



# Venezuela

COUNTRY RISK BRIEFING - 2026

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# Country Overview



## Location:

Venezuela is located on the northern coast of South America, bordering Colombia, Brazil, and Guyana, with extensive Caribbean and Atlantic coastlines.



## Capital:

Caracas



## Currency:

Venezuelan bolívar (abbreviated as VES), though the US dollar is increasingly used in practice due to chronic currency volatility and inflation



## Population:

Approximately 28.8 million (United Nations, 2025)



## GDP:

Nominal GDP approximately \$120 billion USD (World Bank, 2024)



## Major Economic Sectors:

Petroleum, natural gas, mining (e.g. gold, coltan, diamonds), agriculture (e.g. coffee, sugar cane, cocoa) manufacturing (e.g. steel, chemicals, textiles)



## Natural Resources:

Petroleum (world's largest proven reserves), natural gas, iron ore, gold, bauxite, diamonds, coltan, timber



## Government:

Federal presidential republic

# Economy & Politics

Venezuela, officially the Bolivarian Republic of Venezuela, is a South American country on the Caribbean coast known for its vast oil reserves and decades of economic and political turmoil. Once one of the region's wealthiest nations, its economy has contracted sharply in recent decades due to falling oil production, mismanagement, hyperinflation, and international sanctions, leading to widespread shortages of basic goods and a profound humanitarian crisis. Deep political conflict has accompanied these economic challenges: democratic institutions have weakened, contributing to mass protests, accusations of irregular elections, and significant emigration; by 2025, [millions](#) of Venezuelans had left the country seeking refuge abroad. Recent developments include ongoing debates over oil sector reforms, efforts to stabilise the economy with new foreign investment, and shifting governance dynamics following [the arrest](#) of former President Nicolás Maduro by the US government in January 2026.

Economically, oil production, which once exceeded [3 million barrels](#) per day in the early 2000s, has fallen dramatically to [approximately 800,000 barrels](#) per day as of January 2026. The country faces massive external debt, limited access to international financial markets, and significant capital flight due to migration out of the country. Venezuela's trade is still predominately driven by its oil exports. As of 2025, China was the largest buyer of Venezuela's crude oil, with the US the second-[largest buyer](#), despite fluctuations in direct trade under sanctions. Venezuela's imports include refined petroleum, machinery, and food from partners like Brazil, China, and the US. Informal economic activity has expanded substantially, with estimates suggesting it comprises a significant portion of economic transactions. The government has

increasingly permitted dollarisation of the economy in recent years as a pragmatic response to currency collapse.

Politically, Venezuela, officially a federal presidential republic, has experienced significant authoritarian consolidation under the United Socialist Party of Venezuela (PSUV), the ruling party in the country. President Nicolás Maduro has governed since 2013 following the death of Hugo Chávez, presiding over a period of intense political polarisation, disputed elections, and international recognition challenges. The National Assembly has faced legitimacy questions, with parallel institutions created during periods of political conflict. The country now faces unprecedented political uncertainty and instability due to the arrest of Maduro, which came after years of US indictments alleging his role in drug trafficking and international concerns that his government wielded extensive authoritarian control. The immediate aftermath of the arrest led to increased tensions between military factions and governing authorities, with some units loyal to detained officials and others seeking accommodation with potential transitional arrangements.

In 2026, Venezuela faces heightened uncertainty as leadership transitions and debates over oil sector reform and foreign investment continue. These uncertainties are occurring alongside discussions about sanctions relief and trade arrangements with external partners, as well as domestic institutional and social challenges. Both political and economic constraints will continue to influence decision-making and shape expectations for the country's short to medium term trajectory.

# Themis

## Expert View

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Venezuela represents one of the world's most complex financial crime risk environments, characterised by the convergence of state-level corruption, transnational organised crime, humanitarian crisis, and sanctions evasion networks. The country's financial crime landscape is fundamentally shaped by systemic state involvement in illicit activities, with credible allegations of senior government and military officials facilitating drug trafficking, illegal mining, and sanctions evasion schemes that generate billions in criminal proceeds.

President Maduro's arrest and subsequent detention, and resulting political turbulence, has further degraded what limited regulatory oversight existed, creating heightened risks for financial crime as institutional control fractures and opportunistic actors exploit a chaotic transition period. 2026 will prove critical in determining whether Venezuela moves toward institutional reconstruction or descends into further fragmentation that could intensify criminal exploitation of state apparatus.

The collapse of institutional integrity and regulatory oversight has created an environment where money laundering and financial crime operate with a high degree of impunity. Venezuela's strategic position makes it a critical transit and staging point for cocaine trafficking from Colombia and Peru to Caribbean, Central American, and European markets, with substantial proceeds requiring laundering through increasingly sophisticated schemes involving cryptocurrency, real estate, shell companies, and trade-based money laundering.

The [Cartel de los Soles](#) - a leading criminal gang in the country, also known as the Cartel of the Suns, run through what experts refer to as "a system of widespread corruption" rather than a traditional organised crime structure - exemplifies the state-crime nexus that fundamentally defines Venezuela's risk profile. This network,

allegedly involving officials from mid-ranking officers controlling key entry and exit points to the highest levels of government including Maduro himself, emerged in the early 1990s and strengthened significantly under Presidents Chávez and Maduro.

The severance of military cooperation with US counter-narcotics agencies and sympathies with Colombia's Revolutionary Armed Forces (FARC) guerrillas created conditions where Venezuelan officials felt emboldened to facilitate alternative cocaine trafficking routes. The economic crisis has further entrenched this system, with some reports suggesting that the government, facing limited resources to pay security forces adequately, has tried to maintain loyalty by instead allowing these forces to participate in drug trafficking proceeds.

Court testimony and [guilty pleas](#) from defected Venezuelan officials, including former intelligence chief Hugo Armando Carvajal Barrios and former General Clíver Antonio Alcalá Cordones, provide substantial evidence cited by US prosecutors of a nexus between senior Venezuelan government figures and organised drug trafficking networks. Carvajal pleaded guilty in US federal court to conspiracy to import cocaine and to engaging in narco-terrorism for the benefit of the FARC, with prosecutors alleging coordination of large-scale cocaine shipments and provision of armed protection and weapons in support of those operations; Alcalá was sentenced in 2024 for providing material support, including firearms, to the FARC in connection with drug trafficking activities.

Maduro's arrest and subsequent detention represents the culmination of these investigations, though the systemic corruption he allegedly oversaw remains deeply embedded in Venezuelan institutions. With multiple criminal groups operating in the region, the destabilisation will likely lead to conflict and violence as competing groups

battle for power. The outcome will be determined by whether any faction achieves dominance, creating a Brazilian-style organised hierarchy – where groups operate with a clear hierarchical structure, with defined leadership, chains of command and coordinated operations across regions – or whether fragmentation persists with multiple independent groups and corrupt officials competing for power and profits, operating through loose alliances and patronage, resulting in a more chaotic, violent environment.

Illegal gold mining also dominates the country's illicit economy, with illicit mining in the Arco Minero del Orinoco and other regions generating massive criminal proceeds whilst funding armed groups and facilitating widespread environmental destruction and human rights abuses. These mining operations, often controlled by criminal syndicates and irregular armed groups including Colombian National Liberation Army (ELN) and dissident FARC elements, involve extensive money laundering through gold trading networks extending to refineries in Caribbean nations, Turkey, the UAE, and other countries. Increasingly, these networks are integrating digital channels for moving value, with cryptocurrency emerging as a tool to facilitate sanctions evasion and obscure financial flows. Efforts have included state-backed initiatives, such as the now defunct Petro coin (a cryptocurrency launched by the government in 2018) as well as transactions conducted through private exchanges like LocalCoinSwap and Binance P2P, highlighting an evolving vulnerability in the financial system that requires enhanced monitoring.

The humanitarian and economic crisis has created conditions for explosive growth in human smuggling and trafficking networks, extortion, kidnapping, and fraud schemes targeting both domestic and diaspora populations. Financial institutions face extreme challenges in conducting effective due diligence, transaction monitoring, and suspicious activity reporting in an environment where regulatory enforcement is compromised and beneficial ownership transparency is virtually non-existent. The political upheaval following Maduro's arrest and detention has exacerbated these challenges, with compliance frameworks further deteriorating amid institutional uncertainty.

International sanctions targeting Venezuelan government officials, state entities, and key economic sectors have driven the development of sophisticated sanctions evasion schemes involving front companies, flag-of-convenience vessels, fraudulent documentation, and complex ownership structures. In particular, the petroleum sector, a key focus of international sanctions, has seen extensive use of ship-to-ship transfers,

falsified bills of lading, and circuitous routing through intermediary jurisdictions to obscure Venezuelan origin. Maduro's removal introduces significant uncertainty regarding sanctions policy, with potential scenarios ranging from maintained or intensified restrictions to gradual easing dependent on political developments and any transitional government's cooperation with international authorities.

Venezuela's position since 2010 on the Financial Action Task Force (FATF) grey list (countries identified as having strategic deficiencies in their AML/CFT frameworks), followed by enhanced monitoring, reflects longstanding gaps in the country's anti-financial crime policies and efforts, including around beneficial ownership transparency and cross-border cooperation. Financial institutions and businesses operating in or with Venezuelan exposure require exceptional due diligence, enhanced transaction monitoring, and sophisticated sanctions screening to navigate this extraordinarily high-risk environment. The current political transition adds further complexity, requiring continuous monitoring of rapidly evolving governmental structures, leadership changes, and potential shifts in regulatory enforcement capacity.

Looking ahead, the political instability creates significant uncertainty not just in Venezuela but for the region in general, particularly border countries, for example, in relation to:

**Security along the Venezuela-Colombia border:** Maduro's arrest and detention has shifted security dynamics along the long Venezuelan-Colombian frontier. Armed groups like the ELN guerrilla – long operating in parts of Venezuela and using Venezuelan territory as a relative haven – have reportedly begun moving forces back into Colombian border regions, especially Arauca and Catatumbo. This increases active conflict hotspots precisely where peace talks and stabilisation efforts are most needed. The borderlands have also become a conduit for transnational criminal networks engaged in drug trafficking, illegal mining, arms smuggling and money laundering, with groups such as the ELN and dissident FARC factions leveraging weak governance to move contraband and profits across the frontier, complicating law-enforcement efforts and creating shared criminal economies that span both countries. The presence of hybrid criminal organisations like the Cartel de los Soles, which has reportedly collaborated with Colombian armed groups, further heightens financial crime risks linked to narcotics revenues, cross-border gold smuggling and the laundering of illicit proceeds, underscoring how instability in Venezuela could reverberate into Colombia's security and financial systems.

**Colombian Peace Process:** Before his arrest and detention, Venezuela under Maduro often participated in Colombian peace efforts – especially by hosting talks or serving as a “guarantor” for negotiations with groups like the ELN, a group deeply involved in drug trafficking and illegal economies that span the Colombia–Venezuela border. That role helped keep doors open for dialogue. With Maduro removed and interim leadership in place, Venezuela’s diplomatic role is in flux. If relations become more adversarial between Bogotá and Caracas – or if Venezuela’s internal politics become unstable – cooperation on peace processes (especially negotiations that used to rely on Venezuelan territory or influence) could be disrupted. Any such changes may affect financial crime risk by heightening uncertainty and creating enforcement vacuums.

**Migration and Displacement:** Colombian and Brazilian border regions are already under strain due to displacement and migration pressures linked to conflict and economic crises. Maduro’s arrest and detention, and related upheaval, have prompted increased monitoring and alerts by Colombian and Brazilian authorities at the borders, including deploying tens of thousands of troops to manage security and human needs. Political instability and the potential for heightened violence could drive further irregular movement, making vulnerable migrants even more susceptible to exploitation by human traffickers and smugglers operating along these routes. Weak border controls and the presence of armed organised groups in frontier areas – combined with surges in displacement – tend to create fertile conditions for human trafficking for labour or sexual exploitation, and for criminal networks to profit from smuggling operations, particularly of people, contraband and illicit goods

across the border.

**Impact on Caribbean Illicit Activity:** Venezuela’s instability interacts with regional criminal networks that already traffic drugs and weapons through the Caribbean. Weaker maritime policing and law enforcement can help firearms smuggling networks operate; regional arms flows feed gang power in Haiti and beyond. Venezuela’s role as a drugs transit point could become more desirable as there is potential for traffickers to exploit maritime routes toward islands and onward connections to global markets more freely.



MODERN SLAVERY &  
HUMAN TRAFFICKING



DRUG TRAFFICKING



BRIBERY & CORRUPTION



SANCTIONS EVASION



TERRORIST FINANCING



ARMS TRAFFICKING



MONEY LAUNDERING



CYBERCRIME



TAX CRIME



FRAUD



ENVIRONMENTAL CRIME



FINANCIAL SECRECY

# Regulatory Overview

## Primary Anti-Financial Crime Agencies and Regulators:

- **National Office Against Organized Crime and Financing of Terrorism (ONCDOFT):** Part of the Ministry of Interior, Justice and Peace, the ONCDOFT is responsible for implementing AML and CFT laws and overseeing the country's anti-financial crime response. Its powers have also been controversially expanded to include stringent registration and reporting demands on NGOs.
- **Superintendence of Banks and Other Financial Institutions (SUDEBAN):** The primary regulator for banks and financial institutions, responsible for licensing, supervision, and enforcing rules, including those for AML and new fintech services, overseeing compliance with laws like the Banking Law and central bank directives.
- **Unidad Nacional de Inteligencia Financiera (UNIF):** As Venezuela's Financial Intelligence Unit (FIU), the UNIF is the central body for analysing suspicious financial activities.
- **Superintendence of Crypto-assets and Related Activities (SUNACRIP):** Regulates cryptocurrency exchanges and virtual asset service providers (VASPs), formed in 2018 as part of broader efforts to regulate cryptocurrency in the country.
- **Public Ministry (Fiscalía General de la República):** Prosecutes financial crimes including money laundering and corruption.
- **Scientific, Penal and Criminal Investigation Service Corps (CICPC):** Investigates financial crimes, fraud, and organised crime.
- **National Anti-Drug Office (ONA):** Coordinates counter-narcotics efforts including investigation of drug trafficking proceeds.
- **General Comptroller of the Republic:** Venezuela's top anti-corruption and fiscal watchdog responsible for overseeing public sector financial management and investigating corruption in government.

## Primary Anti-Financial Crime Legislation:

- **Organic Law Against Organised Crime and Financing of Terrorism (2012, amended 2021):** Venezuela's principal AML/CFT legislation establishing obligations for reporting entities, defining money laundering and terrorist financing offences, and providing for asset freezing and confiscation.
- **Organic Law of the National Financial System (2021):** Establishes AML/CFT requirements for financial institutions and designated non-financial businesses and professions (DNFBPs), including customer due diligence and reporting obligations.
- **Organic Anti-Drug Law (2010):** Contains provisions related to drug trafficking proceeds and associated money laundering activities.
- **Anti-Corruption Law (2014, reformed 2022):** Defines crimes like active/passive bribery, abuse of office, and extortion, and establishes the National Anti-Corruption Body.
- **Special Law Against Informatics Crimes (2001):** Contains provisions relevant to cybercrime and cyber-enabled financial crimes, including illegal access, system sabotage, cyber espionage, data forgery, theft, fraud, payment card fraud, and violation of data privacy and communication.

# Sanctions Landscape

Venezuela has faced escalating international sanctions for nearly two decades, in what has become one of the most comprehensive sanctions regimes globally. Since 2005, the US has [imposed targeted sanctions](#) on Venezuelan individuals and entities, including government officials, for engaging in criminal activity or human rights abuses. Sanctions intensified dramatically under the Trump and Biden administrations, including restricting access to US financial markets, prohibiting debt purchases, and culminating in a comprehensive oil embargo and full asset freeze on the government.

In January 2019, the US Treasury's Office of Foreign Assets Control (OFAC) designated Petróleos de Venezuela, S.A. (PDVSA) – Venezuela's state oil company – as a Specially Designated National (SDN) under US sanctions, blocking US persons from engaging in most transactions with the company and effectively cutting off the ability for US companies or individuals to export Venezuelan oil. The US oil company Chevron, however, was granted an individual exemption allowing it to continue producing and exporting Venezuelan crude – effectively an exemption from the export ban that applied to other firms. Also in 2019, an executive order broadly blocked all property and interests in property of the Government of Venezuela, further tightening economic pressure. Over subsequent years, US sanctions expanded well beyond oil to include the gold sector, Venezuelan financial institutions (including the Central Bank), the state airline Conviasa, and cryptocurrency-related assets tied to the Petro, among other measures.

Throughout President Trump's second term, US sanctions have become significantly more aggressive. By June 2025, OFAC's SDN list included sanctions on well over a hundred Venezuelan individuals and several entities tied to the Maduro government – ranging from President Nicolás Maduro and members of his family, to senior political and security officials – reflecting sustained US pressure on those deemed responsible for corruption, repression, and efforts to undermine democratic governance. The US has also designated Cartel de los Soles as a terrorist-related entity, elevating the legal and policy tools available to counter it. Further, the US threatened a 25 percent tariff on goods from any country importing Venezuelan oil and ordered maritime

interdictions and blockades of vessels involved in sanctioned oil trade, marking a stark escalation in coercive measures.

Other countries have imposed sanctions on Venezuela, though for the most part these are targeted sanctions against specific individuals or entities. The EU and Canada have imposed sanctions on senior government officials for alleged links to political repression and corruption. The UK and Switzerland also maintain sanctions against key Venezuelan officials in alignment with EU measures.

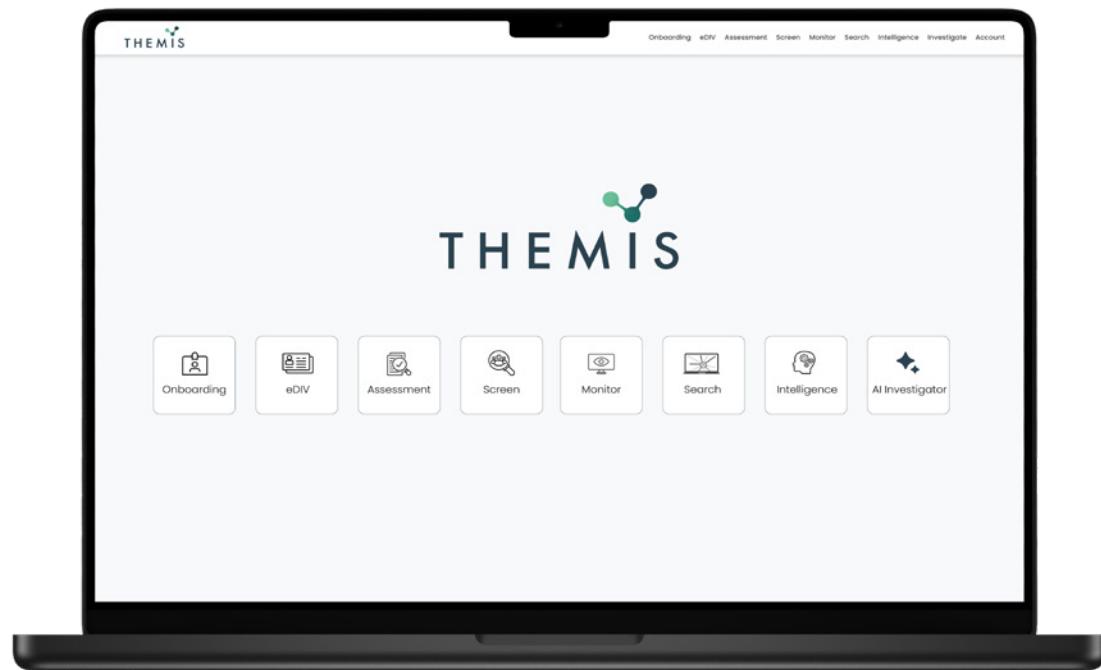
The arrest and transfer of President Maduro to the US has introduced unprecedented uncertainty into the sanctions landscape, complicating existing frameworks and raising questions about future policy direction. In the wake of these developments, US officials have signaled interest in a comprehensive reconstruction and economic support package, while also emphasising that trade and investment will remain heavily regulated for at least 12-18 months to prevent diversion of assets by residual regime actors. In the interim, OFAC continues to issue specific licenses for humanitarian assistance, critical infrastructure equipment, and energy inputs such as diesel fuel, balancing sanctions objectives with urgent needs on the ground.

Companies considering doing business with Venezuelan entities, intermediaries, or the country's higher-risk sectors face extraordinary legal and compliance challenges in the current environment. Key considerations include:

- Implementing enhanced due diligence frameworks that go beyond standard AML requirements, with a focus on beneficial ownership, political exposure, and evolving sanctions risks.
- Implementing rigorous screening of counterparties and intermediaries against sanctions regimes relevant to your company's jurisdiction (including US, EU, UK, Canadian, and Swiss lists).
- Conducting heightened supply chain due diligence to identify indirect exposure through distributors, shipping firms, financial intermediaries, or front companies commonly used in higher-risk sectors, especially oil.
- Establishing robust documentation, licensing verification, and audit trails for any

- authorised or exempt transactions.
- Understanding broad sectoral restrictions affecting oil, gold, financial services, and dealings involving government-linked entities, alongside the extraterritorial reach of US sanctions that can create exposure even for non-US firms.

Companies must approach Venezuelan business with exceptional due diligence, and continuous monitoring of a fluid regulatory environment where compliance obligations could change with minimal notice.



# Financial Action Task Force Assessment

Venezuela underwent its most recent mutual evaluation by the FATF in 2023, based on an on-site visit conducted in June 2022. Venezuela was placed on FATF's list of jurisdictions with strategic AML/CFT deficiencies (commonly known as the grey list) in 2010 and has remained under enhanced monitoring due to persistent deficiencies in its AML/CFT framework.

The 2023 mutual evaluation report identified significant and fundamental deficiencies across both technical compliance and effectiveness. The assessment found that whilst Venezuela has established a legal framework for AML/CFT, implementation remains severely compromised by lack of resources, political will, and institutional capacity. Major concerns include inadequate supervision of financial institutions and DNFBPs, insufficient investigation and prosecution of money laundering cases relative to the country's risk profile, lack of beneficial ownership transparency, and limited international cooperation. The report highlighted that Venezuela's understanding of its money laundering and terrorist financing risks, whilst improved, had not adequately translated into effective mitigation measures.

Venezuela has made limited progress addressing FATF's concerns since 2010, with ongoing deficiencies in areas including inadequate criminalisation of terrorist financing, insufficient implementation of targeted financial sanctions for terrorism and proliferation financing, weak regulation and supervision of VASPs, and lack of transparency regarding beneficial ownership. The country remains subject to FATF's enhanced monitoring process and faces significant challenges in demonstrating sustained improvement given broader governance and institutional challenges.

Category	2023 FATF Mutual Evaluation
Overall Assessment	Venezuela has established a legal framework for AML/CFT but faces fundamental deficiencies in effectiveness. Institutional capacity, resources, and political will remain insufficient to address the country's significant money laundering and terrorist financing risks.
Technical Compliance Ratings	<p><b>Compliant:</b> 2 Recommendations  <b>Largely Compliant:</b> 11 Recommendations  <b>Partially Compliant:</b> 20 Recommendation  <b>Non-Compliant:</b> 7 Recommendations</p> <p><b>Key Non-Compliant Recommendations:</b></p> <ul style="list-style-type: none"> <li>R.6 Targeted financial sanctions – terrorism/terrorist financing</li> <li>R.7 Targeted financial sanctions – proliferation</li> <li>R.8 Non-profit organisations</li> <li>R.15 New technologies</li> <li>R.24 Transparency of legal persons</li> <li>R.25 Transparency of legal arrangements</li> <li>R.26 Beneficial ownership of legal persons</li> </ul>
Effectiveness Ratings	<p>Low level of effectiveness across most Immediate Outcomes, particularly:</p> <p><b>IO.3 Supervision (Low)</b>  <b>IO.4 Preventive measures (Low)</b>  <b>IO.5 Legal persons and arrangements (Low)</b>  <b>IO.6 Financial intelligence (Moderate)</b>  <b>IO.7 ML investigation and prosecution (Low)</b>  <b>IO.8 Confiscation (Low)</b></p>
Next Evaluation	<ul style="list-style-type: none"> <li>- Improvement Follow-up reporting scheduled; full re-evaluation expected 2028-2029</li> </ul>
Key Risks Identified	<ul style="list-style-type: none"> <li>- Drug trafficking proceeds represent Venezuela's most significant money laundering threat, with the country serving as a major transit point for cocaine from Colombia and Peru.</li> <li>- Corruption involving public officials at all levels generates substantial proceeds requiring laundering.</li> <li>- Illegal mining, particularly gold extraction in the Arco Minero region, produces significant criminal proceeds.</li> <li>- State involvement in illicit activities fundamentally compromises AML/CFT effectiveness.</li> <li>- Extensive use of cash and informal value transfer systems obscures transactions.</li> <li>- Growing cryptocurrency adoption for sanctions evasion and money laundering.</li> </ul>
Strengths	<ul style="list-style-type: none"> <li>- Establishment of legal framework criminalising money laundering and terrorist financing.</li> <li>- FIU operational and receiving suspicious transaction reports from some sectors.</li> <li>- Some level of domestic coordination between law enforcement agencies.</li> </ul>
Areas for Improvement	<ul style="list-style-type: none"> <li>- Strengthen beneficial ownership transparency for legal persons and arrangements.</li> <li>- Enhance supervision of financial institutions and DNFBPs, particularly casinos, real estate, and lawyers.</li> <li>- Improve regulation and supervision of VASPs.</li> <li>- Increase money laundering investigations and prosecutions proportionate to risk profile.</li> <li>- Implement targeted financial sanctions frameworks for terrorism and proliferation financing.</li> <li>- Enhance international cooperation and mutual legal assistance mechanisms.</li> <li>- Address systemic corruption undermining institutional effectiveness.</li> </ul>

# Financial Crime Risk Matrix

Crime Type	Risk Level*	Key Indices	Key High-Risk Sectors	Cross-Border Nexus
Money Laundering	Very High	<p>Basel AML Index 2024 <a href="#">see here</a></p> <p>Overall Score 10/7.55; Ranking 177/6</p> <p>*Basel AML Score is on a 10-0 scale, with 10 representing maximum risk.</p> <p>Global Organized Crime Index 2025 <a href="#">see here</a></p> <p>Financial Crimes – 10/8.0</p>	Banking, Real Estate, Casinos, Cryptocurrency exchanges, Gold Trading, Petroleum Sector, Money Service Businesses	Colombia, Caribbean nations (Trinidad and Tobago, Curaçao, Aruba), Turkey, UAE, Panama, China
Bribery & Corruption	Very High	<p>Transparency International Corruption Perceptions Index 2024 <a href="#">see here</a></p> <p>Score 100/10; Ranking 180/178</p> <p>*Score is the perceived level of public corruption, where 0 means highly corrupt and 100 means very clean.</p> <p>Trace 2024 Bribery Risk Matrix: <a href="#">see here</a> 100/80 (Ranked 188th of 194 countries)</p> <p>*Trace measures business bribery risk with a higher score indicating higher bribery risk.</p> <p>Global Organized Crime Index 2025 <a href="#">see here</a></p> <p>Government Transparency 10/1.5 State-Embedded Criminality: 10/9.0 Private Sector Criminality: 10/6</p> <p>*Global Crime Index Score is on a 10-0 scale, with 0 being non-existent crime to 10 being severe influence.</p>	Public Procurement, Petroleum Sector, Mining, Customs, Judiciary, Military, Public Services, Infrastructure	International Oil companies, Chinese State Enterprises, Russian Entities, Regional Governments
Terrorist Financing	Medium-High	Venezuela faces terrorist financing risks related to presence of Colombian irregular armed groups (ELN, FARC dissidents) and alleged Hezbollah presence. FATF identified significant deficiencies in TF criminalisation and targeted financial sanctions implementation.	Informal remittances, charities, cross-border trade, illegal mining proceeds, extortion networks	Colombia, Lebanon, Iran, Hezbollah support networks

Crime Type	Risk Level*	Key Indices	Key High-Risk Sectors	Cross-Border Nexus
Financial Secrecy	Medium	<p>Tax Justice Network Financial Secrecy Index 2025 <a href="#">(see here)</a></p> <p>Score 100/71; Ranking 141/73</p> <p>Secrecy index measures the level of financial secrecy, with 0 meaning no secrecy and 100 meaning maximum secrecy.</p>	Professional Services, Trusts, Offshore Entities	Offshore Financial Centres, UAE, Europe
Tax Crime	High	<p>Extensive tax evasion facilitated by informal economy, capital flight, and lack of enforcement. The economic crisis has severely diminished tax collection capacity.</p> <p>Tax Justice Network Corporate Tax Haven Index: N/A</p>	Petroleum Sector, Informal Economy, Professional Services, Real Estate, Import/Export Businesses	Offshore Financial Centres, Panama, Caribbean), Shell Company Jurisdictions, Capital Flight Destinations (US, Spain, Portugal)
Sanctions Evasion	Very High	Venezuela is subject to extensive US, EU, and other international sanctions targeting government officials, state entities (including PDVSA), and key economic sectors (oil, gold, banking). The country has developed sophisticated sanctions evasion networks.	Petroleum Export, Gold Trade, Shipping, Front companies, Cryptocurrency, Banking	Turkey, Iran, Russia, China, India, Caribbean Jurisdictions, Syria, Belarus
Fraud	Very High	<p>Fraud has increased substantially during the economic crisis, including investment scams, Ponzi schemes targeting diaspora populations, and cyber-enabled fraud.</p> <p>Global Organized Crime Index 2025 <a href="#">(see here)</a></p> <p>Financial Crimes: 10/8</p>	Banking, Cryptocurrency Platforms, Investment Schemes, telecommunications, Money Service Businesses	Venezuelan diaspora communities (Colombia, Peru, Chile, Spain, US), Regional Fraud Networks
Cybercrime	Medium-High	<p>National Cyber Security Index 2025 <a href="#">(see here)</a></p> <p>Score 24.17 Ranking 111th</p> <p>*National Cyber Security Index measures preparedness of countries to prevent cyber threats.</p> <p>Global Organized Crime Index 2025 <a href="#">(see here)</a></p> <p>Cyber-Dependent Crimes – 10/4.5</p>	Banking, telecommunications, government services, petroleum infrastructure, cryptocurrency	International Hacking Networks, Ransomware Groups, Regional Cybercrime Operations

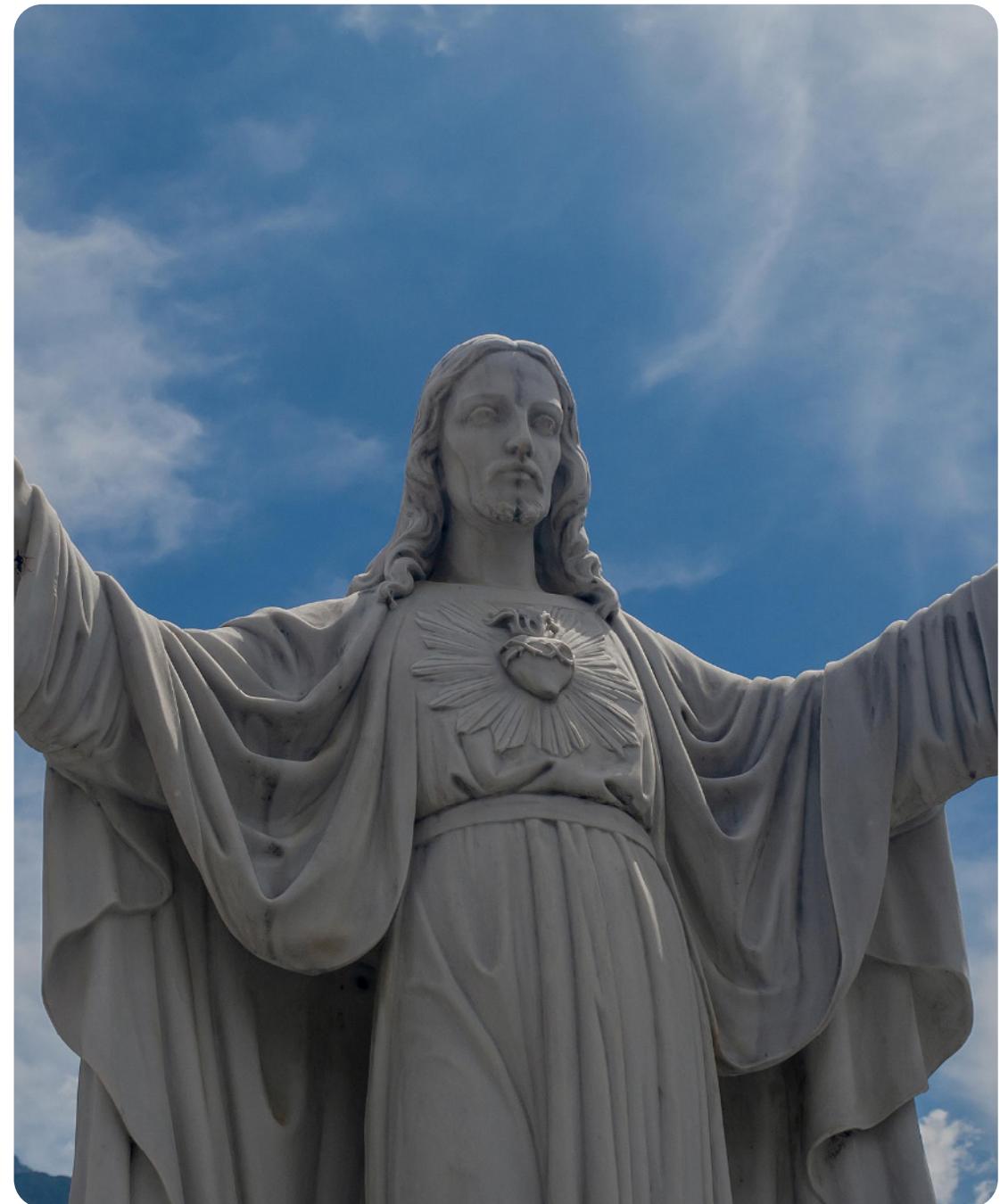
Crime Type	Risk Level*	Key Indices	Key High-Risk Sectors	Cross-Border Nexus
Drug Trafficking	Very High	Global Organized Crime Index 2025 <a href="#">see here</a> Heroin Trade – 1.5/10 Cocaine Trade – 9/10 Cannabis Trade – 7/10 Synthetic Drug Trade – 3/10	Transportation & Logistics, Maritime Shipping, Aviation, Border Regions, Petroleum Sector	Colombia (primary source), Peru, Caribbean transit routes, Europe (particularly Spain, Portugal, Netherlands), West Africa, Central America
Modern Slavery & Human Trafficking	Very High	Global Organized Crime Index 2025 <a href="#">see here</a> Human Trafficking – 10/8 Human Smuggling – 10/7.5 US State Department's 2024 Trafficking in Persons Report <a href="#">see here</a> Tier 3: Venezuela does not fully meet the minimum standards for the elimination of trafficking and is not making significant efforts to do so.	Illegal Mining, Sex Trafficking, Domestic Servitude, Forced Labour, Smuggling networks	Colombia, Trinidad and Tobago, Peru, Chile, Spain, Sexual Exploitation Networks across Latin America and Caribbean
Arms Trafficking	Very High	Global Organized Crime Index 2025 <a href="#">see here</a> Arms Trafficking – 8/10	Military stockpiles, Border regions, Irregular Armed Groups, Maritime Smuggling	Colombia (ELN, FARC dissidents), Caribbean Criminal Networks, Transnational Arms Traffickers
Environmental Crime	Very High	Global Organized Crime Index 2025 <a href="#">see here</a> Flora Crimes – 10/4 Fauna Crimes – 10/5 Non-Renewable Resource Crimes – 10/9	Illegal Gold Mining, Illegal Logging, Wildlife Trafficking, Illegal Fishing	Colombia, Brazil, Guyana, Trinidad and Tobago, Caribbean refineries, Turkey, UAE, China

# Areas of Financial Crime Vulnerability



- **State-Criminal Nexus in Transition:** Credible allegations of senior government and military officials directly facilitating drug trafficking, illegal mining, and sanctions evasion fundamentally compromise institutional integrity and regulatory effectiveness. Whilst the arrest and subsequent detention of President Maduro on 3rd January 2026 is purported to have removed a key figure in the state-criminal nexus, it has not dismantled the deeply embedded corrupt ecosystem. Instead, the power vacuum has triggered competition between rival military factions and criminal networks previously held in check by centralised control, potentially intensifying financial crime risks during this volatile political transition period as groups vie for control of lucrative trafficking routes and state resources.
- **Sanctions Evasion Infrastructure:** Extensive US, EU, and international sanctions targeting the energy, mining, financial, and shipping sectors in Venezuela have distorted the country's financial market, pushing it towards grey-market transactions and driving the development of sophisticated evasion networks. These networks include international intermediaries and front companies, as well as the use of flag-of-convenience vessels, falsified documentation, complex ownership structures, and cryptocurrency schemes. The political uncertainty following Maduro's arrest and detention creates ambiguity regarding sanctions policy direction, whilst existing evasion infrastructure remains operational under new actors seeking to exploit the transition.
- **Illegal Gold Mining Ecosystem:** The Arco Minero del Orinoco and other mining regions operate largely outside state control, with criminal syndicates and irregular armed groups extracting billions in illicit gold revenues that are laundered through complex international trading and refining networks. Gold smuggling routes extend to Africa, Western Asia, the Middle East, and Switzerland, aided by falsified documentation and corrupt officials. Maduro's removal has not altered territorial control dynamics, with armed groups potentially emboldened by weakened central authority.
- **Cryptocurrency Adoption for Illicit Finance:** Venezuela's economic crisis combined with state promotion of cryptocurrency and proliferation of private exchanges creates significant money laundering and sanctions evasion vulnerabilities with limited regulatory oversight or transaction monitoring. For instance, the government's launch of the Petro - which was nominally pegged to a basket of Venezuelan commodities - was widely viewed by experts as an effort to circumvent US financial sanctions and bypass the traditional banking system. While the initiative failed to gain adoption and is now effectively defunct, it nonetheless illustrates the extent to which crypto is viewed by many illicit actors in the country as a key tool for circumventing controls, moving value outside formal financial channels, and reducing exposure to sanctions and enforcement actions.

- **Porous Borders and Trafficking Corridors:** Venezuela's extensive land borders with Colombia, Brazil, and Guyana, combined with Caribbean and Atlantic coastlines, facilitate drug trafficking, primarily cocaine trafficking, from source countries through well-established smuggling routes involving maritime vessels, go-fast boats, and overland networks. The destabilisation following Maduro's arrest and detention may intensify territorial competition between Colombian irregular armed groups (ELN, FARC dissidents) and other trafficking organisations seeking to exploit reduced state presence. Additionally, the country remains a central hub for human trafficking in the region, with criminal groups exploiting migration flows, informal border crossings, and weak oversight to facilitate forced labour, sexual exploitation, and migrant smuggling.
- **Collapse of Financial Sector Oversight:** Hyperinflation, bank failures, extensive dollarisation, and resource constraints have severely undermined banking sector supervision and AML compliance, with limited transaction monitoring, inadequate customer due diligence, and minimal regulatory enforcement. Political transition compounds these challenges as regulatory agencies face leadership uncertainty and potential restructuring.
- **Beneficial Ownership Opacity:** Virtual absence of beneficial ownership transparency for legal persons and arrangements enables use of Venezuelan shell companies, foundations, and trusts for money laundering, corruption proceeds concealment, and sanctions evasion with minimal detection risk. Any transitional government will require significant time and resources to establish effective corporate transparency mechanisms.
- **Regional Destabilisation Effects:** Maduro's arrest and detention appears to have disrupted previous stable power dynamics among a range of armed and criminal actors in the region - including Venezuelan military factions, Colombian irregular armed groups, transnational trafficking organisations, and illegal mining syndicates. Experts largely viewed these actors as operating within an informal but relatively predictable hierarchy. The resulting uncertainty from Maduro's arrest and subsequent detention may increase competition for territorial control, trafficking routes, and state resource access, which may in turn create heightened financial crime risks both domestically and regionally.



# Financial Crime Risk In-Depth

## 01 Money Laundering: Very High Risk

Venezuela's money laundering risks are among the world's highest, driven by drug trafficking proceeds, corruption, illegal mining, and sanctions evasion schemes generating billions in criminal proceeds annually. The country serves as a critical transit corridor for cocaine from Colombia and Peru, with substantial trafficking proceeds requiring laundering through cash smuggling, trade-based money laundering, real estate investments, and increasingly cryptocurrency platforms. The arrest and subsequent detention of President Maduro in January 2026 created profound uncertainty regarding state control of money laundering networks, with the systemic corruption he allegedly oversaw remaining deeply embedded in military and governmental institutions. Key laundering methods include bulk cash smuggling to Caribbean jurisdictions, gold trading networks obscuring illegal mining proceeds, cryptocurrency exchanges enabling sanctions evasion, and trade-based money laundering through over- and under-invoicing of petroleum exports and other commodities. The banking sector faces severe challenges conducting effective AML compliance due to hyperinflation, dollarisation, resource constraints, and limited regulatory oversight, now compounded by political instability and potential leadership changes across regulatory agencies. DNFBPs including casinos, real estate agents, lawyers, and accountants operate with minimal supervision, a situation unlikely to improve during a political transitional period.



## 02 Drug Trafficking: Very High Risk

Venezuela is one of the world's major cocaine transit countries, with 200-300 metric tons of cocaine transiting annually from Colombia and Peru to Caribbean, US, Central American, European, and West African markets according to international estimates. The country's extensive Caribbean coastline, porous Colombian border, and compromised security and law enforcement institutions make it ideal for trafficking operations. The Cartel de los Soles is accused of controlling major trafficking routes and facilitating shipments through Venezuelan territory and ports. Maduro's arrest and detention has not dismantled these networks but rather triggered competition between rival factions seeking control of lucrative routes previously governed by established hierarchies. Cocaine is transported via go-fast boats, fishing vessels, containerised cargo, and aircraft, with major maritime routes to Caribbean islands (particularly Trinidad and Tobago, Aruba, Curaçao) serving as transshipment points to Europe. The collapse of institutional control in border regions has enabled Colombian irregular armed groups including ELN and FARC dissidents to operate trafficking networks from Venezuelan territory, whilst corruption among security forces helps facilitate more than disrupt trafficking operations. The transitional period presents heightened risks as competing groups vie for territorial dominance.

## 03 Bribery & Corruption: Very High Risk

Despite efforts by some state and non-state actors to improve institutional controls and reassert governance across the public and private sectors, Venezuela suffers from pervasive systemic corruption across all levels of government, military, judiciary, and state enterprises. PDVSA has been central to numerous corruption scandals involving billions in misappropriated funds through inflated contracts, phantom employees, and procurement fraud. The judiciary broadly lacks independence, with corruption compromising investigations and prosecutions of politically connected individuals. Maduro's arrest and detention represents a watershed moment, yet the corrupt networks he allegedly led remain operational, with potential intensification during power struggles as competing factions seek to consolidate control over state resources and revenue streams. Public procurement processes lack transparency, with contracts awarded through clientelist networks rather than competitive bidding. Customs and border control officials routinely facilitate smuggling and trafficking in exchange for bribes, whilst police and military involvement in extortion, kidnapping, and protection rackets is widespread. International oil companies and contractors face extensive bribery demands to operate, whilst the humanitarian crisis has exacerbated petty corruption in access to basic services. Asset recovery efforts are minimal, with stolen state funds laundered through international banking systems and invested in luxury real estate in Latin American, European, and North American jurisdictions. Any transitional government will face immense challenges establishing clean governance structures given the depth of institutional corruption.

## 04 Sanctions Evasion: Very High Risk

Venezuela faces extensive international sanctions from the US (targeting government officials, PDVSA, financial sector entities, and gold exports), the EU (targeting individuals and asset freezes), and other jurisdictions, driving sophisticated evasion schemes. Maduro's arrest and detention creates significant uncertainty regarding sanctions policy direction, with potential scenarios ranging from maintained restrictions against remaining officials to gradual easing dependent on cooperation from any transitional government. The heavily restricted petroleum sector employs ship-to-ship transfers in international waters, flag-of-convenience registrations (whereby vessels are registered in jurisdictions other than the ship owner's home country to exploit lower regulatory standards and circumvent safety and labour protections), falsified bills of lading indicating alternative origins, and front companies to obscure Venezuelan crude oil exports to refineries in Asia and other markets. Gold mining and export operations utilise third-country intermediaries as well, particularly in Caribbean nations, to refine and market gold whilst concealing Venezuelan origin. Financial sector sanctions have driven increased cryptocurrency adoption for international transactions, with dollar-pegged stablecoins (particularly USDT) and private exchanges facilitating sanctions circumvention. Front companies registered in third countries, complex ownership structures, and nominee arrangements enable sanctioned individuals and entities to maintain access to international financial systems, whilst corruption facilitates document falsification and customs manipulation. The existing sanctions evasion infrastructure remains operational and may intensify as networks previously controlled by detained officials reorganise under new leadership.

## 05 Environmental Crime: Very High Risk

Illegal gold mining in the Arco Minero del Orinoco and southern regions represents Venezuela's most significant environmental crime threat, generating [over \\$2 billion annually](#) whilst causing massive deforestation, mercury contamination, and human rights abuses. Criminal syndicates control mining operations, with irregular armed groups including Colombian ELN and FARC dissidents extracting protection payments and directly operating mines. Gold proceeds are laundered through networks extending to Caribbean refineries (particularly in Trinidad and Tobago, Curaçao), Turkey, and the UAE, often using falsified documentation claiming legitimate origin. Illegal logging, particularly near the Colombian and Brazilian borders, is an emerging concern, with timber smuggled to neighbouring countries with the help of corrupt state actors. Wildlife trafficking is also widespread, with trafficking of exotic species including macaws, parrots, and reptiles occurring primarily through Colombian border regions to international markets. Illegal fishing by industrial vessels in territorial waters has become a major problem as well, depleting marine resources. The petroleum sector also faces environmental crimes including spills and gas flaring, which continue with minimal regulation or remediation.

## 06 Fraud: Very High Risk

Venezuela's economic collapse has driven explosive growth in fraud schemes targeting both domestic populations and Venezuelan diaspora communities abroad. Ponzi and pyramid schemes promising unrealistic returns in stable currencies prey on desperate populations, with schemes regularly emerging and collapsing. Investment fraud involving cryptocurrency platforms has proliferated, with schemes promising returns in Bitcoin and other currencies whilst operators abscond with funds. Romance scams and advance-fee fraud target diaspora communities, exploiting family separation and desperation. Banking sector fraud includes account takeovers, fraudulent loans, and embezzlement facilitated by weak internal controls. Government subsidy programmes suffer extensive fraud through ghost beneficiaries and document falsification. Credit card fraud and identity theft have increased substantially, whilst cyber-enabled fraud including phishing, business email compromise, and ransomware affects businesses and individuals alike. The political upheaval following Maduro's arrest and detention may create additional fraud opportunities as scammers exploit uncertainty and claim affiliation with transitional authorities.

## 07 Cybercrime: Medium-High Risk

Venezuela faces growing cybercrime threats including ransomware attacks and distributed denial-of-service (DDoS) targeting businesses, state-owned enterprises, and critical infrastructure. Increasingly state-sponsored cyber activities are a concern as well, amidst ongoing geopolitical tensions and hacktivist activity. The petroleum sector and government systems have experienced cyber intrusions, whilst banking customers face phishing attacks, account takeover fraud, and ATM skimming operations. Cryptocurrency exchange hacking and wallet theft have become more common as digital asset adoption increases. State actors are alleged to engage in cyber espionage and information operations, whilst criminal groups conduct cyber-enabled fraud and extortion schemes. Limited cybersecurity capacity in both public and private sectors creates vulnerabilities, whilst law enforcement capabilities to investigate and prosecute cybercrime remain limited and may deteriorate further during political transition.

## 08 Human Trafficking & Modern Slavery: Very High Risk

Venezuela serves as a source country for sex trafficking and forced labour victims, with the economic and humanitarian crisis driving millions of Venezuelans to emigrate, creating significant exploitation vulnerabilities. Women and children are trafficked for sexual exploitation to Colombia, Trinidad and Tobago, and other Caribbean destinations, whilst labour trafficking affects Venezuelan migrants in domestic servitude, agriculture, and construction sectors across Latin America. Illegal mining operations in the Arco Minero region employ forced labour under threat of violence, with workers trapped in debt bondage and unable to leave. Trafficking networks often recruit victims through false job offers, then exploit them through debt bondage, document retention, and threats. Child trafficking for forced begging and sexual exploitation occurs in border regions and urban centres, whilst LGBTQ individuals and other vulnerable populations face particular threat of trafficking and exploitation. Human smuggling operations out of the country also continue to expand in the country, driven by the prolonged economic crisis, with criminal groups such as the powerful Tren de Aragua controlling key smuggling routes that extend across the continent. The political instability following Maduro's arrest and detention may only intensify migration pressures, at least in the short term.



## 09 Arms Trafficking: Very High Risk

Venezuela faces significant arms trafficking risks related to military stockpiles, irregular armed groups operating from Venezuelan territory, and maritime smuggling routes. Weapons from military arsenals have been diverted to Colombian irregular armed groups (ELN, FARC dissidents) and criminal organisations such as the Tren de Aragua, with corruption facilitating systematic theft from military depots. The country serves as a transit point for small arms and light weapons trafficking between South America and Caribbean criminal organisations. State-provided weapons to civilian militia groups have reportedly been diverted to criminal networks. Arms acquired through Venezuelan government procurement from Russia, China, and other suppliers have allegedly been re-exported to conflict zones and sanctioned regimes, with limited accountability or end-use monitoring. The power vacuum created by Maduro's arrest and detention raises concerns about increased arms trafficking as competing military factions and criminal groups seek to arm themselves for potential confrontations over territorial and resource control.

## 10 Terrorist Financing: Medium-High Risk

Venezuela faces terrorist financing risks related to Colombian irregular armed groups operating from border regions, alleged Hezbollah presence, and potential Iranian connections. The ELN and FARC dissidents generate funding through illegal mining, extortion, kidnapping, and drug trafficking in Venezuelan border zones, with limited state interference or enforcement. Maduro's arrest and detention creates uncertainty regarding state relationships with these groups, potentially intensifying their autonomy and financing activities. Allegations of Hezbollah fundraising through Lebanese diaspora community members in Margarita Island and other locations have been made by US authorities, though evidence remains contested. Informal value transfer systems serving the Lebanese and Middle Eastern communities could potentially be exploited for terrorist financing. The FATF has identified significant deficiencies in Venezuela's terrorist financing criminalisation and targeted financial sanctions implementation, with limited capacity to freeze terrorist assets or prosecute terrorist financing.

## 11 Tax Crime: High Risk

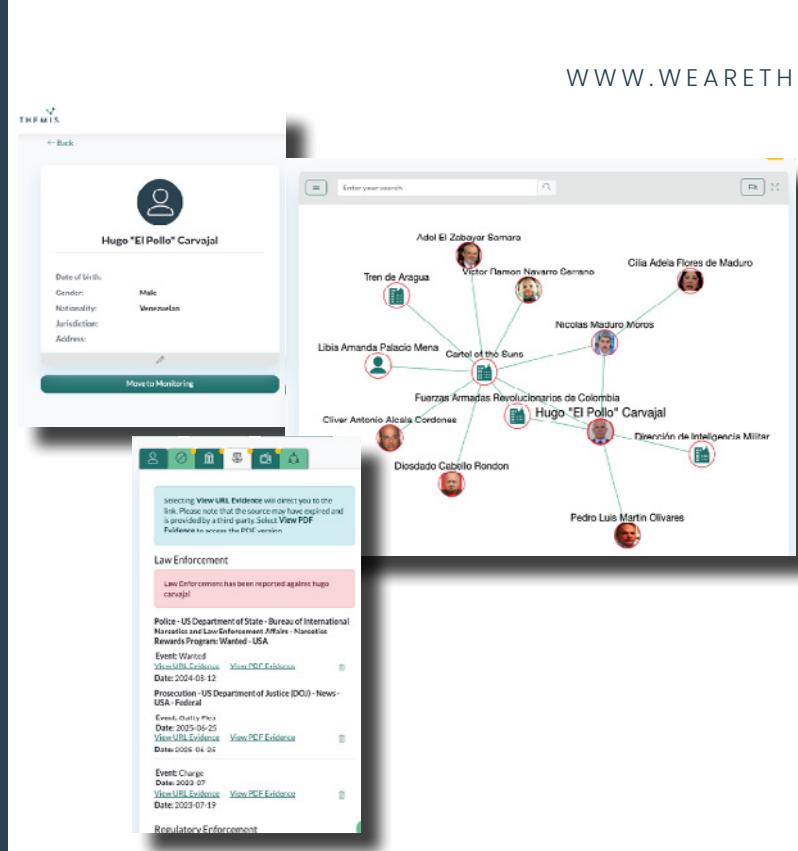
Venezuela experiences massive tax evasion facilitated by the informal economy (estimated at 40-50 percent of economic activity), capital flight, and systematic non-compliance. The hyperinflationary environment has made tax collection nearly impossible, with tax revenues collapsing as a percentage of GDP. Petroleum sector transfer pricing manipulation, under-declaration of exports, and corruption in PDVSA reduce government revenues by billions annually. Import/export businesses evade customs duties through under-invoicing, misclassification, and corruption of customs officials. Professional service providers facilitate tax evasion through offshore company formation, asset concealment, and fraudulent documentation. The real estate sector operates largely outside tax compliance, with transactions conducted in cash or cryptocurrency to avoid registration. Capital flight through informal channels and undervaluation of exported assets reduces tax collection whilst facilitating money laundering. Any transitional government will face severe challenges in rebuilding tax collection infrastructure and compliance culture following decades of institutional degradation.

# Case Study

## State Power and Narco-Trafficking

In June 2025, Hugo Armando "El Pollo" Carvajal Barrios, a former Venezuelan general and head of the country's military intelligence, pleaded guilty in a US federal court to charges of drug trafficking and narco-terrorism for his role in conspiring to import large quantities of cocaine into the US and supporting narcotics operations benefiting armed groups like the FARC. Carvajal was extradited from Spain to the US after years on the run and now faces a potential life sentence. Prosecutors from the US Attorney's Office in Manhattan accused him of exploiting his high-level positions within Venezuelan state structures – including intelligence and military command – to facilitate the movement of multi-ton shipments of cocaine, provide armed protection for drug shipments, and partner with foreign guerrilla organisations to expand the drug trade.

Carvajal leveraged his senior roles within Venezuela's military intelligence apparatus to embed drug trafficking operations into state structures, using his authority and access to corrupt officials, military resources and diplomatic channels to facilitate the movement of large cocaine shipments and protect illicit networks. Prosecutors allege he coordinated multi-ton cocaine transports – such as a 5.6-ton shipment from Venezuela via a private jet – by exploiting intelligence and military assets, and brokered deals with armed groups like the FARC to supply weapons and cash in exchange for expanded cocaine production. This case illustrates how his actions corrupted institutions, shielded trafficking activities from enforcement, and embedded criminal collaboration with foreign guerrilla organisations at the highest levels of state power.



## KEY TAKEAWAYS:

- Drug Trafficking at High Levels of Government:** The case underscores how senior officials in state institutions – not just criminal syndicates – can be central to major transnational drug-trafficking networks. Carvajal's involvement demonstrates that Venezuelan state power structures may have been leveraged to protect and enable large-scale cocaine export operations.
- Narco-terrorism and Armed Group Links:** Carvajal's case links drug trafficking to narco-terrorism, illustrating coordination between state actors and groups like the FARC through the provision of arms and logistical support in exchange for drug production and distribution cooperation. This blurs the line between political warfare and criminal enterprises.
- International Enforcement Reach:** The prosecution took place under US jurisdiction because of the intended destination of the drugs and the use of international routes. This shows how extraterritorial laws and cooperation can bring powerful foreign actors to justice for transnational crimes when domestic legal systems are weak or compromised.
- Regional Security Implications:** By tying Venezuelan state actors to organised drug networks moving cocaine toward the US, the case highlights regional security challenges relating to trafficking, corruption, and the penetration of illicit economies into official institutions.
- Political and Diplomatic Repercussions:** Carvajal's guilty plea and public assertions about the extent of drug-related state corruption carry diplomatic implications, potentially affecting US-Venezuelan relations and international cooperation on anti-drug and anti-corruption efforts going forward.

# Case Study

## US Dollar Bribery Scandal

In 2024, Telefónica Venezolana, the Venezuelan subsidiary of the Spanish telecom giant Telefónica S.A., agreed to pay over \$85 million in a US Department of Justice (DOJ) settlement to resolve a criminal investigation into bribery of Venezuelan government officials. The company admitted to paying officials to gain preferential access to US dollars through Venezuela's government-controlled currency auction system - a highly lucrative advantage due to the country's strict foreign exchange controls. The bribery payments were disguised as inflated equipment costs. Telefónica entered a Deferred Prosecution Agreement (DPA) with the DOJ, meaning prosecution was suspended in exchange for cooperation and compliance measures. This case illustrates how foreign companies can become entangled in corruption when operating in highly controlled economic systems and demonstrates the extraterritorial reach of laws like the US Foreign Corrupt Practices Act (FCPA).

### KEY TAKEAWAYS:

- **Corruption Incentives in Controlled Economies:** Venezuela's strict currency controls created opportunities and incentives for bribery, showing how policy distortions can foster corruption.
- **International Enforcement Matters:** The US FCPA can hold foreign subsidiaries accountable for bribery abroad, even if domestic enforcement in Venezuela is weak.
- **Systemic Risks for Companies:** Multinational firms operating in unstable or highly regulated markets face heightened compliance risks and must implement strong anti-corruption programs.
- **Limitations of Domestic Accountability:** Venezuelan institutions were not the ones prosecuting the case, highlighting governance and transparency challenges in domestic enforcement.
- **Broader Lessons for Policy and Investment:** The case demonstrates that both economic policy design and regulatory oversight play a central role in either enabling or deterring corruption, affecting foreign investment, corporate strategy, and public trust.



# Case Study

## OFAC Sanctions on Venezuelan Oil Sanctions Evasion Network

At the end of December 2025, the US Department of the Treasury took significant action targeting companies and vessels involved in sanctions evasion linked to Venezuela's oil sector. Reflecting ongoing enforcement pressure on the Maduro regime's revenue streams, OFAC added four foreign firms to the SDN list for operating in the Venezuelan oil economy - Aries Global Investment Ltd, Corniola Limited, Krape Myrtle Co Ltd, and Winky International Limited - all accused of facilitating sanctionable oil exports for the regime. Alongside these designations, four associated oil tankers were identified as blocked property because they are owned or controlled by the sanctioned entities: the crude oil tankers Della, Nord Star, and Valiant, as well as the oil products tanker Rosalind, also known as Lunar Tide. These designations underscore how Venezuela's sanctions-evasion strategies increasingly rely on opaque corporate structures and a "shadow fleet" of vessels moving crude oil despite restrictions.

The action illustrates how evasive shipping practices and intermediary firms can prolong the regime's ability to generate revenue under sanctions, while complicating compliance efforts by international traders and financial institutions. By using foreign-registered companies and vessels with complex ownership patterns, the network aimed to obscure beneficial ownership and the origin of oil exports, a common tactic in sanctions evasion that heightens risk for counterparties engaging – knowingly or not – in transactions tied to these blocked parties.

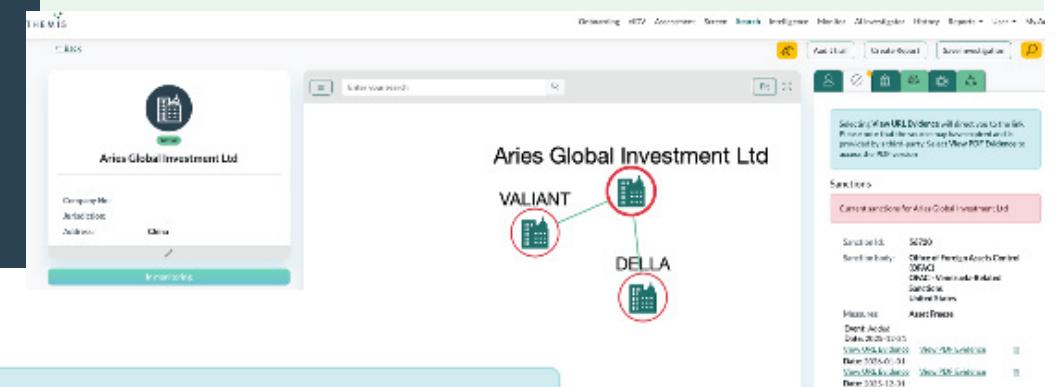
**Associated Companies**

This is a list of companies associated with Aries Global Investment Ltd that may pose a financial crime risk.

Associated Company	Sanction Id	Sanction body	Measures
DELLA	56704	Office of Foreign Assets Control (OFAC) OFAC - Venezuela-Related Sanctions United States	Asset Freeze
VALIANT	56705	Office of Foreign Assets Control (OFAC) OFAC - Venezuela-Related Sanctions United States	Asset Freeze
DEXIA	56706	Office of Foreign Assets Control (OFAC) OFAC - Venezuela-Related Sanctions United States	Asset Freeze

## KEY TAKEAWAYS:

- Named entities and vessels:** The sanctions targeted four companies - Aries Global Investment Ltd, Corniola Limited, Krape Myrtle Co Ltd, and Winky International Limited - and four tankers - Della, Nord Star, Valiant, and Rosalind/Lunar Tide - that were part of the oil logistics network linked to Venezuela's sanctioned exports.
- Sanctions evasion mechanics:** The use of foreign shell entities and a "shadow fleet" of tankers with complex ownership is a key evasion technique, making it harder for regulators and compliance teams to trace the ultimate beneficiaries of sanctioned oil revenues.
- Revenue protection for the regime:** Despite longstanding sanctions, these practices have allowed the Maduro government to sustain oil exports and access financial resources, which can in turn support state activities and entrench governance challenges.
- Compliance risk:** Companies and financial intermediaries that lack robust screening and ownership analysis are at heightened risk of exposure to sanctioned networks, particularly in oil and commodity markets where intermediaries and transport chains are complex.



**Lunar Tide**  
Winky International Limited is the owner of Lunar Tide

# Key Watchpoints

Venezuela presents a highly complex and elevated financial crime risk landscape. Companies looking to operate in the country, partner with Venezuelan entities, or engage in high-risk sectors or trade across the region face significant compliance and operational exposures. The following overview outlines key financial crime watch points and red flags to support organisations in conducting robust risk assessments and enhanced due diligence.

- **Petroleum Sector Red Flags:** Transactions involving Venezuelan oil shipments present inherently high sanctions and financial crime risk, particularly where documentation cites alternative countries of origin; complex layering of intermediaries is used; flag-of-convenience vessels are involved; unusual ship-to-ship transfer patterns occur; or pricing deviates materially from market benchmarks – each of which may indicate sanctions evasion schemes.
- **Gold Trade Anomalies:** Transactions with gold traders, refineries, or dealers claiming Caribbean, Turkish, or other third-country origin may warrant heightened scrutiny when beneficial ownership, shipping routes, or pricing patterns suggest potential Venezuelan sourcing. Transactions involving rushed timelines, opaque ownership structures, or reluctance to provide sourcing documentation are particularly high risk. Political instability may intensify illegal mining as armed groups exploit weakened central authority.
- **Cryptocurrency Transaction Patterns:** Venezuelan individuals or entities conducting high-value cryptocurrency transactions – particularly involving conversion to/from USD or other stable currencies, frequent movements between platforms, or use of mixing services – may present elevated financial crime risk beyond legitimate business or personal financial activity.
- **Shell Company Indicators:** Business relationships involving Venezuelan-connected entities with nominee ownership, bearer shares, operations in offshore jurisdictions, minimal genuine business activity, or circular ownership structures are potential signs of illicit financial activity. Moreover, given Venezuela's elevated risk landscape, particular caution is warranted with state-affiliated actors, beneficial owners who are politically exposed persons (PEPs), or those linked to sanctioned individuals. Extra scrutiny is also advised for entities seeking new government connections during periods of political transition.
- **Real Estate Investment Patterns:** Property purchases by Venezuelan nationals or entities involving all-cash transactions, third-party funds sources, below-market valuations, opaque ownership through trusts or companies, or purchases in traditional money laundering destinations (Caribbean, US, Spain, Portugal, Panama) inconsistent with declared income sources are all high risk.
- **Trade-Based Money Laundering:** Due to the heightened risk landscape of the logistics sector in Venezuela, companies



conducting trade in the country should be on the lookout for import/export transactions showing significant over- or under-invoicing compared to market prices, commodity descriptions inconsistent with shipping patterns, circular trading patterns, or involvement of multiple intermediaries without clear business purpose, particularly in petroleum, gold, food products, or machinery sectors. Enhanced scrutiny in 2026 and beyond is required as new networks emerge during the political and economic transition period.

- **Cross-Border Remittance Anomalies:** Frequent or high-value remittances to or from Venezuela through informal channels may be a sign of links to money laundering or criminal activity. This is especially true for transactions with structuring patterns that avoid required reporting thresholds or that use multiple remittance services without a clear reason. Transactions involving beneficiaries in high-risk border regions, or patterns inconsistent with a claimed relationship or employment status, are also high risk.

- **PEPs and Sanctions Evasion Red Flags:** Warning signs of potential sanctions evasion in Venezuela include complex ownership structures tied to government officials or state enterprises, the use of intermediaries to obscure transactions, and irregular routing of funds or commodities across multiple jurisdictions. Obfuscation of beneficial ownership, frequent changes in vessel identity, and unusual financial flows in high-risk sectors such as oil, mining, or foreign trade are key red flags. Affiliations with networks connected to Venezuela's sanctioned state apparatus - even if not directly listed - also warrant close monitoring. Critical importance of continuous monitoring during leadership transitions as new PEPs emerge and sanctions designations evolve.

- **Transitional Authority Claims:** Heightened scrutiny of individuals or entities claiming affiliation with transitional governmental structures, new ministerial appointments, or reformed state enterprises should be undertaken by businesses, particularly when these individuals or entities are seeking to establish banking relationships, conduct large transactions, or access previously frozen assets. Verify credentials through multiple independent sources given risk of fraud and impersonation during power vacuum.
- **Military and Security Force Connections:** Enhanced due diligence should be performed on individuals or entities with current or former connections to Venezuelan military or security forces, particularly those involved in border control, customs, or port operations, given their historical role in facilitating trafficking and corruption. Competition between military factions during transition creates heightened risks.



# How Themis Can Help

Financial crime has evolved faster than traditional systems. Themis delivers a new AI-powered, end-to-end platform purposebuilt to help businesses detect, prevent, and respond to threats in real time. A modular solution that fuses advanced analytics, automation, and proprietary intelligence to tackle risk at scale and fast. As financial crime becomes more complex, Themis delivers clarity, speed, and impact. This isn't an evolution. It's the platform the future demands — powered by data, powered by Themis.

Themis aims to be a leader in applying AI-led solutions to the problems of financial crime, and we are uniquely placed to do so. With strong working relationships with governments and businesses of many shapes and sizes, our software is developed with the needs of the whole financial crime compliance ecosystem in mind. By combining a focus on innovative technology with

leading human intelligence and insight, Themis is capable of not only meeting those needs as they currently are but also anticipating them as they evolve in an uncertain future.

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[Get in touch to find out more.](#)

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