

National Security Group Lunch Transcript

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Latin America after Chavez

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JON PERDUE:

For a little background, Hugo Chavez, the 14-year democratically elected but increasingly dictatorial leader of Venezuela, succumbed to cancer on or around March 5th. The reason that date is not certain is because of all the conflicting information that we would get out of Havana, as well as out of Caracas; the fact that he was either flown in very, very debilitated condition on a plane from Havana to Caracas within a week of dying; the other reason is because he's been – they've declared that he was – he declared within a year prior to that that he had been cured. So, we never know – he was – the recent announcement was that he was going to be Lenin-like buried in a glass mausoleum, so all of his followers could come visit the grave. But what gives me pause as to the day of death is they've now come out and said that that won't be the case. He will be buried because the body had decomposed too much, so they had not properly mummified him enough on the plane or either in Cuba, one of the two.

And if you're wondering why he might have chosen Havana or the wonderful healthcare system of Cuba, rather than a more advanced oncology center in the rest of Latin America, he's actually not that dumb. He did choose one before and all of his advisers and his family suggested that he go to one of the best in Latin America, which is in Brazil in São Paulo called the Syrian-Lebanese Oncology Center. And – but what happened was that he – they could not meet his demands, which included – he clear – they clear out a floor entirely for him and his entourage, that they give him access to the patient files, the personal files, and the doctors' CVs to make sure that there were no Americans in the premises while he was there, and that they keep this clear – keep this secure and allow his Cuban security personnel to maintain security while he was there. Of course they denied the request and he ended up having to go to Cuba anyway.

Well, while he was there he did – made the rounds with Fidel Castro. They would put up pictures every once in a while and show what – what great health he was in but later as he – as it became too hard, he went on a – on a media blackout for about the last four months prior to his death and you could – you would get a tweet – actually I think it was the last communication that he actually put out officially that

he tweeted from his bedside, supposedly, but then you'd get a photo of he and his two daughters beside his – beside his bed looking – where he's looking healthy.

But we started getting word out of Cuba that he was actually very, very close to death and as that started happening, you started seeing a lot of machinations within the administration and what he did, smartly, prior to his death is designate a successor, which most people were worried that he would never do that, but he did. And he nom – he suggested Nicolás Maduro and it was – it was typically between Maduro and Diosdado Cabello who is the other contender for this and the reason we suspect is because Cabello is ex-military, and the struggle that they anticipate that could take place there would be any kind of military check upon the civilian Chavista power and that would have been – Cabello has loyalty within the military because he comes from there and they kind of feared that, so he nominated Nicolás Maduro.

A little background on Maduro. He is a – the story on him is that the media loves to put out out of Venezuela is that he's a – was a humble bus driver and worked his way from being a bus driver in Havana all the way up to the Vice President of the country. But what the true story is is that he was part of the Marxist Youth, the socialist youth league, and ended up getting a scholarship to go to Cuba for a year and train in rabble-rousing, basically is the best thing I can tell you. It's union organizing is what they call it but they also at times get into terrorist tactics and he ended up being one the street organizers when – in 1992, when Hugo Chavez tried to do a military coup.

And in this failed coup he was, he – Chavez went to jail. Maduro went to visit him in the prison and met his wife – or his common-law wife, who you hear – you will start hearing a lot more about named Cilia Flores. And you can't talk about Maduro without talking about Cilia Flores because she is the power behind the throne, so to speak. She was Chavez's volunteer lawyer to get him out of prison back in 1992 when he was – when he was jailed after the coup. And she was alongside FARC that actually paid him while he was in – in prison back then. And she ended up getting – getting him out, met Nicolás Maduro at the time, they were both married, they divorced, gotten married – actually they never got married, they are considered common-law wife but they don't tend to tout that very much.

A little bit about the two of them, some things you won't tend to hear as they – you know, they feign Catholicism because Latin America's almost, probably 80-90% Catholic. But they're actually followers of Sathya Sai Baba. Anybody ever hear, heard of this? He's an Indian Guru, and he has a very eclectic, – preaches the conglomeration or use of all religions, the best parts of all religions and he has followers throughout the world that go on pilgrimage to visit him and he's – he actually died in 2011. But, you – they don't tout that a lot because it's considered a bit strange in Venezuela.

But Cilia Flores is currently the Attorney General under Chavez and these two are the power couple right now of Venezuela. She has been said to be behind his rise, he's not as politically astute as she is, not as

ambitious as she is, but she has kind of guided his rise and because of his bona fides and being trained in Cuba and the Cubans wanted him rather than Diosdado Cabello because they feel like they can control him and what needs to be said is the – everything from the Carine [PH] the places where they – Iodex [PH] I think is the name – whichever the bureaucracy that hands out passports and travel documents, things like that has been taken over by the Cubans and they've been giving out passports and identity documents for years now to Syrians, Lebanese, Iranians that come into the country through this infamous Damascus, Syria to Tehran to Caracas flights which would have its own landing strip in the Caracas airport, would have – would not – the passengers would not have to go through customs like the normal case, they would be able to pass through with or without passports and they could get identification documents after that within – within the bureaucracy.

A lot of things that Maduro has come out and said lately has been – another concern is how will – how will the Iranian presence within the country be affected by Chavez's death. And that – it's sad to say, that Cilia Flores as well as Nicolás Maduro have both made pilgrimages to Syria, to Lebanon, as well as to Tehran, and made very anti-American statements there. She is even within a committee within the congress – the national assembly in Venezuela called the Iranian-Venezuelan Friendship Committee. So don't expect any kind of – any kind of schism within – between the Iranians and the Venezuelans any time soon.

Now, there's going to be an election on April 14th. Per the Constitution, they had to have an election within 30 days. Easter happened to fall on that 30-day period so they backed it out one week, so it will be April 14th. And last polling we've seen is Nicolás Maduro is 10 to 14 points ahead of Henrique Capriles who ran against Chavez back in October and lost. So, it's always up in the air but you're gonna have a lot of – they've got money to throw around, they've got an entire apparatus of the state to use against their opposition.

Opposition is not – has been fairly good about being congealed and working together and not having five candidates run against Chavez like they've had in the past. So they're – they're – they have a decent shot at Maduro and he's not nearly as charismatic as Chavez is. There's a lot of speculation. But I'm going to tell you today: don't count on any kind of regime change there. What we need to do is speculate on what's going to happen with the continuation of Chavismo, and how that could possibly be stopped from here.

And the concerns are Iranian presence there, of course, as Iran is closer to a nuclear program and as you get pressure from Israel and from the United States against that, look for soft targets to be hit in Latin America. I don't say this – just speculating – I refer back to the 1992 and 1994 bombings in Argentina, which was just executed in exactly this fashion. And I think what they've been doing is plotting these and having cells set-up to be able to attack soft targets in case they get too much pressure from the United States or Venezuela.

The other thing to look out for – and I'll conclude on this – is that China has recently – China has done a lot of investment in the region, and especially in Venezuela. And they have recently started saying that they wanted Venezuela to send their gold to be deposited in Chinese banks for collateral for the billions that they've loaned them recently and they're worried that with Chavez's death that money's thrown down the drain. So watch how China plays this game with Venezuela as to one indicator that – I'll end on a little bit of optimism – if Maduro goes in and he's going – he does not have the charismatic capacity that Hugo Chavez had and if you remember back in the Soviet days, the people – the Russians would say as the shelves became bare, as the food was scarce, things like that, if only Stalin knew, if only Stalin knew. You know, they all blamed everything on his subordinates and they never blamed it on – some of the same phenomenon happens with this cult of personality of Chavez. So what you need, what we need to watch out for is if that transfers to Maduro, which is highly unlikely so as gas prices inevitably fall, that's gonna suck the budget dry in Venezuela, because they've been living off that now for 14 years. And as the economy continue to falter, as investment committees pull out of Venezuela, Maduro could receive the blame for that and that could present an opportunity for the opposition to take advantage. I'll end there for questions.

QUESTION:

What is the status of the Iranian missile bases?

JON PERDUE:

Last time I was here, Claire Lopez and I spoke and we got on that topic a lot and I try to be as cautious as I can discussing that, we've – I've not seen satellite photos confirming it yet. I've – we've seen mill-to-mill [PH] cooperation in Carabobo and a couple of the northwestern states there where they've got propellant that can be used for missiles, they're working on factories with sanctioned Iranian companies that – working directly with Venezuelan military companies there that are working on all the precursors that make it possible.

Now, I – I refuse to say until I have satellite photos like we had in the Cuban missile crisis, or something like that, to say definitively but the precursors are there and we need – as the, as – Israel has to start putting pressure as we get closer to this thing, that's when we need start looking more closely at that.

QUESTION:

Roger Noriega has told me those bases are operational.

JON PERDUE:

That – you know, Claire [PH] and I talk about that and – I'm not – we've – that's – still – I've not seen proper proof of that yet. But we still need that – I, I need – we need to assume that they have the capability if we've not actually seen it yet.

And by the way, speaking of Roger Noriega – some of you guys have heard recently, Maduro accused Otto Reich – Otto Reich and Roger Noriega of planning to assassinate Henrique Capriles. No, he's not saying that they're going to attack. It worried me a little more that he said this, because if he had said they're gonna assassinate me, we'd all say that's bluster. But they said he was gonna attack the opposition candidate. That let's us think that they're gonna try to kill him or some Chavista's gonna try to knock him off before the election and then blame it on the United States. But luckily that's the extent of the threat so far.

FEMALE:

Jon, thank you, that was superb. Other questions on this? We have – yeah, Ben.

[UNCLEAR]

BEN:

Just want to continue this theme on the Iranian-Venezuelan connection. Do you have any knowledge as to the extent of Iranian money laundering through Venezuelan banks? And any knowledge on Hezbollah activities in Iran and how extensive that is?

JON PERDUE:

Well, they've – they've first set-up what's called a BID, B-I-D, which is the Banco Internacional de Desarrollo which is an Iranian – owned by Iranian personnel but it was set-up to have the same name in Spanish that the Inter-American Development Bank has, so it's kind of trying to be stealthy that way. This got discovered early, the Treasury Department here sanctioned the bank, sanctioned some other – some of the top officials there, which kind of tamped that down a little bit. From there, everything moved to Ecuador, where it's a dollarized economy already so it's easy – much easier to move money in and out, and hide it. So now, a lot of that money laundering has moved into Ecuador happens in Nicaragua and elsewhere, there's plenty of places for them to do it – rampant.

Hezbollah works mostly in Latin America to raise money, launder money, recruit, and set-up cells to possibly attack, but in that order, I would say. And the best thing they've been able to do is go to the Diaspora anywhere in – most of these – these free trade zones that are in the north of Chile and south of Peru, and in the tri-border area which we used to hear so much about. These things move around as

they get – as the tension is brought on them, they moved from one to the other. But it's typically they go to the Diaspora from Syria-Lebanese immigrants that have – might have been there a hundred years. Their families have been in these areas. But they can easily go in, enter the mosque, get welcomed warmly, pick out the – the 19-year old that looks hard-core and start trying to see if they can pull him and make an operative into him. And if – if you heard recently they busted a cell down in Mérida, Mexico also that was an American, a guy – a Californian guy that had been, you know, immigrated to California, but spent a year in jail in California for bank fraud. Immediately gets out, goes down to Mérida, Mexico, hooks up with these other kind of small town criminals – small time criminals, that are – that are setting up shop down there and they busted him for setting up a Hezbollah cell down there. So there's a lot of – they're very mobile. They go and raise money. They go and recruit. Set-up small cells and it's a lot of that. But the thing that we have to watch out for is what happened in Argentina. Argentina is now trying to do this joint commission with Iran to investigate the AMIA bombing and things like that, which is a fraud. And you get there Héctor Timerman, who should be completely anti-Iran because of this – because of these bombings there – is actually trying to make him entreaties to Iran, which has got a lot of people upset down there.

QUESTION:

Just real quick. What is the possibility that the center of gravity on the Chavismo movement actually shifts away from Venezuela to, say, Ecuador, which you mentioned earlier?

JON PERDUE:

I wrote an article about this about four months ago saying that – that Rafael Correa who is the President of Ecuador is the next Hugo Chavez and he's been positioning himself to do that. He made a trip to Cuba, to Havana, a year ago and was – we heard was kind of named the successor by Hugo – by Fidel Castro, who's still running things. The other thing to watch out is for is when Fidel and Raul – one or the other dies. I think Fidel kind of stepped back and gave the presidency to Raul so he could manage the relationship with – with Hugo Chavez, because he saw this was a life-line that they were throwing him these hundred of thousands of barrels a day of oil that they send – it was their – since the Soviet subsidies stopped this was what kept Cuba alive, and – and make no mistake, Fidel Castro is the mastermind throughout Latin America. He is – he is Hugo Chavez's idol and Hugo Chavez would do anything he said and that's why he welcomed all these Cuban operatives into the country to basically take over the sensitive areas the government and run them. And he's also – if he loses the subsidy, loses these hundred thousand barrels a day that they send over there and able to convert to hard currency, it's over for them as well.

QUESTION:

I do have one. This administration and our administration has had, let's say, ambivalence towards the Chavista phenomenon. Where do you see them going at this point?

JON PERDUE:

Depends on who are their personnel – personnel are at the top. It's gotten a little bit better lately. They – they're still preoccupied in the Middle East, so they've taken a lot of personnel out there. We lament this constantly. But they are starting to look at this as an opportunity. They're trying their best. You know, every time something happens there, it gets blamed on the US administration – that we poisoned – we gave Chavez cancer – that was it. Instead of coming out with statement that shows the ridiculousness of that – that cancer is not contagious, they come out with we refu – we completely deny this allegation. Of course you deny it. You don't need to say that. Say something like how ridiculous it is because you get that constantly no matter what you do, it's always a damned if you, damned if you don't proposal in Latin America. If we try to do anything to help, we're accused of manipu – of meddling; if we don't, we're accused of, you know, abandoning them.

So, I think that the – it's been a cautious approach recently but we are starting to see a lot of – a lot of coordinated efforts between DEA, some SOUTHCOM military elements trying to tap down the Hezbollah elements that are there. Investment Business Daily did a story about this a few months ago, and that's the only place I've seen it covered really in depth that, that they are starting to almost run a zone defense within the region against – you can feign that it's against an narco trafficking out of Mexico, which can also work on these Hezbollah cells simultaneously.

WOMAN:

It's just superb. Thank you very much. That was terrific. We have three other speakers. We'll go into our open forum section now. Right.