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Convergence in Criminalized States: The New Paradigm

Douglas Farah

The reality of convergence of different terrorist and other threat groups with transnational organized crime (TOC) networks is still much debated in U.S. policy circles. Field research and open-source judicial cases where different types of convergence can be observed and documented are dismissed as anecdotal by skeptics. The intelligence and law enforcement communities dedicate few of their resources to exploring how and if groups join forces, under what circumstances, and the conditions necessary for this to happen, stunting a conversation critical to our national strategic interests.

Those skeptical of the reality of convergence of multiple illicit actors fail to recognize how dramatically and profoundly the world has changed over the past 15 years. There has been a deep fracturing of the Westphalian consensus in many regions of the world, including Latin America, where there was at least lip service paid to a set of shared values and where definitional consensus was the norm in recent decades. This fracturing has a direct relationship to new and dangerous forms of convergence among transnational criminal actors, criminalized states, and terrorist groups.

This chapter focuses on Latin America, where for almost 50 years a broad consensus on democratic governance and rule of law was expressed through the Organization of American States (OAS). Now the OAS is far less relevant, replaced by a multiplicity of voices and forums that espouse the authoritarian values of the radical populist governments led by Venezuela, where political dissent is criminalized and the rule of law is replaced by presidential fiat.¹

In Latin America, as in many other parts of the world, there is deep conflict and disagreement over the very definitions of the rule of law, democracy, freedom of expression, private enterprise, illicit action, and many other fundamentals of governance. For example, the eight members of the Bolivarian Alliance for the Peoples of Our America (ALBA), led by Venezuela, espouse as doctrine the replacement of representative democracy with “participatory and protagonist” democracy modeled on the Cuban system and “permanent confrontation between the Latin American and Caribbean peoples and imperialism” embodied by the United States.² The leaders have a radical populist caudillo corollary: the leaders of these governments perceive themselves to be the embodiment of the collective will of the people. Therefore their legitimacy cannot be challenged or their rule ended without violating that collective will and any opposition—in the political and judicial

arenas, the media or civil society—must be eradicated. The bloc’s economic model is “21st Century Socialism” and the abolition of the “neoliberal” free market model.

On the other side are nations that are more traditional liberal, representative democracies: Colombia, Chile, Uruguay, Peru, and Brazil; countries that, while suffering setbacks, have worked hard to establish a system, whether socialist or conservative, that embraces the concepts of alternation of power, an independent judiciary, rule of law, freedom of expression even when critical of the government, and open and free political debate, both in the political arena and the media. The two sides have little common ground on which to build a consensus, greatly limiting the number of countries where the United States can build military, political, and economic alliances with trusted partners.

It is important to note that criminalization is not used to define a traditional left/right divide, but rather to illustrate one that pits radical populist leaders with a desire to cling to power in perpetuity against more traditional liberal democratic principles of free and fair elections, rule of law, and the willingness to leave power when elections are lost. Numerous socialist governments in Latin America function within the liberal democratic norms (e.g., Uruguay, Brazil, and Chile), operating under the rule of law and eschewing the siren song of unlimited terms in office and unbridled power grabs. Nor can one excuse the behavior of many of the Bolivarian opponents when in power, many of whom presided over government-sanctioned corruption and mismanagement. Yet, they all left power when the rules of the game dictated they must.

But the sharp split, rather than being a disagreement over the rules of the game among groups playing on the same game on the same field, shows there is no longer any consensus on what game is being played.

It is the deep rending of this consensus that has opened the possibility of new forms of convergence that are real, yet little understood. In the ALBA bloc, one sees the emergence of a group of “criminalized states”—meaning states that use TOC groups and terrorist proxies as instruments of statecraft—has been a fundamental driver and facilitator of new and innovative dynamics of convergence.³ This presents significant new policy challenges to traditional statecraft because there is currently little discussion of this divide or how to respond when a country or group of countries decides to play by a separate and incompatible set of rules.

By and large the criminal actions or support for terrorist organizations by leaders of governments from Russia to Venezuela are viewed by policymakers as anomalous actions of a few rogue actors within a state apparatus. In reality, I argue, in a growing number of nations these actions are policies of the state. The failure to distinguish rogue actors from criminalized states is a fundamental misunderstanding of the new dynamics of much of the world.

The Role of Criminalized States

A clear example, discussed in detail below, is the Venezuelan state’s embrace of both major drug trafficking organizations and groups designated as terrorist entities as instruments of statecraft. Other countries in the ALBA bloc have taken similar actions.

In March 2015, Director of National Intelligence James R. Clapper testified to Congress that in Russia “the nexus among organized crime, state actors and business blurs the distinction between state policy and private gain.”⁴ This is true in much of Latin America now as well, where over the past decade the ALBA bloc of nations, joined by Argentina under the administrations of Cristina Fernández de Kirchner (2007-2015), have opted for a model that shares many of the same characteristics.

The ALBA bloc—the core of the Community of Latin American and Caribbean States (CELAC) and the Union of South American Nations (UNASUR)—embraces, as a policy of the state, alliances with TOC groups and terrorist groups such as the Revolutionary Armed Forces of Colombia (FARC), Hezbollah, the Spanish ETA separatists, and others.⁵

Alliances of the ALBA states at the highest level with the FARC, ETA, Hezbollah, and drug cartels that move cocaine abroad are presented internally as part of a broad struggle against the United States, imperialism, and neoliberalism, all of which require resources.⁶ Alliances with Iran and Hezbollah are portrayed as an extension of that struggle on a global scale. The embrace of Russia (both the state and state-affiliated TOC groups) and China as extra-regional actors corresponds to a set of shared values, both in terms of geopolitical interest and governance models. This is shown in the multiple visits of the heads of the Bolivarian states to Russia and China, where expressions of solidarity are a staple, as well as the constant visits by Russian and Chinese leaders to the Bolivarian states to strengthen military, political, and economic ties.⁷

In the construct of the new rules they are writing for their game, none of the state-sanctioned or state-sponsored activities with TOC groups or terrorist groups are illegal or questionable—they are revolutionary tools to obtain a strategic objective.

The cases of Walid Makled in Venezuela and many others demonstrate how, with state sponsorship of criminal activities and enormous amounts of personal and institutional corruption surrounding the revolutionary movements, vast amounts of money are diverted in the system for personal gain.⁸ The well-being of the individual official is equated with the well-being of the state, and as Clapper noted regarding Russia, the lines among personal, state, and criminal are largely erased. The FARC’s cocaine trafficking activities may fund revolutionary activities in several countries, but they also enrich many at the top of the revolutionary movement and provide lucrative employment to revolutionary cadres.

I have written in the past of the model of shadow facilitators, super fixers, and fixers, all of which are necessary in criminalized states as well. The illicit activities under consideration need a structure in which to operate and involve the movement of high-value commodities, and these commodity chains often span significant geographic space and require multiple steps, in multiple countries, to be successfully completed.

It is seldom possible for one individual, or even one criminal and/or terrorist group, to have the capacity to operate throughout this complex landscape, so they rely on specialized individuals, often primarily motivated by economic incentives rather than ideology, who can navigate specific links in that chain. These individuals are the crucial links or bridges between different worlds that do not often otherwise overlap.⁹

In the criminalized state model, senior officials, acting on behalf of the state, are the crucial links or bridges between different worlds that do not otherwise overlap. This removes all risk from the equation for the illicit actor, and with the removal of risk, new horizons open.

This is a crucial point in the new convergence model. TOC groups, terrorist organizations, and legitimate businessmen all crave stability, predictability, and risk minimization. When the state is a partner in an enterprise, whether licit or illicit, the primary benefit is the creation of an ideal business environment that enhances all three elements.

The clearest example is the support of Venezuela, both under Chávez and current President Nicolás Maduro, for the FARC, Hezbollah, Iran, ETA, and major drug trafficking organizations as a matter of state policy. FARC documents captured by the Colombian military in 2008 show that the Chávez government, with the direct participation of the president, loaned the FARC \$300 million for new weapons and other equipment, money the FARC agreed to repay in cocaine shipments. In addition, the documents show, the discussions of the loan and other vital strategic support, including weapons shipments and the creation of front groups, took place in Fuerte Tiuna, the headquarters of both the military and intelligence structures in Caracas.¹⁰ It would be difficult to have more direct evidence of direct state sponsorship than this.

There is also significant evidence from the same documents and other research that clearly shows the support of the governments of Bolivia, Ecuador, and Nicaragua for the same groups, and of the strong overall support the Bolivarian project enjoyed from the government of Fernández de Kirchner in Argentina.¹¹ This has opened up a new world of possibilities for both state and nonstate actors with shared business interests, ideological outlooks, and common enemies to meet in a stable, secure environment.

The Trust-Based ALBA Model

This chapter will focus on the Venezuelan government's well-documented ties to TOC groups and terrorist groups, and how those are leveraged with other complicit states into a sophisticated multifaceted structure for moving hundreds of millions of dollars in funds that have no traceable legitimate source.

Since 2008, different U.S. government entities have named more than a dozen senior Venezuelan officials as major drug traffickers, supporters of the FARC, supporters of Hezbollah, and for sanctions-busting on behalf of Iran. For example, in 2008, the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) sanctioned Hugo Armando Carvajal, then Director of Venezuela's Military Intelligence Directorate, for protecting cocaine shipments, providing weapons to the FARC, and issuing Venezuelan identification cards to FARC members. It sanctioned Henry de Jesus Rangel, Director of the Venezuelan Intelligence Directorate, for cocaine trafficking and pushing "for greater cooperation between the Venezuelan government and the FARC." Also sanctioned was Ramón Emilio Rodríguez, then Venezuela's Minister of Interior, as the Venezuelan government's "main weapons contact for the FARC."¹²

In 2008, OFAC designated senior Venezuelan diplomats for facilitating the funding of Hezbollah. One of those designated, Ghazi Nasr al-Din, served as the *charge d'affaires* of the Venezuelan Embassy in Damascus, and then served in the Venezuelan Embassy in London. According to the OFAC statement in late January 2008, al-Din facilitated the travel of two Hezbollah representatives of the Lebanese Parliament to solicit donations and announce the opening of a Hezbollah-sponsored community center and office in Venezuela. The second individual, Fawzi Kan'an, is described as a Venezuela-based Hezbollah supporter and a "significant provider of financial support to Hezbollah." He met with senior Hezbollah officials in Lebanon to discuss operational issues, including possible kidnappings and terrorist attacks.¹³

This is not to say that everyone in the illicit world is allied with everyone. Rather, they have the opportunity, under the protection of different states, to find mutually beneficial relationships based on shared objectives, be they economic, political, or both.

At its core the ALBA alliance is possible because the basis for the alliance is a long shared history of armed insurrection that has built in a level of trust very difficult to replicate under other circumstances. Senior members of the Sandinista National Liberation Front (FSLN) in Nicaragua fought alongside the Farabundo Martí National Liberation Front (FMLN) insurgents in El Salvador; at the end of the Central American conflicts in the early 1990s, both groups provided significant support to the FARC in Colombia and developed a close relationship with Chávez and his inner circle in Venezuela.

Chávez in turn used that trust with this group and the trust born of his friendship with former Iranian President Ahmadinejad to bring Iran and Hezbollah into the inner circle, making the introductions to regional leaders based on their trust relationship with him. Daniel Ortega in Nicaragua, who built close ties to the ETA, the Red Brigade, the FARC, and Libyan terrorist groups during his revolutionary rule as president of Nicaragua from 1980 to 1990, brought different terrorist groups into the Bolivarian circle based on the trust relationships he had established. Ortega was the key link in bringing Iran, Hezbollah, and the Spanish ETA into relationships with Chávez.¹⁴

These long personal histories of shared revolutionary experiences, shared combat, and shared political vision make such organizations very difficult for outsiders to penetrate, be it for business purposes or intelligence gathering. It is this trust that is the glue of the alliance of the Bolivarian criminalized states and their nonstate allies.

An imperfect but useful analogy is that Venezuela and its allies operate as a singles bar or brothel, where different groups who share a common understanding of the outside world can meet, pick each other up, have a fling, share lessons learned, develop a relationship, and network with groups from across the globe.

The Role of PDVSA

One of the state vehicles where the convergence of state, criminal, and terrorist interests is visible is *Petróleos de Venezuela* (PDVSA), the Venezuelan state oil company that provides more than 95 percent of Venezuela's hard currency earnings. The president and

his trusted inner circle directly control PDVSA. The U.S. government has sanctioned the company numerous times for money laundering, violating international sanctions on Iran, and supporting the FARC, a designated terrorist group.

A recent and revealing insight came to light in March 2015, when the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) designated the Banca Privada D'Andorra (BPA) a bank of "primary money laundering concern." The statement noted multiple billions of dollars' worth of money laundering activity in the bank, benefiting a host of actors, including Russian and Chinese organized crime and PDVSA. The Treasury notice reported that BPA and PDVSA set up shell companies and "complex financial products to siphon off funds from...PDVSA. BPA processed approximately \$2 billion in...this money-laundering scheme."¹⁵

The figure of \$2 billion siphoned off from PDVSA—which FinCEN documented in only a two-year period and is likely much higher—is stunning, given that the country is in an economic free-fall. PDVSA's oil production has fallen sharply in recent years due to lack of maintenance and aging equipment, while the price of crude oil has plummeted. In addition, the Venezuelan government has borrowed more than \$49 billion from the Chinese government to stay afloat, and the loans are being paid back in oil. As a result, more half of Venezuela's oil exports generate no revenue, and only go to pay off the debt.¹⁶ This indicates either a massive money laundering operation of funds that were not really originated in PDVSA's oil sales, or a significant looting of government funds at a time of deep economic crisis.

Yet, despite the company's failing economic state some of its main subsidiaries are exhibiting remarkable and irrational growth that sources involved in the subsidiaries say is directly tied to the large flow of illicit funds from the FARC, other cocaine cartels, and the personal fortunes of Venezuelan government officials.

According to sources with direct knowledge of events, one part of the PDVSA's illicit money movement structure centers around largely fictitious oil exports to the allied governments of Nicaragua and El Salvador and their respective oil companies, Albanisa and ALBA Petróleos, both directly controlled by senior government officials. In Nicaragua, this includes President Daniel Ortega, his son Laureano, and Francisco López, who is both the treasurer of the ruling Sandinista Party and deputy director of the oil company.

In El Salvador, the key architect is José Luis Merino, more commonly known by his *nom de guerre* Ramiro Vásquez, a former Communist Party urban commando who carried out a series of high-profile kidnappings for profit in order to raise money for his organization after the Salvadoran civil war ended in 1992. He also built a strong relationship with the FARC leadership and Chávez in Venezuela. For more than a decade, usually working through the Chávez government, Merino supplied the Colombian insurgents with sophisticated weapons, financial services, international solidarity events, and strategic advice. Documents captured by the Colombian military in May 2008 publicly exposed Merino's close relationship with the insurgency.¹⁷

According to the founding documents of Albanisa and ALBA Petr6leos, PDVSA is to supply oil to each company under the umbrella of Petrocaribe, an organization founded by Ch6vez in 2005 to deliver cheap oil to his allies in the Caribbean region. Under the standard PDVSA agreement with each country, half of the delivery is to be paid for at time of delivery, and half is to be repaid at concessionary prices with very low interest (1 to 2 percent) over 22 years.¹⁸ The companies can sell the subsidized oil at market rates and in turn were to use the profits on education, health care, and other public benefits “to remake the fabric of society that was destroyed by neoliberalism.”¹⁹

But there are multiple anomalies that indicate the structures are not what they appear to be on paper. PDVSA is the majority owner (60 percent) of both companies where it is illegal for a foreign company to invest in a state enterprise. Both Albanisa and ALBA Petr6leos control sprawling business empires, investing heavily, at least on paper, in food production, financial institutions, airlines, think tanks, alternative energy projects, land acquisitions, bottled water, gasoline stations, and other activities. In both cases, interlocking networks of party stalwarts, senior government officials and PDVSA officials run the subsidiary agencies. And in both cases, many of the projects the oil companies claim to fund do not appear to exist.

The biggest anomaly however, is the true origin of the funds. In a rational world, the drastic cutbacks in Venezuelan cheap oil sales due to falling production and internal economic collapse, coupled with the fact that the price of oil remains below \$50 a barrel, would lead to a significant drop in the budgets of Albanisa and ALBA Petr6leos, as it has in the other Petrocaribe nations.

Barclay’s Bank, in March 2015, estimated that Venezuelan oil going to Petrocaribe, including El Salvador and Nicaragua, had dropped by 50 percent from 2012 through 2014, from a total of 400,000 barrels per day (BPD) to 200,000 BPD. The bank expects the oil flow to be further reduced in 2015, from 200,000 BPD to 80,000.²⁰ Yet, both Central American oil companies have undergone remarkable and inexplicable economic booms that continue. During that period, ALBA Petr6leos’ revenues grew by 50 percent.

Ortega has publicly stated that Albanisa generates some \$400 to \$500 million that do not pass through any sort of government or private accountability, but basically operate as his own personal slush fund. The total budget of the Nicaraguan state is about \$2.5 billion a year. This means that a sum totaling between 16 and 20 percent of the national budget is spent at the sole discretion of the president, with no accountability or oversight, and with few actual oil shipments to explain the origin of the funds.²¹ The digital newspaper *Confidencial* in 2011 ran an exhaustive investigative series documenting how, over the course of five years, some \$3 billion went to Ortega rather than the development projects the money was supposed to finance.²²

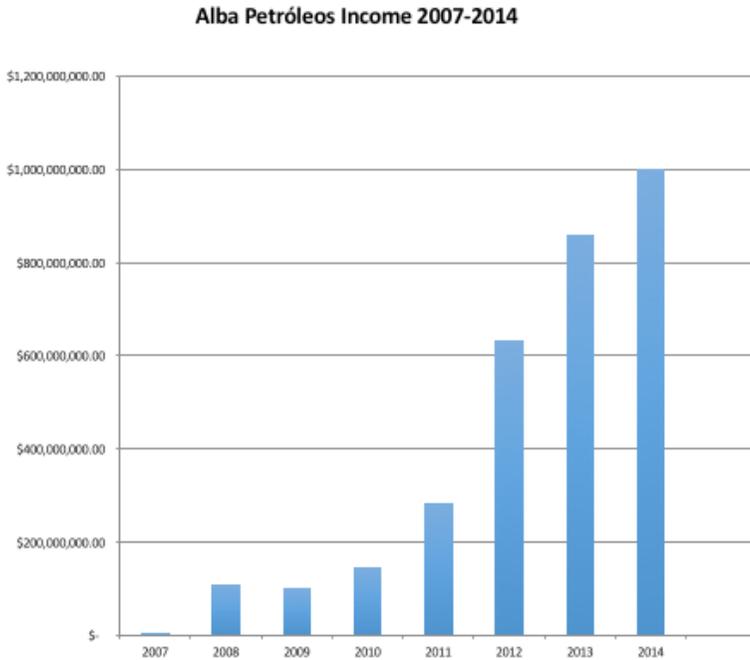
ALBA Petr6leos presents an even more dramatic growth in times of scarcity.

According to its own tax filings and public statements by company leaders, ALBA Petr6leos started with \$1 million in 2007, and its revenues grew to \$862 million by the close

of 2013. In 2014, according to Merino’s public statements, the revenues were projected to exceed \$1 billion because there are “investors from all over the world” lined up to invest with the anomalous and opaque company.²³

In 2013 Merino acknowledged the company’s unusual growth by stating that, “There are some who are afraid because ALBA Petróleos was born six or seven years ago with \$1 million and it now has \$400 million. Let me correct myself, \$800 million, and we are trying to change the lives of Salvadorans.”²⁴

Figure 8.1. Alba Petróleos Income 2007-2014



An analysis of possible oil revenues for ALBA Petróleos done by IBI Consultants found that, with oil at a price of \$100 and all of the promised Venezuelan oil arriving on time and being sold at optimal prices, the company could generate about \$220 million in revenues. Given the steady drop of oil prices as well as the steady decline of Venezuelan oil production, the ALBA Petróleos growth defies rational economic behavior.

ALBA Petróleos, in turn, has set up a sprawling network of companies dealing in everything from solar panels to think tanks, airlines to agriculture businesses, and financial institutions to petroleum refining. The legally required public filings on these companies have largely disappeared from the official registry since the election of Salvador Sánchez Cerén, a former guerrilla commander and close friend of Merino, in June 2014.

Figure 8.2. Price of a Barrel of Oil 2007 to August 2015



(<http://www.nasdaq.com/markets/crude-oil.aspx?timeframe=9y>)

This economically irrational behavior is generally seen when illicit money is being laundered into financial systems in order to justify its origin. In instances where the initial investments of the money can be traced, the businesses seldom generate profits and many are not operational. Rather, the projects exist on paper, hundreds of millions of dollars are legitimized as investments and the money can enter the financial stream to be repurposed for other uses.

For example, one of the signature programs of Albanisa in Nicaragua was to have been the construction of a large oil refinery to refine PDVSA crude. Then President Chávez and President Ortega jointly laid the ceremonial stone in 2007, announcing that the total cost of the project would be \$6.6 billion.²⁵ Named the “Supreme Dream of Bolívar” (*Sueño Supremo de Bolívar*), the refinery received \$32 million in start-up funding in 2008 and an additional \$60 million over the following three years. In 2012, the program received an additional \$141.2 million, and in 2013, an additional \$200 million.²⁶

Yet, when I visited the site in March 2015, all that was visible of the \$437.2 million investment were a few abandoned oil tanks, a sagging chain-link fence and a few wooden watchtowers on the verge of toppling over. The only person at the site was a guard at the main gate.

ALBA Petróleos uses the same model of announcing mega projects that are never carried out, as a vehicle for justifying the flow of large sums of money. For example, in June 2013, Merino and his associates announced their participation in a \$462 million renewable energy joint venture in El Salvador, an enterprise that has since produced no visible results.²⁷ Despite announcing a \$25 million investment in a solar panel project in

October 2013 and promising production within 45 days, no start-up activity has taken place.²⁸ A promised \$3 million for a water bottling business has produced no bottled water.

Some projects do come to fruition. ALBA Petróleos invested \$60 million in a regional airline that flies three times a week to Guatemala and Costa Rica, as well as charter services used by government officials to fly to Cuba and Venezuela.²⁹ What is interesting is that the airline is several years behind schedule on expanding its routes and, according to local and regional analysts, is not likely to come close to making the ALBA Petróleos investment profitable.

The relationships of the leaders of ALBA Petróleos and Albanisa to PDVSA's opaque money movements, linked by law enforcement and intelligence officials to money laundering activities by the FARC, ETA, Hezbollah, and Russian organized crime, are not new. Both the Ortega structure and the Merino organization have documented, long-standing ties to these and other organizations, dating back, in some cases, to the Cold War. In that sense, both served as more traditional convergence centers for more than a decade.

But it is their control of state levers that has catapulted these networks into the ranks of important criminal structures and centers of convergence for TOC groups, terrorist organizations, and criminalized states. Now that these organizations operate with end-to-end state protection, they have access not only to government protection, but also to immunity from any form of public scrutiny or accountability for their actions.

In this model, with all sides agreeing that the movement of drug money or support for a terrorist organization is useful and not subject to sanction, such movement and support is legitimate and therefore, not illegal to those participating. This is the new game, with new rules, that is being played by criminalized states and their allies and is the fundamental chasm with the traditional models of state comportment.

Conclusion

The emergence of a bloc of states that has a fundamentally different understanding of the role of government and rule of law than those espousing a liberal democratic model has altered and accelerated the convergence of TOC groups and some terrorist entities. The members of these alternative blocs of nations, in Latin America and elsewhere, are not just states with significant corruption but governments that view partnership with TOC and terrorist groups as an important policy instrument, useful for both raising money and countering a common enemy—the United States. The means to the policy objective cannot be viewed internally as illegal if the state using those means views them as legitimate and even necessary.

The shattering of the once-shared Westphalian consensus has created a new and dangerous dynamic where groups traditionally viewed as illicit actors (e.g., the FARC, Hezbollah, and Russian organized crime groups) can seek not only sanctuary but state sponsorship for their ideological and economic objectives. The opportunities for convergence among groups in that alliance are far greater than when the groups operated independently and without the security of state protection.

The ALBA bloc relationships are trust-based relationships, especially those forged in conflict, and this shared history offers multiple advantages to those involved but may not always transfer to others. In the case of the ALBA alliance there has been significant fraying of the relationship between Merino's group and the Maduro government in Venezuela since the death of Chávez, because the relationships are less tested and resources are far scarcer.

Chávez was a trusted entity while Maduro is viewed as less so, but more than just mutual trust is required for the criminalized state model to function. There must be a political agenda that overlaps at least minimally; in this case, the view of the United States as the most dangerous threat they face because of unbridled American imperialism.

Finally, the relationship must be mutually beneficial. The ALBA states do not support the FARC solely out of ideological kinship. The state reaps enormous profits from the drug trade—law enforcement and intelligence officials in the United States, Colombia, and Central America believe that at least part of the unexplained flood of cash to the enterprises discussed above is FARC money—and keeps an armed ally or proxy force on call.³⁰ The FARC, in turn, operates its cocaine production with stability, protection, and enhanced profits, while also maintaining secure supply lines and logistical support. Other countries such as Ecuador, Bolivia, and Nicaragua have issued passports and other identification documents to members of the FARC, Hezbollah, and Iranian intelligence agents, providing a significant benefit in the form of state protection.

When these conditions are met—trust among actors, minimal common political agenda, and mutual benefit—the new convergence with the criminalized state as a key actor can take place.

This new reality makes the development of policies that recognize the distinction between rogue actors and criminalized states imperative. The policy must also acknowledge that the convergence among TOC groups and terror actors is real, and the strategic challenges these different convergences bring vary depending on the groups, their objectives, and their ties to states. A state that has chosen to play a new game with its own rules is quite different from a state playing by the Westphalian system but struggling with endemic violence, corruption, or governance issues. The first likely represents strategic challenges to the United States, while the second likely represents a potential ally. In an era of constrained resources and crisis, such distinctions are crucial.

Notes

¹ Among the most important of these organizations are: the Bolivarian Alliance for the Peoples of Our America (ALBA); the *Comunidad de Estados Latinoamericanos y Caribeños* (CELAC), founded in 2010 by then Venezuelan President Hugo Chávez, incorporating Latin American countries but expressly excluding the United States and Canada; and the *Unión de Naciones Sudamericanas* (UNASUR), founded in 2008.

² ALBA (*Alianza Bolivariana Para los Pueblos de Nuestra América* in Spanish) was founded in 2004 by Cuba and Venezuela, and currently has 11 members, including: Venezuela, Cuba, Nicaragua, Ecuador, Bolivia, Suriname, and several small Caribbean island nations. In keeping with its strong anti-U.S. stance, its two foreign observer nations are Iran and Syria. See Joel Hirst, "A Guide to ALBA," *Americas Quarterly*, Council of the Americas, available at <<http://www.americasquarterly.org/hirst/article>>.

³ For a full discussion of criminalized states and their importance, see Douglas Farah, *Transnational Organized Crime, Terrorism, and Criminalized States in Latin America: An Emerging Tier-One National Security*

Priority (Carlisle, PA: Strategic Studies Institute, U.S. Army War College, August 2012), available at <<http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=1117>>.

⁴ Statement of James R. Clapper, Director of National Intelligence, "Statement for the Record: World-wide Threat Assessment of the U.S. Intelligence Community," before the House Appropriations Subcommittee on Defense, March 25, 2015, available at <<http://docs.house.gov/meetings/AP/AP02/20150325/103200/HHRG-114-AP02-Wstate-ClapperJ-20150325.pdf>>.

⁵ The FARC, first designated a terrorist entity by the United States in 1997, is one of three groups in the world designated as both a major drug trafficking organization and terrorist group. The other two are the Taliban and *Sendero Luminoso* (Shining Path) in Peru. The FARC has also been designated a terrorist entity by the European Union since 2001. The Lebanese-based Hezbollah was designated a terrorist organization by the United States in 1997 and by the European Union in 2013. ETA was designated a terrorist organization by the United States in 1997. See: State Department, "Foreign Terrorist Organizations," *Bureau of Counterterrorism*, available at <<http://www.state.gov/j/ct/rls/other/des/123085.htm>>.

⁶ Douglas Farah, *Transnational Organized Crime, Terrorism, and Criminalized States in Latin America: An Emerging Tier-One National Security Priority* (Carlisle, PA: Strategic Studies Institute, U.S. Army War College, August 2012).

⁷ For the documentation of the significant Russian visits to the region and the increased rate for the visits see R. Evan Ellis, "Russian Engagement in Latin American and the Caribbean: Return to the 'Strategic Game' in a Complex-Interdependent Post-Cold War World?" *Strategic Studies Institute, U.S. Army War College*, April 24, 2015, available at <<https://strategicstudiesinstitute.army.mil/index.cfm/articles/Russian-Engagement-in-Latin-America/2015/04/24>>.

⁸ Walid Makled is a Venezuelan who was formally designated a drug kingpin by the U.S. government. Arrested by Colombian police after he fled Venezuela, Makled was eventually extradited back to Venezuela. Preet Bharara, U.S. Attorney for the Southern District of New York, dubbed Makled, also known as "The Turk," a "king among kingpins." While in Colombian custody, Makled gave multiple interviews and showed documents that he claimed showed he acquired control of one of Venezuela's main ports, as well as an airline used for cocaine trafficking, by paying millions of dollars in bribes to senior Venezuelan officials. According to the U.S. indictment against him, Makled exported at least 10 tons of cocaine a month to the United States by keeping more than 40 Venezuelan generals and senior government officials on his payroll. "All my business associates are generals. The highest," Makled said. "I am telling you, we dispatched 300,000 kilos of coke. I couldn't have done it without the top of the government." Among the documents he presented in prison were checks of his cashed by senior generals and government officials and videos of what appear to be senior government officials in his home discussing cash transactions. For details of the case see José de Córdoba and Darcy Crowe, "U.S. Losing Big Drug Catch," *The Wall Street Journal*, April 1, 2011, available at <<http://www.wsj.com/articles/SB10001424052748704471904576229001472736780>>; U.S. Attorney Southern District of New York Public Affairs Office, "Manhattan U.S. Attorney Announces Indictment of one of World's Most Significant Narcotics Kingpins," press release, November 4, 2010, available at <<https://www.justice.gov/archive/usao/nys/pressreleases/November10/makledwalidindictmentpr.pdf>>; "Makled: Tengo suficientes pruebas sobre corrupción y narcotráfico para que intervengan a Venezuela," *NTN24 TV* (Colombia), April 11, 2011, available at <<http://www.elestenoticias.com/makled-tengo-suficientes-pruebas-sobre-corrupcion-y-narcotrafico-para-que-intervengan-a-venezuela/>>.

⁹ For a fuller discussion of the Shadow Facilitator-Super-Fixer-Fixer model, see Douglas Farah, "Fixers, Super Fixers, and Shadow Facilitators: How Networks Connect," in *Convergence: Illicit Networks and National Security in the Age of Globalization*, ed. Michael Miklaucic and Jacqueline Brewer (Washington, DC: National Defense University Press, 2013).

¹⁰ For an extensive look at the support of the FARC by Chávez, and a full explanation of captured FARC documents following the death of FARC Commander Raúl Reyes, see James L. Smith, "The FARC Files: Venezuela, Ecuador and the Secret Archive of 'Raul Reyes,'" *International Institute for Strategic Studies*, May 10, 2011. See also Farah, *Transnational Organized Crime, Terrorism, and Criminalized States in Latin America*.

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