

Thursday, June 20, 2024 at 14:12:27 Eastern Daylight Time

From: "Daschle, Nathan" <nathan@daschlegroup.com>

Date: Thursday, June 20, 2024 at 2:01 PM

To: [REDACTED]

Subject: Venezuela democratic opposition

[REDACTED]

[This](#) recent CFR blog post from the former US Rep to Venezuela is a good summary of

There has been a bipartisan House letter (attached), [REDACTED]

[REDACTED]

[REDACTED]

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DEBBIE
WASSERMAN SCHULTZ

FOR IMMEDIATE RELEASE
June 5, 2024

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Wasserman Schultz, Salazar Lead Effort to Block Forced Sale of Venezuelan Assets Held by Pro-Democracy Opposition

Washington D.C. – Today, U.S. Rep. **Debbie Wasserman Schultz** (FL-25) and **María Elvira Salazar** (FL-27) requested that U.S. Treasury Secretary **Janet Yellen** and Attorney General **Merrick Garland** extend and reissue licenses to protect CITGO, the American subsidiary of the Venezuelan energy company PDVSA, which is currently governed by Venezuela's democratic opposition National Assembly. This critical asset, now a target of hedge funds as a result of negligent debt decisions by authoritarian President Nicholas Maduro, must be protected from financial ruin to provide a nest egg for future democratic rule in a nation ravaged by misrule, political repression, and savage poverty under Maduro's criminal regime.

“The economic catastrophe inflicted on Venezuela by the brutal Maduro regime must not be exploited by multinational financiers. The U.S. must stand strong against attempts to ransack vital economic assets that belong to the Venezuelan people and promise to serve as the engine for Venezuela's recovery once democracy is restored,” said **Wasserman Schultz**. “I join my bipartisan colleagues in asking the Biden Administration to continue doing everything possible to protect the foundation of Venezuela's post-authoritarian future.”

“The oil industry will be the backbone of Venezuela's economic recovery once the dictatorship falls,” said **Salazar**. “The forced sale of CITGO is a give-away to the Maduro Regime and compromises the country's future. We must do whatever possible to delay the sale of these assets to ensure Venezuela can have a prosperous future once it is free of chavismo and Maduro.”

Among the other Members signing the letter are U.S. Reps: **Joaquin Castro** (TX-20), **Carlos A. Giménez** (FL-28), **Robert Menendez** (NJ-08), **Jared Moskowitz** (FL-23), **Darren Soto** (FL-09), **Michael Waltz** (FL-06), and **Susan Wild** (PA-07).

Currently CITGO is the subject of an unprecedented case brought by transnational creditors who are owed debts racked up by Maduro's rapacious regime. The letter asks Secretary Yellen and Attorney General Garland to shield CITGO, a key asset for Venezuela's redevelopment once

Maduro's reign ends, and establish a Foreign Claims Settlement process, just as similar economic protection actions have been undertaken by the U.S. government.

Read the entire letter below:

*The Honorable Janet Yellen
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220*

*The Honorable Merrick Garland
Attorney General
U.S. Department of Justice
950 Pennsylvania Ave., NW
Washington, DC 20530*

CC: Secretary of State Antony Blinken, National Security Advisor Jake Sullivan, NSC Sr. Director for Western Hemisphere Affairs Daniel Erikson

Dear Secretary Yellen and Attorney General Garland,

We write to you today to express bipartisan Congressional concern regarding the forced sale of the democratic Venezuelan National Assembly's ownership interest in CITGO that is proceeding before the U.S. District for the District of Delaware. We request that the Administration consider utilizing existing authorities to safeguard CITGO in service to U.S. foreign policy and national security concerns, including the bipartisan interest in restoring democracy in Venezuela, and engage directly with Venezuela's democratic leaders to determine a path forward for this strategic sovereign asset.

The unprecedented forced sale began as an attempt by a single non-U.S. judgment creditor of the Bolivarian Republic of Venezuela to satisfy an arbitral award using the assets of Petróleos de Venezuela, S.A. (PDVSA), the Republic's wholly owned national oil company, which is governed by an ad hoc board appointed pursuant to the authority of the democratically elected 2015 Venezuelan National Assembly. Over time, however, the proceeding has expanded exponentially to the point where dozens of creditors holding judgments totaling \$20 billion are now part of the sale process.

The value of this sale, if executed, would satisfy only a small portion of that debt, especially considering the arbitrarily depressed strategic position of PDVSA and the risk of collusion to produce below-market offers. This would leave most of the creditors without remedy and result in the total loss of the ad hoc board's ownership interest in CITGO. Instead of liquidating PDVSA's interest on an unreasonable basis, CITGO's status as a productive asset should be used to maximize its value and compensate more creditors on an equitable basis.

The forced sale is set to conclude by July 15, 2024, running in parallel to the critical presidential elections in Venezuela which will take place on July 28. If the sale were to conclude, PDVSA's loss of its entire ownership interest in CITGO will deliver a devastating blow to proponents of democracy in Venezuela. Many have long hoped that CITGO, free of the corrupt influence of the Maduro regime, could be part of a solution to the geopolitical crisis in Venezuela and rather than another victim of it. By contrast, Nicolás Maduro is attacking members of the democratic opposition and accusing the leadership of the U.S.-recognized 2015 National Assembly, Consejo

de Administración y Protección de Activos (CAPA) and the United States of “kidnapping” CITGO and “sharing the loot”. The U.S. cannot allow PDVSA to be severed to pay off Maduro’s debts while Maduro exploits the sale to justify repression of the democratic opposition.

The Administration has tools at its disposal to support the people of Venezuela in their efforts to transition the country to democracy by protecting PDVSA’s ownership in CITGO and diffusing the disinformation spread by Maduro and his cronies. Indeed, the Administration has mobilized some of those tools in the form of economic sanctions to protectively block Venezuela’s assets, including PDVSA’s shares in CITGO, to prevent their dissipation by the Maduro regime in the wake of the fraudulent presidential elections in 2018. In addition, the Administration has previously opposed the forced judicial sale of CITGO due to their impact on critical U.S. interests and withheld an OFAC license necessary to execute certain steps in the sales process. So long as PDVSA’s ownership interest in CITGO remains protectively blocked, any successful bidder selected by the court would also need an OFAC license to consummate the forced sale.

We therefore urge the Administration to bar the continuation of the sale process through its economic powers, revoke its favorable sanctions licensing policy regarding the sale announced in May 2023, and to establish a Foreign Claims Settlement process for the equitable and orderly settlement of claims against the Republic and PDVSA. The Administration has followed the latter process in similar instances involving foreign sovereigns, with examples including Cuba, Iraq, and Sudan.

This is a critical and time-sensitive issue, and we encourage the Administration to take immediate action in service to the democratic ambitions of Venezuelans and U.S. regional security objectives. Thank you for your full and fair consideration of this matter, consistent with applicable agency guidelines.

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from Pressure Points

Will the United States Boost Maduro in Venezuela's Election?

A forced sale of CITGO oil company just days before Venezuela's July 28 presidential election would be a propaganda bonanza for the Maduro regime, and should be delayed by the United States government.

Blog Post by Elliott Abrams

June 2, 2024 9:41 am (EST)

Venezuela's presidential election is scheduled for July 28, and no one believes it will be free and fair. The opposition candidate, Maria Corina Machado, has been barred from running, as was her first substitute; the regime has announced that EU election observers will be excluded; polling places are being changed to confuse voters. Maduro needs all this because polls show him getting under 20 percent of the vote—and in some polls under 10 percent.

Meanwhile, and unrelated to Venezuela's election, a U.S. federal judge is in the process of forcing the sale of Venezuela's largest asset, the CITGO oil company. That will be the largest court auction of an asset ever held. Let's assume for the moment that the judge's decision to auction off CITGO to pay a few of Venezuela's debts is entirely normal and legitimate—although it has been called “truly extraordinary” by Forbes and “rare” by the Houston Chronicle. Those terms refer to the judge's decision that CITGO is actually an alter ego for Venezuela, such that crimes committed by the Maduro regime—expropriations—will be remedied by a first come, first served auction where only a few

creditors benefit. Forbes also added that “While no firm information has arisen, there is suspicion in international energy circles that the United States State Department, if not other US government departments and agencies, may have been involved...”

What is “truly extraordinary” and “rare” in my view is the timing. The auction starts on June 3rd—and the final hearing to approve the sale is scheduled for July 15—not two weeks before Venezuela’s election.

Pressure Points

Abrams gives his take on U.S. foreign policy, with special focus on the Middle East and democracy and human rights issues.

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This is a likely bonanza for Maduro. CITGO’s board has since 2019 been out of his control and under that of Venezuela’s opposition, dating from the days when the U.S. government recognized National Assembly speaker Juan Guaido as Venezuela’s interim president. CITGO’s board was chosen by the opposition-led National Assembly back then. Maduro will obviously blame the opposition for the loss of CITGO, which is (as the Houston Chronicle put it) “Venezuela’s foreign crown jewel” and is its most valuable foreign asset.

Even if one assumes that the entire process is fair and just, and that CITGO will be lost to Venezuela, the timing is unbelievably stupid. It is a gift to Maduro. The lawsuits have been under way since 2017. Must they end days before Venezuela's election?

What would it take to delay the final hearing by a few weeks? Remember, the final sale of CITGO will ultimately require approval by the Biden administration—in the form of a license from OFAC, the Office of Foreign Assets Control, at Treasury.

In my view, a letter to the court from the Attorney General and Secretary of State urging just a short delay would likely do the trick. The judge in question, Leonard Stark, is obviously deeply committed to having his way in this case and making his rulings stick; Reuters noted that “Stark declined to hand off the case to another judge after being promoted in 2022 to an appeals court.”

Nevertheless, the Biden administration can jump in and notify the court that the timing it adopted before Maduro set the election date for July 28 is now wrong, inappropriate, damaging to U.S. foreign policy, and a gift to the dictator. Maybe it won't work—but there is simply no excuse for not trying.



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