence, the punishment is a beating, if a crime is committed, a limb is mutilated, and for the third offence the punishment is death by dismemberment.

Despite the high risks involved, the desperation to make money in the midst of the economic crisis has driven thousands of Venezuelans to migrate to southern Bolivar to engage in illegal mining. Job opportunities have also attracted former workers from the companies of the Corporación Venezolana de Guayana basic industries complex. After the silent and progressive dismantling of major state-owned companies such as Sidor (steel mill) and Venalum (aluminium), men and women chose to take picks, shovels and trays and go into the mines, in what has been defined as a return to 19th-century mining techniques, which is destroying any progress made on decent work.

Illegal mining has wiped out ecosystems of global interest, as the areas being exploited are part of the Amazon, and has impinged on the lives of indigenous peoples and the unique local biodiversity. Even Canaima National Park, a UNESCO World Heritage Site, has been affected by mining.



Despite multiple complaints about this activity, no spokesperson from the Ministry of Ecological Mining Development, the Venezuelan Mining Corporation, or the Central Bank of Venezuela responded to requests for information that were filed in advance for this project.

The gold rush will continue to take lives and cause environmental devastation in southern Venezuela, until the government is rid of corrupt structures and appropriate mining policies are devised and put in place. Meanwhile, the gang map will continue to expand dramatically as part of the violent struggle for control, protected by unscrupulous officials and military who will continue to benefit from bloodstained gold.



1

VENEZUELAN GOLD: ILLEGALITY AND DEATH

VENEZUELAN GOLD: ILLEGALITY AND DEATH

Three years after the creation of the Orinoco Mining Arc mega-project, the gold mining and commercialisation business in Venezuela has become more somber. Sources agree that currently between 70% and 90% of the mined gold is taken out of the country in illegal operations involving the military and close relatives of the president. Meanwhile, the Central Bank of Venezuela desperately sells the gold as soon as it comes from the mines, as well as the gold that has been stored for decades as international reserves

Erika was heel-deep in murky, mercury-filled water, unable to see what she was stepping on, but there was no time to stop. She had to walk quickly across the lagoon to get to work, to a mine known as Cuatro Muertos, in Las Claritas, one of the areas with the largest gold reserves in Venezuela and also one of the most dangerous areas in the country.

A t-shirt, a pair of trousers rolled up to her knees and an old pair of sandals was all she was wearing when she went into one of the thousands of pits that have been dug in the area to mine gold. She had nothing to protect her eyes, nose or hands, but she hammered hard at the stones and picked up the pieces to put it into a tattered sack.

Erika is just one of thousands of people who daily go into the 50, 70, even 120 meter deep pits, in the so-called horizontal galleries, to remove the rocks that are then taken to mills where the gold is extracted, and then passed from hand to hand until it is smuggled out of Venezuela or taken to the Central Bank of Venezuela (BCV).

The miners are the first link in the dark business of gold mining and commercialisation that was exacerbated by the national government

with the publication of decree No. 2248 in February 2016, which sets forth the creation of the Orinoco Mining Arc as a National Strategic Development Zone.

The project was devised by President Hugo Chávez in 2011 and approved by his successor, Nicolás Maduro, and arbitrarily endorsed the mining of 111,843 square kilometers of the state of Bolívar rich in minerals such as gold, iron, bauxite, coltan, diamond, manganese and granite.

What was promoted as a great opportunity to reorganise small-scale mining in the south of the country, attract millions in investment from national and foreign companies and increase funding to social programs, ended up becoming a death sentence for the Venezuelan savannas and their great biodiversity, for the 198 indigenous communities living there and for those who, like Erika, got lost in the attempts to reach *El Dorado*.

Many stakeholders, few actors

On the afternoon of February 24, 2016, during a meeting at the BCV headquarters, President Nicolás Maduro assured that more than 150 companies from 35 countries were interested in investing in large-scale mining in the Orinoco Mining Arc. In order to develop the projects, joint ventures would be established, in which Venezuela would have at least a 55-percent share, while Venezuelan or foreign private companies would own the rest.

That same day, the government announced the signing of four memorandums of understanding related to this major mining project, two of them related to gold mining, one with Republic of Congo's Afridiam and the other with Canada's Gold Reserve, Inc., which in 2014 had won a lawsuit against the Venezuelan State for their expulsion from the Las Brisas gold project, during the Chávez administration.

Although Maduro claimed there were hundreds of companies interested in the Orinoco Mining Arc, few have partnered with the state. Regarding gold mining, as of November 2019, four joint ventures were created, engulfed in the same opacity that has characterised the central government. There is no official public information on the criteria for selecting partners, the progress of the works, or performance of operations.

On September 29, 2016, the first joint venture was created to participate in the project, set to take over the mining of the largest gold deposit in Venezuela, the Las Brisas-Las Cristinas mines. Decree No. 2.465 of Official Gazette No. 41.000 published the creation of Siembra Minera, S.A., formed by the Venezuelan Mining Corporation

(CVM) representing the Venezuelan State and GR Mining Inc., representing Canada's Gold Reserve.

As disclosed in the Paradise Papers, a series of leaked documents published by the International Consortium of Investigative Journalists, GR Mining Inc. was created in the tax haven of Barbados on April 15, 2016, just five months before partnering with the Venezuelan government, and its directors include Alexander D. Belanger and Robert A. McGuinness, also directors of Gold Reserve.

According to the Canadian company's website¹, Siembra Minera holds rights over 18,950 hectares containing more than 10 million ounces of gold, in addition to silver and coltan deposits, among others.

The announcement of the joint venture doubled the value of Gold Reserve shares on the Toronto Stock Exchange, but by the end of 2019 the company had not yet mined one ounce of gold from Venezuelan soil. The mines it should be operating are plagued by criminal gangs, self-named mining syndicates, which impose their rule in the bloodiest and cruelest manner with the protection of certain regional authorities.

¹ Gold Reserve, "Empresa Mixta Ecosocialista Siembra Minera, S.A.", <https://www.goldreserveinc.com/mixed-company/>

Joint ventures authorised to explore and exploit gold mines

Name:

Empresa Mixta Ecosocialista
Siembra Minera, S.A.

State representative:

Corporación Venezolana
de Minería S.A.

Private partner:

GR Mining Inc. (Gold Reserve)

Attached to:

Ministry of Ecological Mining
Development

Created on:

29/09/2016
(Decree No. 2.465,
Official Gazette No. 41.000)

Siembra Minera, S.A. was the first joint venture to be created after the launch of the Orinoco Mining Arc. The state-owned Corporación Venezolana de Minería S.A. (CVM) holds 55% of its shares, and the remaining 45% are held by GR Mining Inc., a company registered in Barbados on April 15, 2016. Its directors are Alexander D. Belanger and Robert A. McGuinness, also directors of Gold Reserve.

Official Gazette No. 41002, published on October 4, 2016, describes that the joint venture is authorised to carry out exploration and exploitation activities of gold mines and deposits located in an area of 18,951 hectares in the Sifontes municipality in the state of Bolivar. According to the national government, the fourth largest gold mine in the world is located in this area.

Reports from the area claim that the mines where Siembra Minera should be operating are infiltrated by criminal gangs, so-called mining syndicates, and by guerrilla groups that impose their rule in the bloodiest and cruelest manner with the protection of certain regional authorities.

Name:

Empresa Mixta Minera
Ecosocialista Parguaza S.A.
(Emmepsa)

State representative:

Corporación Venezolana
de Minería S.A.

Private partner:

Corporación Faoz, C.A.

Attached to:

Ministry of Ecological Mining
Development

Created on:

08/11/2016
(Decree No. 2.539
of Official Gazette No. 41.026)

The JV Parguaza, S.A. was incorporated on November 8, 2016, as published in Official Gazette No. 41.026. The majority shareholder is Corporación Venezolana de Minería S.A. (CVM) (55%), while the remaining 45% is held by Corporación Faoz C.A., an unknown Venezuelan company that three years earlier had incorporated a company under the same name in Barbados, as disclosed in the Paradise Papers².

According to the decree creating the joint venture, the corporate purpose was to develop exploration and exploitation activities of coltan deposits; however, Resolution No. 000035, published in December 2016, specified that it would carry out exploration and exploitation activities in tantalum-niobium (coltan), ilmenite, cassiterite, tin, zircon, quartz, granite, diamond and gold mines and deposits, in a 10,201-hectare area located in the Cedeño municipality in the state of Bolivar.

² Armando.info, "Las "empresas mixtas" del Arco Minero vienen de Barbados", December 16th, 2017, <https://armando.info/Reportajes/Details/2376>

An investigation³ by journalist Edgar López claims that Parguaza set up camp on the 111,843 square kilometer strip south of the Orinoco River and took the lead in the search for the coveted coltan.

Name:

Empresa Mixta Minera
Ecosocialista Oro Azul, S.A.
(Emmeoa) S.A

State representative:

Corporación Venezolana
de Minería S.A.

Private partner:

Supracal, C.A.

Attached to:

Ministry of Ecological Mining
Development

Created on:

08/11/2016
(Decree No. 2.540
of Official Gazette No. 41.028)

The JV Oro Azul, S.A. was created on November 8, 2016 between the state-owned Corporación Venezolana de Minería S.A., which owns 55% of the shares, and Supracal, C.A., a Venezuelan company with 40 years of experience in the manufacture and distribution of lime, holding 45% of the shares.

According to Decree No. 2540 published in Official Gazette No. 41028, the company's corporate purpose was to explore and exploit coltan deposits; however, its scope was later expanded.

Resolution No. 0001, dated January 20, 2017, revised the purpose of the company to include exploration and exploitation activities of niobium-tantalum (coltan), cassiterite, ilmenite, tin, zircon, diamond and gold mines and deposits in an 8,158-hectare area in the Cedeño municipality in Bolivar.

An investigation published by Runrunes⁴ in January 2019 revealed that the 46 gold bars seized in Aruba in February 2018 coming from Venezuela were owned by this company, according to documents submitted to customs authorities.

It was also revealed that six of the company's board members were appointed by Jorge Arreaza, Hugo Chávez's son-in-law, during his brief stint at the Ministry of Ecological Mining Development. Staff designated by Arreaza are considered loyal to him and to the so-called Bolivarian revolution.

³ Arco Minero del Orinoco, "Con arcos y flechas indígenas frenan la minería a gran escala", <https://arcominerodelorinoco.com/capitulo-03/>

⁴ Connectas y Runrunes, "Pista 2. Una empresa llamada oro azul", 2019, <https://www.connectas.org/especiales/fuga-del-oro-venezolano/pista-de-aterrizaje-2.html>

Name:

Empresa Mixta Sociedad Anónima
Minería Binacional Turquía -
Venezuela (Mibiturven, S.A.)

State representative:

CVG Compañía General de Minería
de Venezuela, C.A., (Minerven)

Private partner:

Marilyns Proje Yatirim, S.A.

Attached to:

Ministry of Industry
and National Production

Created on:

31/08/2018
(Decree No. 3.598
of Official Gazette No. 41.472)

The JV Mibiturven was created on August 31, 2018 and is formed by CVG Compañía General de Minería de Venezuela, C.A., (Minerven) representing the Venezuelan State, and by Marilyn's Proje Yatirim, S.A., which has been linked⁵ to Colombian businessman Álex Saab, who is under investigation at courts of the United States, Mexico and Colombia.

According to the decree establishing its creation, the corporate purpose of this joint venture is to develop primary exploration activities in search of gold deposits, as well as the extraction and exploitation of gold ore in the area to be delimited for such purpose.

On April 19, 2019, deputy to the National Assembly Américo de Grazia condemned through his Twitter account an eviction in the Santa Bárbara Urbanisation in El Callao, where Minerven workers lived, allegedly ordered by Mibiturven managers.

Propped up by illegal mining

The criminal gangs and guerrillas operating in the Bolívar mines have even occupied lands that are legally controlled by state-owned Compañía General de Minería de Venezuela, C.A. (Minerven), which is attached to Corporación Venezolana de Guayana (CVG). The company was created in the 1970s and located in the south of Bolívar, and expanded its processing capacity from 4 to 11 tons per year, after the Gold Nationalisation Decree enacted by Chávez in 2011. By 2019, however, its plants were practically shut down.

The arrests of trade union leaders and company workers, in a context of criminalisation of protest, have not only curtailed freedom of association and due process, but also the freedom of expression of their overseeing entities. Employees fear reprisals in a context of censorship, but have chosen to speak out on the condition of anonymity.

Upon questioning for this investigation, Minerven workers confirmed that the company currently operates below 10% of its installed capacity and that its plants are flooded, dismantled and have been occupied. These include Planta Peru, Caratal, Revemin and La Camorra, which have been taken over by local mining groups working for criminal gangs.

The workers claim that the gold Minerven is reporting to the BCV actually comes from illegal miners, who have not registered with the Miners Registry kept by the Ministry of Mining Development, they have not formed strategic partnerships with the state-run company, operate in areas not authorised for mineral exploitation, and in addition, continue to use mercury, despite the lethal effects on them and on the environment.

⁵ [Armando.info, "El rey Midas del negocio de los Clap pone sus manos en el oro de Guayana", October 28th, 2018, https://armando.info/Reportajes/Details/2502](https://armando.info/Reportajes/Details/2502)

“Minerven provides nothing and produces practically nothing. All the gold leaving Bolivar is produced in private processing plants and we don’t know who owns them and under what conditions they operate,” said a man who worked in the property security area for the state-run company. Another source warned about the rise of multiple mills operating illegally in the state and said they have strong links to the military.

Workers say that decades ago being on Minerven’s payroll meant a major personal and professional achievement due to the high quality standards the company boasted at the time, but now they are ashamed of its current state and claim that there are no excuses for the company becoming a mere collector of illegally produced gold.

On March 19, 2019, the company and its then president Adrian Antonio Perdomo Mata were sanctioned by the U.S. Treasury Department Office of Foreign Assets Control (OFAC) for supporting illegal gold mining operations that “prop up the Maduro regime.”

As a result of the measure, all assets and property interests of Minerven and Perdomo in the United States, owned or controlled by U.S. persons, were blocked. Similarly, under OFAC⁶ regulations, all U.S. citizens or residents are banned from doing business with sanctioned officials.



⁶ U.S. Department of the The Treasury, Sanctions Venezuela’s State Gold Mining Company and its President for Propping Up Illegitimate Maduro Regime, March 19th, 2019, <https://home.treasury.gov/news/press-releases/sm631>

Smuggling is winning the battle

The Ministry of Ecological Mining Development, created in 2016 following the creation of the Orinoco Mining Arc, has never published a report, and figures on gold production in the south of the country have only been released in vague and rare statements. Former minister Victor Cano said that at the end of 2017 the mega mining project provided 8.4 tons of gold to the BCV, which is the entity responsible for receiving and trading in gold, according to the Mining Law enacted by Chavez.

By 2018, an additional 10.5 tons of gold were delivered to the BCV, according to the Strategic Office of Public Policy Monitoring and Evaluation of the Vice Minister of Exploration and Investment Ecominera, attached to the ministry and cited by the Venezuelan News Agency (AVN). Reportedly, figures on gold delivered to the BCV accounts for 30% of the total Venezuelan gold production, while the rest is smuggled out. No data on 2019 have been released.

The government has admitted and denounced gold theft, and on June 8, 2018 launched an operation called "Manos de Metal" (Metal Hands) with the purpose of "attacking mining and smuggling mafias." The then Vice-President, Tareck El Aissami, reported that seven people had been arrested for allegedly being involved in illegal trafficking and that arrest warrants had been issued for 28 other suspects.

More than a year after this operation was launched, the results have not lived up to expectations. While authorities dismantled dozens of makeshift gold trading shops in the Altavista sector in Puerto Ordaz and gunned down Phanor Vladimir San Clemente aka "Captain," leader of one of the most bloodthirsty gangs in Guyana, illegal gold trafficking persists and the power of criminal gangs continues to grow.

Not far from the area, in a busy shopping center in the Alta Vista sector in Ciudad Guayana, a large number of gold trading shops have been set up. Concealed behind jewelry stores and garment repair shops, they trade in gold that will rarely be delivered to the Central Bank.

"Unfortunately, gold smuggling is still happening and deliveries to the BCV are just a drop in a bucket. Studies carried out by CVG Minerven and by the government show that 90% of the gold mined in these lands continue to be smuggled out of the country through informal trails," explained a Minerven worker, who asked not to be identified.

Various sources consulted for this piece agreed that operation "Metal Hands" was not even close to putting an end to the region's mafias and gold smuggling, and they assure that the real purpose was to impose a shift in gang leadership in the region. In other words, they wanted to remove leaders who were no longer acceptable, to instate others more loyal or in tune with their interests.

Smuggling routes

A study conducted by consulting firm Ecoanalítica published in *Transparencia Venezuela's 2018 corruption report*⁷ shows that illegal mining is not new to Venezuela, as it existed well before Chávez nationalised this strategic sector in 2011. However, the report also claims that the nature of the gold trafficking changed dramatically with the nationalisation, as did the practices, routes, and power groups that control the trade.

Calculations by Ecoanalítica, based on figures reported by Venezuela's National Statistics Institute and cross-checked with official data from governments of each state of the United Nations Organisation (UN), allow us to estimate that between 1998 and 2016, some US\$3.0 billion were lost due to illegal gold trafficking. Most of the smuggling took place in 2016, when \$1.83 billion in gold was smuggled out of the country (60.9 % of the total). The latest data from Ecoanalítica show that at the end of 2018, Venezuela had lost US\$2.7 billion due to gold smuggling.

According to Venezuelan law, all gold must be delivered to the BCV through Minerven, or through private operators that have been duly authorised to buy the metal from small independent miners or mining cooperatives. But this is hardly the case.

The smuggling routes for Venezuelan gold are increasingly varied, and include the use of air, river and land transport. Sources interviewed for this report agreed that the different smuggling routes are well known to the high commands of the Bolivarian National Armed Forces. They claim that members of the military do nothing to stop the crime, often because they profit from such activity through bribes, and in other

cases because they are directly involved in the smuggling.

The shortest routes, the interviewees agree, are through Guyana and Brazil, which share borders with Venezuela. One source claimed that, in the case of the former, many routes have been opened through the area under dispute, El Candado, San Martín, Aroa and Barima.

"Others take more risks and go to Colombia by land, but in most cases they transport gold owned by military and government officials. The syndicates even work for them," the source said.

A gold buyer from Guasipati interviewed for this report said that taking out the gold by air is not at all complicated, but it is extremely dangerous. He said that in his case, he has chosen to camouflage the gold as non-functional watches—including the straps—, keys and key rings coated with other metals that do not draw as much attention. Once the items arrive at their destination, they are melted down to separate the gold and converted into pure gold ingots that are then sold at prices above those of the Venezuelan market. "Abroad, a troy ounce (31.1 grams of gold) sells for up to \$1,532, in Venezuela, it can be sold for less than \$962," he claims.

An investigation carried out by a group of specialised journalists at Infoamazonia.org, entitled "Venezuela, a smuggler's paradise,"⁸ also describes different escape routes for Venezuelan gold. It reports that some organised criminal groups use everything from boats to armoured cars and small planes to evade security surveillance. They have gone as far as to use human "mules" to smuggle out gold through the border between the state of Táchira and Colombia, more than 1,500 kilometers from the south of Bolívar.

7 [Transparencia Venezuela, "Impactos de los incentivos de la corrupción: análisis cuantitativos de las principales actividades económicas ilícitas en Venezuela", 2019, https://transparencia.org.ve/project/impactos-de-los-incentivos-de-la-corrupcion-analisis-cuantitativos-de-las-principales-actividades-economicas-ilicitas-en-venezuela/](https://transparencia.org.ve/project/impactos-de-los-incentivos-de-la-corrupcion-analisis-cuantitativos-de-las-principales-actividades-economicas-ilicitas-en-venezuela/)

8 [Infoamazonia, "Venezuela, el paraíso de los contrabandistas", July 23rd, 2019, https://smugglersparadise.infoamazonia.org/](https://smugglersparadise.infoamazonia.org/)

In addition, traffickers take Venezuelan minerals to other destinations such as Aruba and Curaçao where, as in Colombia, the real origin of the gold is forged. When precious metals reach international customers, documents claim that they have been obtained on one of the two Caribbean islands.

The investigation shows out that renowned airlines agree to transport tons of gold from the Caribbean to the Netherlands, from which it is shipped to refineries throughout Europe and the Middle East.

Legal laundering

Venezuelans are not only losing gold from the Orinoco Mining Arch as a result of smuggling. They have also witnessed massive, rapid extraction by the BCV itself, as revealed by a recent investigation⁹ by Runrunes in partnership with Latin American journalism platform Connectas and the support of the International Center for Journalists (ICJ).

The investigation has shown that the Central Bank has used legal mechanisms and statutory gold marketing powers to “launder the dirty gold” it buys from the Orinoco Mining Arc. In addition, the BCV—in theory autonomous and independent of the national government—has become a gold squeezing machine, cashing out the main asset in the nation’s international reserves. The conclusions have been endorsed by the World Gold Council (WGC), which shows that the BCV was the world’s largest monetary gold seller for two consecutive years (2017-2018).

An example of this treasury squeeze took place in March 2019, when 3,600 kilos in ingots with BCV tags were held in Entebbe, the Ugandan capital, some 11,000 kilometres from Caracas. The gold bars, with tags dated in the 1940s, were part of the 7.4 tons of gold from Venezuela that landed in Uganda to be processed at African Gold Refinery Limited and later sent to Turkey, its final destination. Three weeks later the ingots were released and investigators lost track of them.

The unconsulted, concealed sale of monetary and non-monetary gold has allowed Nicolas Maduro to obtain euros in cash to circumvent sanctions imposed by the United States and extend his stay in power.

9 [Connectas y Runrunes, “BCV la exprimidora oficial del oro venezolano”, 2019, https://alianza.shorthandstories.com/BCV-la-exprimidora-oficial-del-oro-venezolano/index.html](https://alianza.shorthandstories.com/BCV-la-exprimidora-oficial-del-oro-venezolano/index.html)

VENEZUELAN GOLD ESCAPE ROUTES

Between **70%** and **80%** of the gold mined in Venezuela is smuggled out of the country by land, air and water.

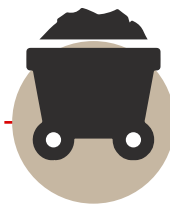


MINING

Criminals and guerrillas:
They force miners to hand over 30% of the sandbags they dig out.

Illegal miners:
Men and women who, without being registered, exploit mines in authorised and unauthorised areas.

Legal miners:
Independent miners, or mining brigades, registered in the Single Mining Registry, authorised to mine gold and sell their production to Minerven.



PROCESSING

Mills: They receive the crushed gold ore from the miners and grind it with mercury to extract the gold. In this process, miners recover about 30 percent of the gold in the sand and must give away a third of that production to the mill owner as processing fee.

The mill owners end up earning more gold than the miners themselves.

Gold is diverted by the Central Bank of Venezuela to places as far as Turkey and the United Arab Emirates





PURCHASES

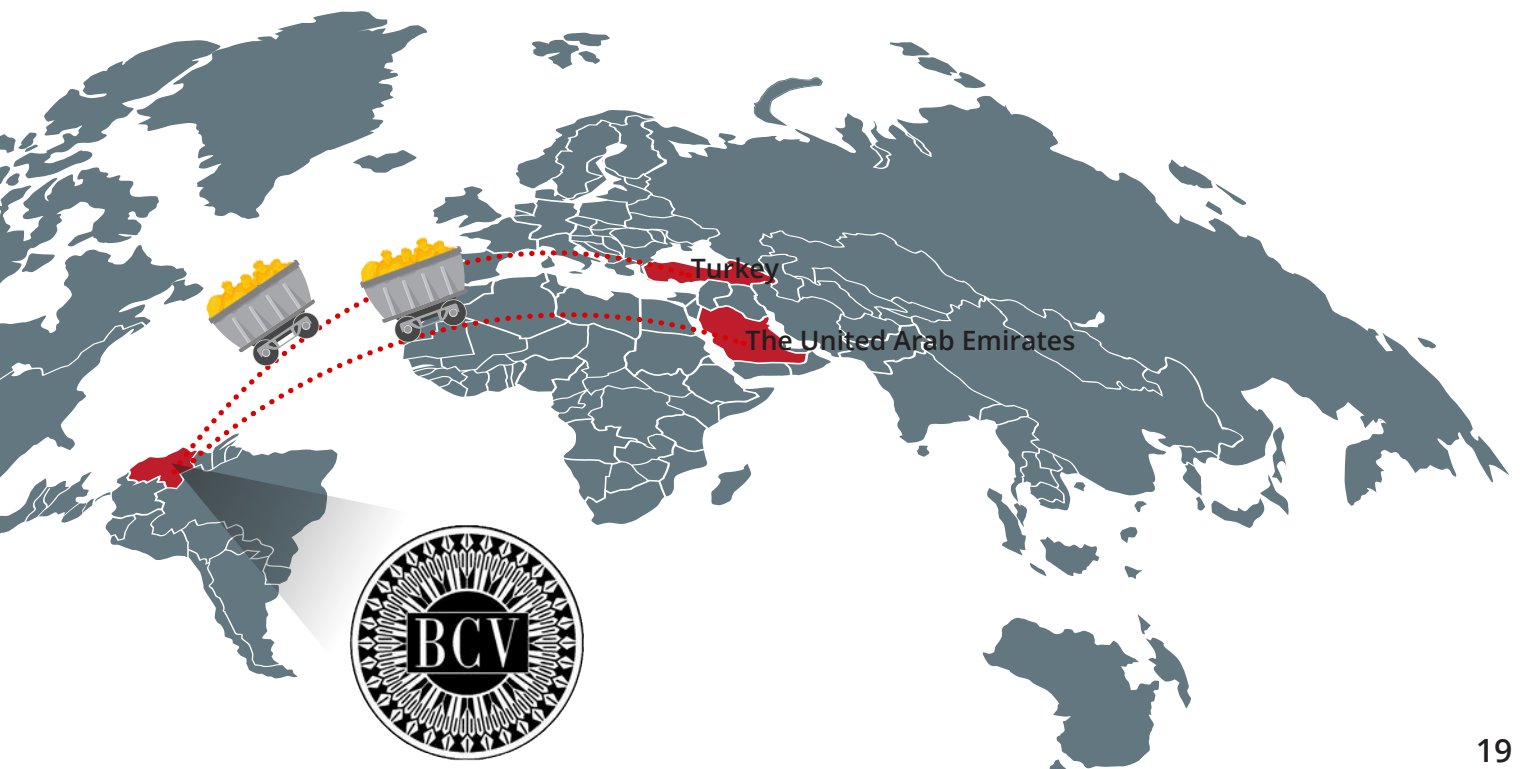
Retailers: They buy the gold from small-scale miners and then melt it down into small nuggets. They earn about 15% of the value of gold.

Wholesalers: They buy gold from retailers, determine its purity on gold analysers and then melt it into larger pieces.



ESCAPE ROUTES

The gold sands and gold castings should be collected by Minerven and independent gold suppliers, who then deliver all the gold to the Central Bank of Venezuela, to be stored as reserves. But that is not the final destination of most metals.





2



**AN ECONOMIC LIFELINE HELD
BY GANGS**

AN ECONOMIC LIFELINE HELD BY GANGS

A criminal structure was put in place in the mining towns of Bolivar state, in the south of Venezuela, endorsed by members of the regional and national government, according to allegations by former state security officials. Transparencia Venezuela has drawn a map of the criminal groups controlling the gold business over the last 18 years, their origins and leaders, as well as the web of unlawful relationships with state authorities.

El Callao, Bolivar, is the quintessential gold mining town in Venezuela. It was there where indigenous groups found gold in the mid-19th century, starting a tradition of exploration and mining, which decades later led it to become the world's leading producer of the precious metal.

El Callao has made headlines several times in national newspapers, not only because of its large gold deposits or its famed carnival celebrations, but also because of the bloody events that have taken place in town. In late October 2019, the name resounded in the media once again when a man's severed head was found slashed and wrapped in a sack in the town's main square. Shortly afterwards, another head appeared, and later an explosive device was later thrown in the town centre, leaving two injured.

The residents of El Callao prefer not to talk openly about what is happening out of fear for their lives, but off the record everybody knows that they are in the midst of a war for domination of the mining areas. The upshot is that El Callao became the most violent municipality in the country in 2018, with a rate of 620 murders per 100,000 inhabitants,¹⁰ according to figures from the Venezuelan Observatory of Violence.

In El Callao, Tumeremo, El Dorado and the other mining towns adjacent to Troncal 10, a 700-kilometre road that connects Venezuela with Brazil, a criminal structure was set up, devoted to controlling the illegal gold mining business, collecting payment in exchange for protection, deciding who enters and leaves each of the mines, who works and how, where they take the production, how much is sold, at what price, who people in town can talk to, who lives and who dies. And they impose their rule with blood and fire.

Residents of the mining towns in Bolívar interviewed for this report recall that the history of gold mining in the state has had many bloody episodes, but they assure that the most ruthless period began ten years ago and is still going on.

They claim that the emergence and growth of gangs, so-called mining syndicates, was possible thanks to the backing and involvement of top government officials, and with the endorsement of high-ranking officers of the Bolivarian National Armed Forces stationed in the area.

¹⁰ Venezuelan Observatory of Violence, "2018 - La violencia presenta nuevos rostros en el país: el empobrecimiento y la letalidad policial", December 30th, 2018, <https://observatoriodeviolencia.org.ve/ovv-lacso-informe-anual-de-violencia-2018/>

Official support

A report sent on January 26, 2016 to Gustavo González López, director of the Bolivarian National Intelligence Service (SEBIN), sustains the allegations made against members of the regional government.



Gustavo González López, director of the National Bolivarian Intelligence Service (SEBIN)

José Gregorio Lezama, former chief commissioner of SEBIN and author of the document, said that although his intention was not to investigate the regional government, it was impossible for him to combat crime in the area without getting sucked into the criminal web of senior government officials. Lezama was arrested as he became a nuisance for the then governor of Bolívar, Major General Francisco Rangel Gómez.

The former intelligence commissioner assured that the promoter of the criminal gangs or “syndicates” in the south of the country was General Julio César Fuentes Manzulli, Public Safety secretary, commander of the Bolívar State Police (PEB) between 2006 and 2014, and right-hand man of Rangel Gómez.

Fuentes Manzulli was also accused by National Army First Lieutenant Jesús Leonardo Curvelo, who served as his personal assistant for 14 years.

Curvelo was arrested on October 24, 2015, while he was traveling on Troncal 10 with more than 33 million bolivars in cash, stashed in 31 boxes. The Prosecutor’s Office accused him of being part of a large criminal network and kept him behind bars for 106 days, until he was granted house arrest. Curvelo took the opportunity to flee the country and seek asylum in Portugal.

While in exile, Curvelo wrote a document dated September 28, 2016 in which he narrated part of the alleged acts of corruption committed by his former boss, Fuentes Manzulli, which allowed criminal gangs to take root in Bolívar. The report was presented by Américo de Grazia, deputy to the National Assembly for the state of Bolívar, as proof of the regional government’s links with the mafias.

A successful test

According to investigations into the criminal gangs, their emergence can be pinpointed to Las Claritas and Km 88 in the Sifontes municipality. There, Juan Gabriel Rivas Núñez, a.k.a. Juancho; Humberto Martes, known as El Viejo Humberto; and his namesake son, nicknamed Humbertico, began to impose control by fire and blood.

Domination over mines such as Cuatro Muertos, La Leona, El Mecate, Caolín, Las Cristinas, Morichalito, San Isidro, Morrocoy, Potazo and all the gold deposits on the banks of the Cuyuní River (within the perimeter of the San Isidro parish) was achieved thanks to the supply of firearms, ammunition and money provided by regional government representatives, according to National Army First Lieutenant Jesús Leonardo Curvelo.

“Another instruction received from Brig. Gen. Julio Cesar Fuentes Manzulli was to remove of weapons from the Disarmament Plan that were stored in the National Arsenal at the Directorate



President Hugo Chávez and General Julio César Fuentes Manzulli

of Arms and Explosives (DAEX) in order to transfer them to towns in the south of Bolívar, an instruction of which B/G Francisco Rangel Gomez was well aware," said Curvelo.

He also claims that Fuentes Manzulli ordered

the removal of all police records on the man known as "Juancho" kept on the Integrated Police Information System (SIIPOL) for murders committed in Aragua state. He also noted that Juancho has a second identity thanks to the government of Bolívar: Wilson Starling Aponte Rodriguez.

In addition to these reports, few speak of how, when and where the then-commander of the Bolívar State Police met the man to whom he would hand over absolute control over one of Venezuela's richest gold deposits.

The truth is that the idea of providing weapons and unrestricted cooperation to a group to control an entire mining town was seen as a successful experiment, since it yielded weekly profits in the form of gold for top officials of the regional government. Logically, and out of ambition, the plan was replicated in other towns.

From miner to gang leader

The disproportionate display of wealth and power by the members of the Las Claritas syndicate prompted criminal groups in the north of Bolívar to focus their efforts on seizing some gold-rich land in the south. In addition, long-time artisanal, low-scale miners armed themselves to repel the onslaught of gangs from Ciudad Guayana and Ciudad Bolívar. Over time, they ended up imitating their behaviours and codes of the very groups they wanted to repel.

Hussni Rodriguez Cueva is a clear example. Since 2001, he has been legally exploiting a gold concession granted by the government in Guasipati, in the Roscio municipality, which comprised important mines including Cicapra, Campanero, El Caolín, Florinda, El Cuadro, El Muerto and El Muertico. Up until late 2009, these names were known only to those who went deep into the jungle to work in the mines. However, by 2010, practically everyone in the state of Bolívar had read or heard some news about massacres that had taken place in these sectors.

In an interview on June 4, 2014, Hussni Nabil, aka *El Menor* (because he was the youngest of five siblings from Yaracuy), explained that he had to arm himself to prevent gangs from other areas from taking over the land he had been mining for more than a decade. Although in 2011 Decree 8683 revoked his concession, assigning to the state all matters related to exploration, exploitation and commercialisation of gold, for *El Menor*, these were still his lands.

"These holes you see in the zinc sheets are from the last war. It was more than two hours of non-stop shooting," he said as he showed one of his sentry shacks at the El Caolín mine for a report that published that year by *El Estímulo*.

Six months after that interview, *El Menor* was killed while he was on his way to Yaracuy. Anderson Rodríguez Cueva, his brother, took control immediately and continued to defend the family lands, but one morning in February 2017, he and his wife were shot dead in the parking lot of Centro Empresarial 303 in Ciudad Guayana.

The command was assumed by Angelis, the youngest woman of the Rodríguez Cueva family, who was barely a year in charge of the family business before she was killed in February 2018, along with 17 other people, in a procedure carried out by soldiers of the 51st Jungle Infantry Brigade.

After Angelis's murder, the family lost the mines to the National Liberation Army, a Colombian guerrilla group that has 44 percent of its troops in Venezuelan territory,¹¹ according to the commander of the Colombian Military Forces, Luis Fernando Navarro.

Change of industry

In both Lezama's report and Curvelo's claims, two names stand out, which are widely recognised and often mentioned in police stations and in mining towns, namely Yorman Pedro Márquez Rodríguez, better known as *Gordo Bayón* and Phanor Vladimir Sanclemente Ojeda, a.k.a. "Captain." The men were listed as leaders of one of the gangs that allegedly received the most support from the Bolívar government.

The pair is credited with dozens of crimes that have occurred since 2009 in the Vista al Sol parish in Ciudad Guayana; however, there was

one case for which they were issued arrest warrants, were arrested, indicted and then mysteriously released with precautionary measures: a triple homicide in Vista Alegre,¹² which occurred on February 29, 2011, in which José Jaime, Richard Carvajal and Maikel Sánchez were executed.

The Public Prosecutor's Office charged "Captain," Gordo Bayón and Rony Yackson Colomé Cruz, alias Ronny Matón—Captain's right-hand man—, of being the perpetrators, along with two municipal police officers as accomplices. They were arrested and sent to the Maturín prison, known as La Pica. But they were released shortly afterwards with precautionary measures.

Despite his criminal activity, Gordo Bayón made inroads into the trade union movement in the basic industries of Ciudad Guayana, and on May 7, 2012, he even officially joined Sidor staff, while he had still an arrest warrant for the triple homicide.

By 2013, the gang's large logistic and fighting structure was financed with the proceeds of their criminal activities in San Felix and Puerto Ordaz, such as the sale of drugs and weapons, car theft and bank robberies. These crimes were committed with the protection of officials from all ranks. "(...) there is no ammunition for police officers, but there is a group in the regional government that is arming criminals and entrusting them with the protection of various sectors in resource-poor areas," claimed Commissioner Lezama in his report.

A similar situation was described by Army First Lieutenant Curvelo. He said that as a result of this support, Gordo Bayón and "Captain" managed to get hold of important mines in a matter of months: Las Vainitas, in Guasipati; and eight more in El Callao.

11 VOA Noticias, "El 44% de las tropas del ELN ya residen en Venezuela", November 8th, 2019, <https://www.voanoticias.com/a/generalnavarro-eln-venezuela-maduro-guerrilla-conflicto-mindefensa-colombia/5157099.html>

12 Noticias24, "Dos hombres son acusados de un triple homicidio en el estado Bolívar", <https://www.noticias24.com/venezuela/noticia/107670/dos-hombres-son-acusados-de-un-triple-homicidio-en-el-estado-bolivar/>

Gordo Bayón was killed in Caracas on June 2, 2014, as he was leaving the Miraflores Presidential Palace after a meeting of the Steel Industry Trade Union (Sutiss) with the government to discuss breaches in Sidor’s collective bargaining agreements.

After Gordo Bayón’s death, command was assumed by the “Captain,” who held the reins of the gang for the next four years, until October 27, 2018, when he was gunned down by officials from the General Directorate of Military Counter-Intelligence (DGCIM) in Miranda state. An arrest warrant was issued against “Captain” after the “Hands of Metal”¹³ operation—carried out in 2018 against the mafias engaged in illegal mining and commercialisation of gold—, who had just flew back to Venezuela after business trips to Spain and Guatemala. After he died, alias Ronny Matón took over the gang.

The government’s endorsement in this case has also been key for Fabio González Isaza, better known as El Negro Fabio, to operate freely in El Dorado despite having an arrest warrant after Operation Metal Hands. He is the second longest reigning gang leader in southern Bolívar and controls large mines such as San Luis de Morichal, El Chivato, La Pelota, La Pelotica, and virtually all small deposits along the Cuyuní and Yuruari rivers.



13 El Diario Guayanés, “Gobierno pidió orden de captura para 25 capos del oro en Bolívar”, June 7th, 2018, <https://prensaguayanes.wordpress.com/2018/06/07/gobierno-pidio-orden-de-captura-para-25-capos-del-oro-en-bolivar/>

No approval

Although Gordo Bayón and “Captain” took over a large part of the mines in El Callao, they were unable to control the entire municipality because they encountered resistance from other gangs, which have also been identified. Upon arrival in the area they found that there were at least three other organisations: “El Toto” in the El Peru sector; “El Chingo” in Caratal and Remington; and alias “Angelo” and “Ruqui” in La Ramona. Each group controlled a considerable number of mines that helped them finance arms purchases.

In El Perú, El Toto had nine mines under his control, including Yin-Yan, La Janza and El Encanto; in Remington and Caratal, El Chingo had taken over old plants of state-owned Minerven, known as the Remington mine, Caratal mine and La Calicata; meanwhile, in La Ramona, Angelo and Ruqui ran four mines: La Iguana, La Culebra, La Ramona and Virgen del Valle.

These groups had no authorisation from the regional governments—unlike the outside gang—and this led to countless casualties inflicted by the Scientific, Criminal and Criminalistic Investigation Corps (CICPC), the Army, the National Guard, SEBIN, DGCIM and the Bolívar State Police.

The first band to be broken up was El Chingo’s; his arrest in Ciudad Guayana in mid-September 2014 led to the dismantling of the group and the death—at rival hands—of most of its members. His lands were passed on 50 per cent to Captain and 50 per cent to El Toto.

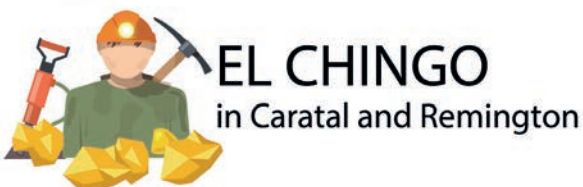
The next leaders to be neutralised were Angelo and Ruqui, who were gunned down in late 2015 by the Strategic Intelligence Directorate of the Bolívar State Police (DIEPEB); the mines are now administered by community councils.



With respect to the El Perú sector, in August 2018 the Army and the DGCIM tried to make inroads into El Toto's domains; according to locals, the measure was taken following the appointment of Tareck El Aissami as Minister of Industries and National Production. "This was not just another military incursion. First they sent the ELN, and then the snipers came in," reported Josué Brito, representative of the United Front of Workers of Mining and Allied Activities (FUTTMAC). One month after this statement, he was executed by troops of the 51st Jungle Infantry Brigade.

But El Toto resisted, and his name came up again in the news in early November 2019, when two statements attributed to him containing serious accusations circulated in El Callao. One was that the governor of Bolivar, Justo Noguera Pietri, gave safe passage to Colombian guerrillas, and the second, that the local mayor, Alberto Hurtado, received gold from them for his electoral campaign. Months earlier, Hurtado was also linked to the criminal gang, but he denied the allegations.

GANGS IN EL CALLAO



Small town, big problems

After El Callao, Tumeremo is one of the towns with the largest gold deposits, with mines like Botanamo, El Limón, El Peregrino, Hoja de Lata I and Hoja de Lata II, Vuelvan Caras, San Martín de Turumbán, Anacoco, El Frío and Nuevo Callao.

Sources in the region, who prefer to remain anonymous for fear of reprisals, agree that this town is a clear example of what happens when criminal gangs start calling the shots.

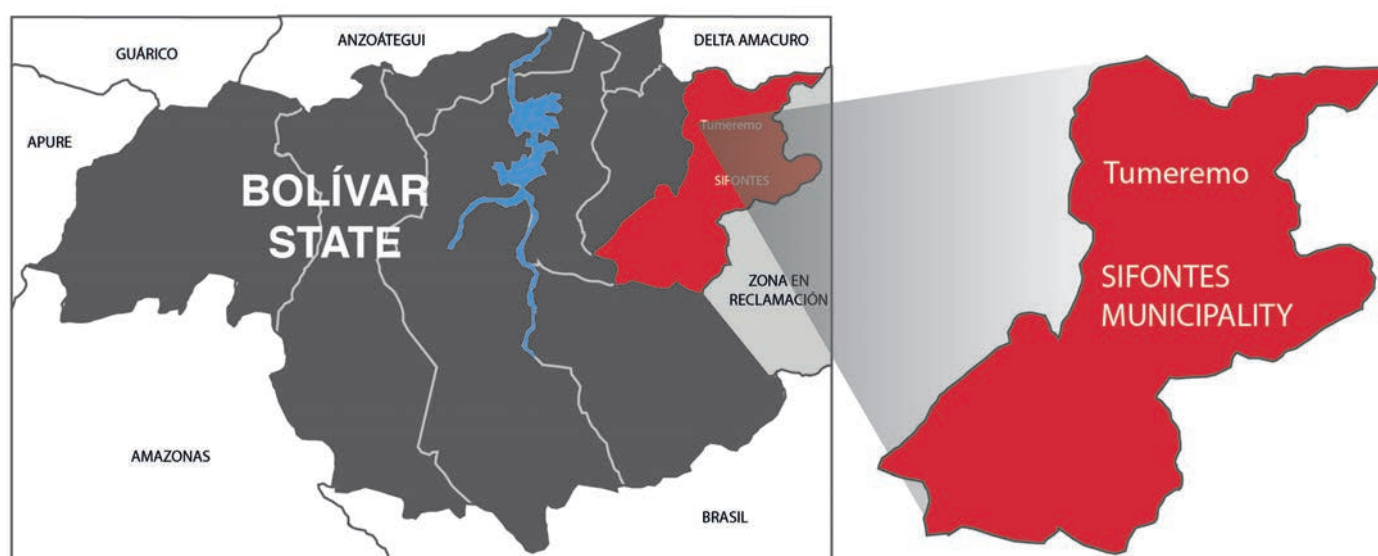
The first warning of things to come in this mining town came on March 4, 2016, when the gang ran by El Topo¹⁴ —the nickname Ecuador’s Jamilton Andrés Ulloa Suárez was known by—killed 21 people. Although the killing was reportedly ordered because of the alleged links of the victims with his rival, Alexandro González Montilla, known as “El Gordo Lisandro,” some sources agree that the cause of the massacre was the Orinoco Mining Arc, the project through which the Chavista government endorsed the exploitation of 111,843 square kilometres

together with national and foreign companies that was announced a few months earlier.

The magnitude of the event went beyond Bolívar’s borders, outraged the country and made El Topo the most wanted man in Venezuela. El Topo was gunned down by SEBIN special forces¹⁵ exactly 3 months after the so-called Tumeremo Massacre or Atena Massacre.

However, his death only created a breeding ground for the perfect conditions that keep people terrorised in every house, street, mine, school and business in town due to the emergence of other armed groups and the shift in power.

El Topo’s demise laid the ground for El Gordo Lisandro, who ran the Tumeremo mines until his right hand betrayed him in early July 2018. His death led to the rise of Joshua Zurita Arevalo, better known as El Coporo, and the emergence of a parallel gang seeking to avenge their betrayed leader and seize power: Leales a Lisandro (loyal to Lisandro).



¹⁴ Runrunes, “El Topo: la leyenda de un pran que se hizo realidad con la masacre de Tumeremo”, March 11th, 2016.

<https://runrun.es/investigacion/252984/el-topo-la-leyenda-de-un-pran-que-se-hizo-realidad-con-la-masacre-de-tumeremo/>

¹⁵ Runrunes, “Sebin dio con El Topo a través de su celular”, May 6th, 2016, <http://runrun.es/noticias/260816/sebin-dio-con-el-topo-a-traves-de-su-celular/>

In addition to the gangs, the ELN is also fighting for power in Tumeremo and Guasipati. One noteworthy example of the actions of this Colombian guerrilla came in the morning of October 14, 2018, when they intercepted a group of people on their way to the Corre Gente mine and murdered seven people, six of them associated with El Coporo's gang.

A week later, a joint law-enforcement taskforce raided the La Caratica neighbourhood and killed seven members of a gang led by El Coporo and his right-hand man, a local known as El Talao.

In February 2019, El Coporo was gunned down by the CICPC in the state of Carabobo,¹⁶ and the gang leadership was transferred to El Talao, who now fights over the land against the ELN and the 3R Organisation, led by Eduardo Natera, a former professional footballer nicknamed El Pelón, who since 2013 worked as an ally of other gangs, but in early 2019 formed his own syndicate and settled in Tumeremo.

In statements provided for this investigation, El Pelón claimed responsibility for Gordo Bayón's death, admitted charging miners extortion money in exchange for letting them work, and confirmed that they receive support from government officials.

GANGS IN TUMEREMO



EL TOPO

Jamilton Andrés Ulloa Suárez



EL GORDO LISANDRO

Alexander Lisandro González Montilla



LOS LEALES A LISANDRO

Josué Enrique Zurita Arévalo



ELN

National Liberation Army (Colombia)

¹⁶ Correo del Caroní, "Fuerzas estatales asesinan a "el Coporo", pran vinculado a masacre minera en Bolívar", February 8th, 2019, <http://www.correodelcaroni.com/index.php/sucesos/1269-fuerzas-estatales-asesinan-a-el-coporo-pran-vinculado-a-masacre-minera-en-bolivar>

Guerrillas gaining ground

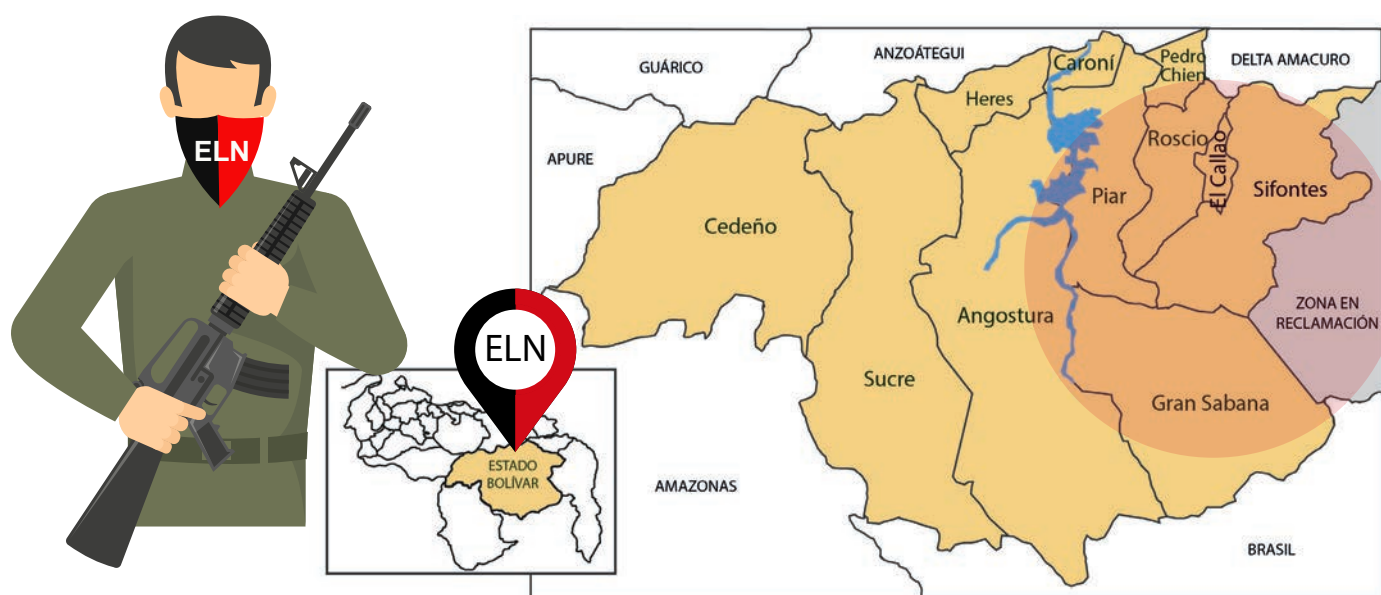
In the fight for control of the territory, the Colombian guerrilla continues to gain ground. The ELN turf is quite extensive, ranging from the border of the Piar and Roscio municipalities to the border between Sifontes and Gran Sabana.

Despite the fact that the crime syndicates have blocked access to any more mines deeper upstream into the mountains in the indigenous communities of San Luis del Morichal, San Antonio and San Francisco de Paruruwaka, the guerrillas have found support from—and new partners in—some locals.

“The guerrillas provide ‘security’ for the indigenous groups against other armed gangs, and in turn the Pemones allow them to profit from mining activities. It’s normal to come to these places and find boys and girls dressed in camouflage or black clothes, with red and black badges and carrying assault weapons that are bigger than them,” said a local who preferred to remain anonymous.

In addition to the murders, mining and extortion of cattle ranchers, there is another activity¹⁷ in which the ELN engages and is a source of great concern for those who work with—indigenous or other—communities in the south of Bolívar, which is the recruitment of young people into the ranks of the guerrilla group. “They are offered up to \$300 a month to join them,” they explained. The amount is extremely attractive when compared with the meagre \$10 a person earns as minimum wage in Venezuela.

While this is happening, national and regional authorities claim that there is no presence of any kind of guerrilla in Venezuela, and they play down all reports, as evidenced by the statements made in October 2018 by Major General Jesús Mantilla, then commander of the Strategic Integral Defence Region (REDI) Guayana. Referring to the “El Candado Massacre,” he assured that in Bolívar “there are no subversive groups, or guerrilla groups as such, they are just some boys who wear some specific kind of garment.”



¹⁷ Insight Crime, “El ELN opera en 12 estados de Venezuela”, November 13th, 2018, <https://es.insightcrime.org/noticias/analisis/eln-opera-12-estados-venezuela/>

From food technologist to guerrilla man



Officers of the Bolivarian National Armed Force (FANB) are not only accused of alleged inaction with respect to Colombian guerrilla groups, but they have also been blamed for helping recruit young people. A gunfight between members of the FANB and insurgents in southern Bolívar on March 1, 2019 raised these alarms.

The official version was disclosed through a news report sent by REDI Guayana through WhatsApp, informing that commissions from Detachment 624 of the National Guard and 512 of the Army Jungle Infantry Battalion were ambushed in the Pariche sector in Tumeremo, in the Sifontes municipality.

The report included photos of the bodies, four men and a woman, all half-naked, who were said to be carrying weapons of war, high-calibre ammunition and explosives. There was no mention of the fact that they were wearing military uniforms, which were removed before the photographs. However, photos of the dead taken before they were undressed were leaked days later.

Four days after the skirmish it was revealed that one of the victims, Francisco Javier Solórzano, had been captured by army officers in Elorza, a town in Apure, and later handed over to the ELN in Tumeremo after a series of lies.

A military officer who was friends with him said that Solórzano was contacted in early November 2018 by army officers who offered him work as a bodyguard at the Fuerte Tiuna military fort in Caracas, despite having no experience in handling weapons.

“He came to Caracas and spent several days taking care of the paperwork to get the job. He was staying here at Fuerte Tiuna and that’s when we started talking. He told me that he was a professional technician in Food Production Technologies, that he was married and had two kids. Although he had no weapons training, he would take the job because of the pay,” the officer said after learning of the young man’s death.

Once the paperwork was completed, Solórzano returned to Elorza to wait to be contacted. In early 2019, he was called up and told to come in on January 13 to start working. The boy complied and arrived in Caracas as told. However, he did not start working there, but was presented with a new proposal, to work in Bolívar.

“We talked about it and in the end, he decided to accept, because of the money, because it was better than the Caracas job. Francisco believed that, because it was a jungle, everything would be more peaceful. He left on January 14 by land with other people who had been contacted in the same way; they were from Barinas, Apure and Táchira,” the soldier recalls about the last time he saw his friend alive.

The next time they talked was on the night of January 15, when Francisco called him on the phone and told him that the job was not in Fuerte Tarabay in Tumeremo, but with the ELN. “The commander of that fort threatened them with harming their families if they said anything,” he added.

A month passed before Francisco contacted his friend again. He told him that the pay was in gold and that it was more than what the Venezuelan Army had offered, invited him to join the group and then the call fell through. No other contact was made after that... until he found out on Twitter on March 1 about his friend’s death.

WHO IS RESPONSIBLE FOR ENSURING SECURITY IN THE GOLD BUSINESS?

Article 13 of the decree that created the Orinoco Mining Arc sets forth that the Bolivarian National Armed Force, in conjunction with the organised people's power, is the institution responsible for safeguarding, protecting and maintaining the harmony of the operations carried out in that territory where different minerals of the nation are mined.

The rules also sets out that the FANB must develop a Comprehensive Security and Defence Plan for this area and station the corresponding units assigned to the relevant regional command.

The decree fails to specify which branch of the FANB is in charge of safeguarding the activities developed in the Mining Arc; however, according to the current organisation of the Armed Forces, this task should be entrusted to the heads of the Strategic Integral Defence Region (REDI) of Guayana and the Operational Integral Defence Zone (ZODI) of the same region. The Ministry of Defence also has responsibility in this area.



Vladimir Padrino López
Minister of Defence



**Humberto Enrique
Núñez Hernández**
G/D
Head of ZODI Bolívar



**William Miguel
Serantes Pinto**
Admiral
Head of REDI Guayana



Mining community in the state of Bolívar



3

INSIDE HELL. LIVING AND WORKING IN A MINE

INSIDE HELL. LIVING AND WORKING IN A MINE

The criminal gangs that have taken root in the mining towns of Bolívar copied the structures of gang leaderships in Venezuelan prisons, and control with an iron fist everything that happens inside and outside the mines. To ensure respect, they set up a sort of violence stoplight that determines the punishments applied to those who fail to follow their rule. For the first case of non-compliance, the punishment is a beating; if a more serious crime is committed, a limb is mutilated; for the third breach, the penalty is death by dismemberment

A black man in his fifties, nicknamed “Caracas,” was the driver that day on the route to El Caolín, a mine located in one of the richest gold deposits in Guasipati, in the Roscio municipality, in the south of Venezuela.

He drove an old red pick-up truck along a dusty, bumpy road leading to a crossroads on a ford in the Yuruari River known as La Ye. After a two-hour drive into the middle of nowhere, the journey was first interrupted.

Stop right there! Who’s there?

— a young, mid-size man asked Caracas as he pointed an AR-15 rifle at him. He and the rest of the armed men with him recognised the driver, but they still did not stop pointing the gun at him.

The aggressive attitude at the checkpoint made the visitors think that that would be the end of the journey, and that they would not be able to visit the place where large amounts of gold sands are extracted, but the feeling soon changed.

Stop pointing that gun at us, I’m in the line of fire!

— ordered a woman who came with Caracas and the other unknown passengers in the trip between Guasipati and that crossroads.

They’re with me!

— added the woman, and the group of men at the checkpoint lowered their weapons and looked at the rest of the passengers.

After crossing the ford and driving pass the armed men, they were able to find the mine they were looking for, a place that can easily be compared to an open-air prison. Workers there claim that it is hell, but they say it quietly for fear of retaliation from those in control, pranes or leaders of criminal gangs who impose their rules by force, knives, guns, rifles, grenades...

A parallel state

Gariteros, or checkpoint men, who are in charge of controlling access to the mines, are the last link in the chain of command that has been set up by the criminal gangs operating in the mining towns of Bolívar state.

These organizations have developed an entire para-state structure that allows them to secure weapons and defend themselves against those who try to displace them from one of the richest places in Venezuela.

In an attempt to keep their bloody campaign going, the **trenes** (trains), as the criminal groups are known, have copied a structure that resembles that of the Armed Forces. Each link in the chain of command has a specific role, with the ultimate aim of ensuring their survival and domination.

The form of organisation imposed by the “trains” is also similar to the system put in place by the criminal gangs in Venezuelan prisons, in which the men known as pranes have surrounded themselves with a group of people who help them operate and ensure continuity of their power.

In the mining villages the train, or main gang, has a number of **bases**, or groups that exert direct control over the mines. A mining crime syndicate will have as many bases as mines under their control.

According to the organisations interviewed, the leader of the train is known as the **patrón** (boss) or principal, and usually has two trusted men, who are referred to as the **second** and **third**.

The triad formed by the train’s leader and his two trusted men is in charge of appointing the **zone chiefs** for each base, who in turn designate an assistant or **right-hand man**.

Lower ranks

In turn, each of the base commanders assembles a team of trusted men, to whom they give a portion of the gold they confiscate from the miners in exchange for their loyalty, support and defence.

In the mines, **shock troops** are formed to respond to any threat the base might face. These troops are generally made up of men between the ages of 20 and 25 capable of engaging in armed incursions into mines controlled by other gangs. Many use drugs to “sharpen” their senses and build up courage during raids on enemy territory or clashes with invaders. These groups are usually led by former military or former police officers.

The mines are also protected by **luceros**, lookouts who watch and tour the base incognito performing intelligence tasks. This group is usually composed of men aged 25 to 30 who usually try to go unnoticed and therefore are not always armed.

Another sub-group that supports the base is the **social management** group. These are men and women between the ages of 35 and 60 who are responsible for providing services to the miners who live and work in the occupied area.

In addition to the social management team, there is also a **logistics** team that ensures that the base has all the supplies it needs. This group is composed by men between the ages of 30 and 40 who travel daily to the mining towns to stock up on supplies. They’re always in cargo vehicles assigned by the gang. This is another task that is mainly performed by former police and military officers.

There is another group in the mines known as **cocos secos**, entrusted with the task of causing fear among the mining population. They are seen as a kind of executioners who punish those

who do not follow the rules imposed by the base. They are characterised by being always under the influence of drugs, marijuana and medicinal syrups. This group can be made up of anyone who meets the criteria for a bloodthirsty killer.

Apart from the organisation itself, the effective operation of these criminal enterprises depends largely on the loyalty of the lower ranks to their superiors and the trust that the bosses place in them.

The bases in the various municipalities of Bolívar are vulnerable if any of these elements fail, so each chieftain cracks down on any instance of disloyalty and lack of control, as they say happened in the Yin-Yan mine, located in the El Perú sector, El Callao, in early January 2018.



“Exemplary punishment”

They made him kneel on the side of a dirt road in the middle of nowhere. Six armed men surrounded him and ordered him to remain still. They needed to tie him up so they could mutilate him with a blunt knife. Laughs, blows and threats were also part of the scene that was recorded on video.

They started with his tongue. They forced him to chew it up and swallow it. Then they moved on to his right hand. He had to place it on a rock, and they amputated his fingers with several blows. They did the same with his left hand. The punishment was not enough for them. One held his head high, while another blinded him with the same knife. He was screaming and writhing in pain. They laughed at the sadistic punishment on a deserter accused of theft.

On Sunday, January 13, 2018, Leocer Lugo Maíz was abandoned to his fate by Julito Frentón and his people. Miners coming out of the Yin-Yan mine helped him and took him to Dr. Juan German Roscio Hospital. He survived and now asks for help so he can cover his expenses.

“Life in the mines is all about following the rules and working. Whoever goes astray, pays dearly the consequences,” explains José, a Caracas teacher who was forced to work in the mines in order to support his family. He has been for 5 years in the south of Bolívar and with his current job he has been able to provide for his wife, and two children going to university in the Venezuelan capital.

Although there are no written rules anywhere, José knows that the criminal groups operating in the mines have set up a sort of violence stoplight that represents the three stages of misconduct in the mining population. For the first misdeed, the alleged offender is either beaten up, fined or forced to leave the mine. If an offence is committed for the second time, they cut off a limb. The punishment for the third breach is death by dismemberment.

These crimes often go unnoticed. The bodies of the victims are thrown into mass graves and their families can never recover them. Thus, in addition to the grief from the loss of a loved one, they have the misfortune of not having their remains for proper burial to honour their tradition.

José recalls that in the past, punishment was done in private. “They used to apprehend the offender, take him deeper into the mountain and he just didn’t come back. But now it’s as if they want everyone to see it, to instil fear, to sow that psycho-terror, as they call it. That way they avoid a chain of events that could jeopardise the system” (the term he uses for the gang).

Although he is aware of the cruelty and ghoulish rule of criminal groups, he sometimes seems to justify the way the bases operate: “Without the rules of the system there would be total anarchy, and thus, other armed groups would try to take over this area. And here, better the devil we know.

Living under gang rule

Carolina runs a makeshift restaurant at the Yin-Yan mine. She arrived in 2016 from Puerto La Cruz, Anzoátegui state, to make money for her son's surgery, who was 12 years old at the time and had been diagnosed with a benign tumour in one of his kidneys, which prevented him from being signed by a Major League Baseball team. "This is very difficult, but I'm doing it for his future," she says in tears.

She gave up the comfort of her life in the city to go and live in a 6-square-metre shack, relieve herself in a latrine, contract malaria at least twice a year, live with people of various educational backgrounds, share her earnings with the zone chief of that base and follow the rules imposed by the group.

"The first thing they do when newcomers arrive is to isolate them and question them. They don't hurt them, but they threaten them. It can be up to two days of confinement, where they ask simple questions, who you are, how you got there, why that mine; and tougher ones like who sent you to spy on us, who your boss is, which gang you answer to. It was horrible for me, but I passed the test," she says.

After being screened by the gang, she was explained what she could and could not do, as well as the consequences of disrespecting the rules. "I've seen absolutely everything," says Carolina.

Referring to the rules, she explains that there is nothing written, yet she recites them as a prayer: "No gossip, inside or outside the mine, no fights and of course no stealing. Lights (travel permits for the mining population) must be respected, no photos, no videos, and protection money is paid on a daily basis.

The rules apply both to those who arrived after the criminal gangs imposed their rule and to those who had been years living in the mining sectors, as is the case of José González, known as El Viejo or El Pure (the old man). The man from Barlovento has been working for more than 10 years in a grocery store in Vuelvan Caras, a gold deposit near the Essequibo, and claims that he must pay a fee of up to 30% of his sales to the gang known as Fundación 3R to be allowed to work.

Miners propping up the system

"I've been a miner for 40 years and I've witnessed this whole mess. We used to work on our own and for ourselves. Now we are providing for the very people who screw us over... and I know what I'm talking about: Thugs don't work in the mines, they come with weapons and take over a piece of land where there are people who do know how to work the mine," explains Eduardo, born in El Callao 55 years ago.

After recounting the emergence of the armed groups that now control every inch of southern Bolívar, the veteran blamed the government for the situation and complained that there are no concrete plans to "protect ancestral artisanal mining."

"The government has criminalised us. Mining has been in the region for more than two centuries and had never had an impact as great as now. Previously, the gold remained in Venezuela, but now more than 80% of the gold leaves the country, and the government does nothing about it... as long as they get their cut, the gangs and mafias do as they please," he complains.

Eduardo also explain that artisanal miners are trapped in the midst of this spiral of corruption; miners are the one who get into the 70-metre deep ravine to extract the ore that is then taken to the mills to get the gold out, which changes hands several times until it is smuggled out of Venezuela by the mafias, or until it reaches the Central Bank of Venezuela.

“Unfortunately, we are supporting two systems that screw us over, one that criminalises us and another that charges us up to 30% of what we make for allowing us work our own lands, and also impose conditions to do so and thus bring food to our tables. Miners have always been exploited, to a greater or lesser degree... and apparently, we will continue to be exploited in the future.”



A STATE IN RED HANDS



Governor: Justo Noguera Pietri (PSUV)

The **state of Bolívar**, home to the Orinoco Mining Arc project and battlefield of the bloody gold wars, is ruled entirely by members of Nicolás Maduro's ruling party or allies. Of the 11 municipalities in the state, 10 are ruled by mayors from the United Socialist Party of Venezuela and in 1 the incumbent governor is a leader of the Tupamaro Revolutionary Movement (MRT).



Sergio Hernández (PSUV)
Mayors
Heres Municipality



Tito Oviedo (PSUV)
Mayors
Caroní Municipality



Sol Rubinetti (PSUV)
Mayors
Municipality Padre Pedro Chien



José Alejandro Martínez (PSUV)
Mayors
Roscio Municipality



Vicente Rojas (PSUV)
Mayors
Sifontes Municipality



Alberto Hurtado (PSUV)
Mayors
El Callao Municipality



Soraida Valor (PSUV)
Mayors
Sucre Municipality



Rafael Gutiérrez (PSUV)
Mayors
Cedeño Municipality



Jhean Pablo Lira (PSUV)
Mayors
Angostura Municipality



Yulisbeth García (PSUV)
Mayors
Piar Municipality

Gran Sabana* In the municipal elections of December 2017, **Emilio González**, from the opposition IPP party, won the mayoral elections. However, after the events of February 23, 2019, when humanitarian aid was expected to arrive in the country, González said he was being persecuted by the authorities of Nicolás Maduro's government and went to Brazil. Four months later, in a highly irregular and criticised decision of the Gran Sabana Municipal Chamber, González was declared absent and the president of the Council, Jose Alejandro Barreto, from the Tupamaro Revolutionary Movement (MRT), was designated as acting mayor.

4

**BOLIVAR STATE,
BACK TO PRIMITIVISM**

BOLÍVAR STATE, BACK TO PRIMITIVISM

Despite the high risks involved in illegal mining, the urge to make money in the midst of the economic crisis has driven thousands of Venezuelans to take up this trade, including former workers of the companies of the Venezuelan Guayana Corporation, who after the silent and progressive dismantling of the industries have chosen to leave their workplaces and go into the mines. The glitter of gold has also prompted an internal migration towards Bolívar, where illegal mining and other atrocities have destroyed the environment and society

It is Sunday, and Ciudad Guayana's main open air market, known as El Perolero de Alta Vista, in the state of Bolívar, is filled with stands selling coveralls, shirts and trousers that were used as uniforms in the companies of Corporación Venezolana de Guayana (GVG), which was regarded as the nation's non-oil economic alternative in the 1970s.

Zuly Pereda, a 43-year-old saleswoman, says the work clothes have a high turnover, thanks to men and women searching for gold in illegal mines. "The miners buy all this because they're made from a tougher material, good for working in the mines," she says.

The sale of uniforms and the fact that they are purchased mainly by illegal miners are a reflection of the current reality of the region, where the conglomerate of state-owned companies in charge of processing raw materials have been dismantled, while their workers now have become gold miners, in what has been regarded as a return to 19th-century extractivism.

A clear example of this decline is the "Alfredo Maneiro" Siderúrgica del Orinoco steel mill (SIDOR). The state-run company with the largest payroll in the area is completely shut down and

its more than 15,000 workers stay at home due to lack of transportation and lack of raw material to be processed at the plant.

The steel mill's production hit an all-time high in 2007, with 4.3 million tons of liquid steel, when it was operated by the transnational consortium Techint. But after its re-nationalisation in 2008, the company spiralled down. At the end of 2018, production stood at barely 50,129 tons of liquid steel, according to unofficial figures.

Another emblematic state-owned company in ruins is Venezolana de Aluminio (Venalum). Despite having an installed capacity of 905 aluminium reduction cells, only 59 cells were operational as of March 7, 2019, i.e., only 6.5%. On the morning of the next day, the plant was shut down, after spending 10 hours without power due to a major power outage that affected more than 90% of the country.

As of March 8, more than 5,000 aluminium workers were sent home. With meagre salaries minimised by a record hyperinflation that has slashed Venezuelans' purchasing power since November 2017, livelihood options are scarce and, in many cases, are limited to various forms of illegal mining.

Changing trades

Pedro González travels twice a week from Ciudad Guayana to El Dorado, in the south of Bolívar, to sell petrol in open-pit mines. For four hours, he drives along Troncal 10, which connects Venezuela with Brazil, to reach the gold mining municipalities.

Although what he does is illegal, he claims that no one stops him because he pays bribes to the police, the Armed Forces (FANB) and the Intelligence Service (SEBIN), which set up checkpoints in the area, and in some cases, are actively engaged in smuggling.

Selling fuel allows González to buy food for himself and his wife for the week, but that is not what he went to school for, and it is not what he thought he would be doing after more than 20 years working as a steel hot rolling maintenance technician at SIDOR.

Fuel is one of the most sought after products at the mines, as power generators, hydraulic hammers, crushers and mills used to extract the gold run on petrol or diesel. A 200-litre drum of petrol delivered inside the mine can cost up to 10 grams of gold. According to the sellers, that price already includes the bribes they have to pay to state security forces.

A reduction technician from the state-owned aluminium company Alcasa, who asked to remain anonymous, also followed in González's footsteps. In early 2019, he decided to leave the company where he had worked for 15 years to go to the mining areas in search of a livelihood that would allow him to weather the complex humanitarian emergency the country is facing.

"Now I deliver supplies to the mines for a living, I take everything from rice to petrol, but every time I do that my life is in danger. Although I am not a miner, I work for them, we are all in this circle now," he admits.

Ricardo Pérez is one of the hundreds of thousands of men and women who have poured into the Bolívar mines. He used to work at the state-owned alumina refinery, Bauxilum, but after operations were shut down and the company stopped providing transportation, he took this as an opportunity to leave for Las Claritas, in the Sifontes municipality, where the fourth largest gold mine in the world is illegally exploited.

Pérez traded his office for a chance at earning in gold, and with a pick and a shovel he now extracts the rocks that help him support his family.

For Luis Guzmán, an engineer who works in Bolívar devising ideas for the Country Plan, the destruction of one of the main industrial parks in Latin America is part of a deliberate strategy.

"Ciudad Guayana is not an industrial city; all its companies are shut down and people need to work in whatever they can find in order to make ends meet (...) It is a premeditated plan to destroy these companies and make people turn to barbarism and primitivism," he says.

A painful fall

José María Fernández, researcher and Ph.D. in Training, Employment and Regional Development, claims that Guayana was the place where most of the income from the oil sales was invested, to develop three large sectors: steel, aluminium and power.

This development, he adds, peaked between 2004 and 2007. During this period, the metal industries reached production highs, matching their installed capacity. But 2008 was a breaking point, when President Hugo Chávez decided to re-nationalise SIDOR, after a decade being privately managed. The decline in production began not only in the steel industry, but also in the rest of the state-owned companies. In 2019, production was shut down.

Fernández is emphatic in pointing out that the cause of the collapse was the implementation of inadequate policies. He insists that the companies in Guayana were stripped of their fundamental mission, which was to produce and make a profit.

In addition to the nationalisations, 2008 also saw the beginning of “workers’ rule” in Guayana’s basic industries, which was basically giving workers power over the industries, under criteria of “participation and transparency.” This soon became a breeding ground for corruption and patronage, while production was left off the list of priorities.

The next attack these companies endured was the militarisation of the boards of directors, in detriment of academic training and professional experience. A clear example is the current governor of Bolívar, Brigadier General Justo Noguera Pietri, who was president of SIDOR and CVG, while at the same time held the office of Vice Minister of Industrial Development and Coordinator of the Mayor’s Office of Caroní.

A report prepared in May 2016 by a special commission of the National Assembly on basic industries, claimed that these were characterised by: absence of managerial instruments; long-term disinvestment in maintenance and technology; exponential increase of production costs; appointment of inexperienced staff; increasing centralised decisions; high indebtedness and serious noncompliance with labour and environmental obligations.

Against this backdrop the Orinoco Mining Arc (AMO) was created in February 2016, through which the government endorsed mining in about 112,000 kilometres in the north of the state of Bolívar and part of Delta Amacuro and Amazonas. Gold mining soon became a form of sustenance, in the midst of an organisational structure marked by violence and the establishment of a para-state that is increasingly gaining ground over formal institutions.

“When the AMO was created by decree in 2016, green light was given to gold mining. The grave deterioration of Guayana’s industries, and the wealth generated by mining, means that economic activity in the area does not rely on funds generated by basic industries, but on gold,” said Fernández.

Small and medium-sized companies that no longer provide services to basic industries now sell part of their unused equipment to miners or even manufacture equipment for extracting and processing of gold.

“The saddest part about what’s happening is that after mining, there’s nothing left. And this is not a theory; we already experienced it with the first mining activities,” noted Alfredo Rivas Lairet, former president of SIDOR and director of the aluminium companies.

The first added value of the development of basic industries in Guayana was the consolidation of stable and decent work, he said. "Now there's nothing."

All that glitters...

The booming illegal mining, in a context of economic crisis, has not only attracted former workers from Guayana's basic industries, but has also drawn the attention of hundreds of outsiders who leave their home towns to go deep into jungle and into the gold mines. Thus, while millions of Venezuelans migrate to other countries in the region in search of better economic opportunities, internal migration to Bolívar has also escalated.

Johana is one of the women who chose to turn her life around in order to earn enough money to feed her four-year-old son. She is a young woman from Cabudare, Lara, and she decided to leave her hometown in early July to go into the thick jungles of southern Bolívar drawn by the precious metal. However, the short, medium-framed woman, with voluptuous natural curves, does not work in mining, but in what is commonly considered the oldest profession in the world.

"It was very hard for me to make the decision, but I was not making enough money, and my son needed to eat, wear clothes, go to school and be healthy. I was working in a shoe store and I would spend a month's salary in one day; it was just not enough. A friend of mine had already done this and she explained to me clearly the pros and cons (...) I thought about it for a week, and I decided to do it. I left my son with my mother and came here," says the 23-year-old woman as she brushes her brown hair.

She says that her friend paid for the expenses, on the condition that she pay her back as soon as she started working. They arrived in Tumeremo at noon. Later that afternoon, she had paid her debt to her friend and had sent some money for his son and mother in Cabudare. By nightfall, Johana had earned 10 grams of gold, the equivalent of 82 minimum monthly wages including food stamps.

"The first day, everyone wanted to be with me because I was the new one. But I have my limits, and I was only with 7 men... at 2 grams per half hour. I know it's disgusting, but I don't think about that, I just think about my son, my mom and that's it. I wasn't raised to be a whore, but that's what the situation in the country forced me to be, and that's what I'll do until it gets better," she sighs as she looks at her son's most recent photo on her phone.

In just one week, Johana had a list of regular clients, whom she served by appointment. This allows her to have a weekly estimate for her personal expenses and send remittances for her family.

"They come because the country is falling apart and the money in the city is not enough for anything, but the risk they take is indescribable. These are lawless areas and no one can guarantee their safety. If a thug wants to be with one of them, he simply takes her, the easy way or the hard way... and if she doesn't let it happen, she disappears forever," explains Humberto, a miner born and raised in Tumeremo.

In the last three years, he adds, beautiful girls have taken mining villages by storm to engage in prostitution. "They come from places as far away as Maracaibo, Mérida and San Cristóbal, and as close as Ciudad Guayana and other mining towns," he points out.

In the entire southern portion of the state of Bolívar, the only agency that keeps records of women in prostitution is the Bolívar State Police (PEB) in El Callao. One official, who chose to remain anonymous, estimated that by the end of

2018 there were about 3,500 women working in prostitution, but that due to the mass migration into the mines in southern Venezuela the number is rising every day.



Gold, weapons and drugs



The gold rush has also led to the proliferation of an assortment of illegal activities and businesses that has made the region plunge into great darkness. One of the businesses booming in the mining areas is the sale of arms and ammunition, essential supplies for criminal gangs that control illegal gold mining. Those with the largest arsenal are more likely to be able to repel attacks from enemies and thus ensure dominance over the business.

As reported by former SEBIN Chief Commissioner José Gregorio Lezama and exiled Army First Lieutenant Jesús Leonardo Curvelo, the issue of firepower of the mining gangs is really worrying; not only because they have such weapons, but because they can continue buying them while they continue to profit from gold sales.

“If you have the money, you can buy anything you want: guns, revolvers, rifles, machine guns, grenades, land mines, rocket launchers and ammunition by the case or by the drum. Currently prices are in dollars or gold; few accept bolivars for this type of business,” reported by telephone one of the members of the criminal gang known as El tren de Guayana.

He explained that the cheapest item on the market is revolvers, with a maximum price of US\$500, while an AK 103 (a weapon used by the National Armed Forces) can sell for up to \$5,000.

“Bullets also have different prices. They range from \$50 for 9 millimetres or up to \$100 if they’re .380 calibre. Bullets for rifles are usually sold in drums (the same drums used to store up to 200 litres of any liquid) and carry about 10,000 rounds of ammunition, at a cost of one dollar per bullet... that is, \$10,000 for one drum,” said the young man, who asked to remain anonymous.

Regarding drugs, he noted that the most traded narcotics in southern Bolívar are creepy marijuana, worth some \$1,600 per kilo, cocaine, which can go for up to \$5,000 for high purity stuff, and a cough syrup with a high codeine content, at \$10 per bottle.

“Everything, weapons and drugs, comes down from Puerto Ordaz or San Félix (cities in north Bolívar). In some cases, they’re smuggled in secretly, and sometimes, they arrange the transport beforehand with guards, police or the army. Sometimes they even do them the favour of taking the cargo down (south),” he said.

Deforestation and death

The most atrocious consequence of the transformation of Bolívar is on the ground. The illegal mining boom in the state, of gold and other minerals like coltan, has wiped out ecosystems of global interest, as these areas are part of the Amazon. It has also had an impact on the lives of indigenous peoples and the unique biodiversity of the area.

An report¹⁸ published by Efecto Cocuyo in partnership with the Organised Crime & Corruption Reporting Project emphasised the environmental havoc wreaked by the implementation of the Orinoco Mining Arc, which includes not only the destruction of forests but also the pollution of soil, air and water by the use of mercury, described as the sixth most lethal contaminant for life on the planet, according to the United Nations International Program on Chemical Safety, and the main ingredient in illegal mining in Venezuela.



¹⁸ Arco Minero del Orinoco, "Arco Minero del Orinoco, crimen, corrupción y cianuro", <https://arcominerodelorinoco.com/>

The report reviewed a satellite image (Landsat) analysis carried out by NASA, which establishes the extension of deforested areas in the mining municipalities of Bolívar state, which total 1,058 square kilometres (equivalent to 141,000 football pitches) only between 2001 and 2014, before the start of President Nicolas Maduro's mega mining project.

The environmental disaster has reached Canaima National Park, declared a World Heritage Site by UNESCO and considered one of the most striking destinations in Venezuela.

Another research report¹⁹ published by Runrunes confirmed the existence of an open-pit gold deposit in Canaima (a national park) where hundreds of indigenous people go to work every day. The Pemón, original inhabitants of the area, driven by the collapse of tourism, have engaged in illegal mining in order to survive. The gold mined in the area is illegally smuggled out of the country in tourist planes owned by a local businessman.



¹⁹ Alianza Rebelde Investiga, "Canaima, el paraíso envenenado por el oro", 2019, <https://alianza.shorthandstories.com/canaima-el-paraiso-envenenado-por-el-oro/index.html>

Institutions behind the gold

- 1** | MINISTRY OF ECOLOGICAL
MINING DEVELOPMENT
- 2** | CENTRAL BANK OF VENEZUELA
- 3** | VENEZUELAN MINING CORPORATION
(CVM)
- 4** | MINERVEN
- 5** | MINISTRY OF INDUSTRY
AND NATIONAL PRODUCTION

MINISTRY OF ECOLOGICAL MINING DEVELOPMENT

1

MINISTRY OF ECOLOGICAL MINING DEVELOPMENT

The Ministry of Ecological Mining Development was created on June 9, 2016, as per Decree No. 2350, published in Official Gazette No. 40922. It is the governing body of all mining activities in the country, responsible for the development, use and control of non-renewable natural resources. Since its creation, four ministers have been in charge:



**Gilberto Amilcar
Pinto Blanco**

He has been Minister of Ecological Mining Development since August 12, 2019. He held the positions of Minister for Fisheries and Aquaculture (2017), Vice-Chairman of the Defence System and FANB Committee of the Constituent Assembly (2017), Deputy to the National Assembly for the state of Sucre (2015), Head of Government of the Island Region (2014) and Commander General of the Bolivarian Navy (2013). He was promoted to Admiral.



**Víctor Hugo
Cano Pacheco**

He was Minister of Ecological Mining Development from August 2, 2017 to August 12, 2018. During his administration, he reported figures on gold deliveries from the Orinoco Mining Arc to the BCV, as well as the number of partnerships with independent miners. Previously, he served as Vice Minister for Exploration and Eco-mining Investment (2017) and acting president of the Bolivarian Agency for Space Activities (2013).



**Jorge Alberto
Arreaza Montserrat**

Minister of Ecological Mining Development from February 19, 2017 to August 2, 2017. At the head of this ministry, he appointed acquaintances into the board of directors of the Oro Azul joint venture, which owns the 46 gold bars seized in Aruba in February 2018. He was Minister of University Education, Science and Technology (2015) and Vice President of the Republic (2013). As of November 2019 he is minister of Foreign Affairs in the Maduro administration.



**Roberto Ignacio
Mirabal Acosta**

He was the first Minister of Ecological Mining Development, a position he held from June 9, 2016 to February 19, 2017. During his administration, the Siembra Minera, Parguaza and Oro Azul joint ventures were established. He had been previously appointed legal consultant to the National Electoral Council (2010) and director general of mining concessions at the Ministry of Basic Industries and Mining (2009).

2

CENTRAL BANK OF VENEZUELA

The Central Bank of Venezuela is the entity in charge of regulating and conducting operations in the gold market, which include purchases in the domestic market, safekeeping and commercialisation. Since the creation of the Orinoco Mining Arc, the BCV has had four presidents:



Calixto José Ortega Sánchez

He has been president of the BCV since June 2018. During his administration, several media outlets have reported the official looting of gold ingots in international reserves, as well as those coming from the Orinoco Mining Arc. He is a nephew of Supreme Court Justice Calixto Ortega. Before that, he was Vice President of Finance at PDVSA's U.S. subsidiary Citgo (2017) and Consul General of Venezuela in New York (2014).



Ramón Augusto Lobo Moreno

He was president of the BCV between October 2017 and June 2018. During his term in office, he announced the controversial sale of 5-gram mini gold bars intended as a savings method for the people in Venezuela. Before being appointed minister of Mining, he served as sectorial vice-president of Economy and Minister of Economy and Finance (2017), and was also a member of the National Assembly (2011-2017).



José Ricardo Sanguino Cárdenas

He was president of the BCV between January 2017 and October 2017. Previously, he was a deputy to the National Assembly, a position he has held since 2000. He led Parliament's Committee on Finance and Economic Development from 2007 to 2016. In July 2016, during a plenary session of the National Assembly, he defended the BCV and admitted that the gold sales operations were secret.



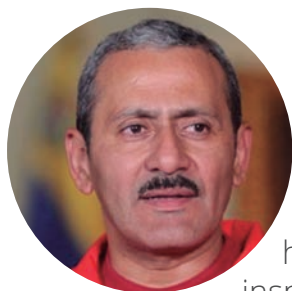
Nelson José Merentes Díaz

He was the president of the BCV when the Orinoco Mining Arc was created. He served two terms (2009-2013 and 2014-2017). His stint at the ministry coincided with the largest revenue flows coming into the country. Still, large debt operations were conducted and billions of dollars were squandered. He was Minister of Economy and Finance (2013; 2007; 2001) and Congressman (1998), among others.

3

VENEZUELAN MINING CORPORATION (CVM)

The Venezuelan Mining Corporation is an agency in charge of carrying out primary activities of exploration and exploitation of gold and other strategic minerals. It represents the Venezuelan state in three of the four joint ventures set up to mine gold. Since the creation of the Orinoco Mining Arc in February 2016, it has had four presidents:



**Carlos Alberto
Osorio Zambrano**

He is the acting president of the CVM since June 21, 2019. Since his appointment, he has allegedly carried out inspections of mining areas in the south of Bolívar. He was Minister of Land Transport and Public Works (2017), Food (twice 2010; 2015) and of the Office of the President (2014), he was also President of the Venezuelan Guayana Corporation (2013). He is an Army major general.



**Víctor Hugo
Cano Pacheco**

He was appointed acting president of the CVM on August 28, 2017, the same month he was appointed Minister of Ecological Mining Development.



**Jorge Alberto
Arreaza Montserrat**

He was appointed acting president of the CVM on March 15, 2017, one month after his appointment as Minister of Ecological Mining Development.



**José Salamat
Khan Fernández**

He was the president of Corporación Venezolana de Minería S.A. in February 2016, when the Orinoco Mining Arc was created. At that time, he was also director of the Central Bank of Venezuela, a position he held until 2018. Before that, he served twice as Minister of Basic Industries and Mining (2006–2008 and 2010–2011), President of CADIVI (2013), Member of the National Assembly (2006), among others.

4

MINERVEN

CVG Minerven is a company in charge of developing the national mining industry. Its duties include carrying out exploration and mining, processing and industrialisation. It is authorised to establish partnerships with small-scale miners for gold mining. Since the launch of the Orinoco Mining Arch, it has had four presidents:



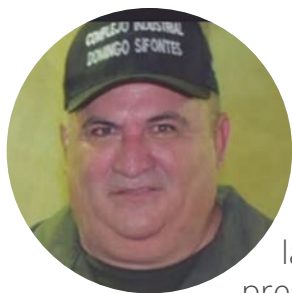
**David Alberto
Pedrañez Sánchez**

He has been president of Minerven since July 22, 2019. Four months earlier, he was appointed main director of the Mibiturven joint venture by the Minister of Industry and National Production, Tareck El Aissami. Previously, he held several positions in the Executive Directorate of the Judiciary, including head of the Budget Division, at the Directorate General of Human Resources (2015).



**Adrián Antonio
Perdomo Mata**

He was president of Minerven from July 20, 2018 to July 22, 2019. His term coincided with the boom in gold exports to Turkey. In May 2019 he was sanctioned by the United States for "supporting the inner circle of Maduro's corrupt regime." An investigation by Armando.info linked him to Colombian businessman Alex Saab, accused of corruption in the importation of foodstuffs to Venezuela.



**Nino Jesús
Angulo Vargas**

He was appointed acting president of Minerven on October 7, 2017. Two days later, he was appointed acting president of Empresa Nacional Aurífera, S.A. He is a retired Army lieutenant colonel who was involved in the failed coup attempt led by Hugo Chávez against President Carlos Andrés Pérez on February 4, 1992.



**Javier Alexis
Sarmiento Márquez**

He was acting president of Minerven from May 8 to October 7, 2017. In May 2017, he was also appointed acting president of Empresa Nacional Aurífera, S.A. He is a Major General who also held the position of president of SIDOR (2013), replacing the current governor of Bolívar, Justo Noguera Pietri.

5

MINISTRY OF INDUSTRY AND NATIONAL PRODUCTION

The purpose of the Ministry of Industry and National Production is the design, implementation and evaluation of public policies, plans and projects for the promotion and development of industries and trade, the promotion and development of small and medium-sized industries, among others. In June 2018, the companies of Corporación Venezolana de Guayana, including Minerven, were attached to this office.

**Tareck El Aissami**

He is the Minister of Industry and National Production and Vice President for the Economic Area since June 2018. In January 2017, he was appointed Vice President of the Republic and a month later he was sanctioned by the U.S. Treasury Department, accused of drug trafficking and money laundering. He has been accused of having links with the terrorist group Hezbollah as well as of being involved in gold smuggling. He is wanted by the U.S. justice.

DEADLY GOLD

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