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Treasury Disrupts Corruption Network Stealing From Venezuela's Food Distribution Program, CLAP

July 25, 2019

Alex Saab bribed stepsons of Nicolás Maduro and exploited no-bid contracts to loot hundreds of millions of dollars from starving Venezuelans

Washington – Today, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) sanctioned Colombian national Alex Nain Saab Moran (Saab), a profiteer orchestrating a vast corruption network that has enabled former President Nicolás Maduro (Maduro) and his regime to significantly profit from food imports and distribution in Venezuela. Saab has



Asociación y Producción, commonly known as CLAP. Through a sophisticated network of shell companies, business partners, and family members, Saab laundered hundreds of millions of dollars in corruption proceeds around the world. Also targeted today are Maduro's three stepsons, Walter, Yosser, and Yoswal, to whom Saab funneled money in exchange for access to contracts with the Government of Venezuela, including its food subsidy program.

"Alex Saab engaged with Maduro insiders to run a wide scale corruption network they callously used to exploit Venezuela's starving population. Treasury is targeting those behind Maduro's sophisticated corruption schemes, as well as the global network of shell companies that profit from the former regime's military-controlled food distribution program," said Treasury Secretary Steven Mnuchin. "The corruption network that operates the CLAP program has allowed Maduro and his family members to steal from the Venezuelan people. They use food as a form of social control, to reward political supporters and punish opponents, all the while pocketing hundreds of millions of dollars through a number of fraudulent schemes."

THE START OF A CORRUPT RELATIONSHIP

Since as early as 2009, Saab exploited his corrupt ties to Maduro regime insiders, frequently paying bribes and kickbacks to Government of Venezuela officials, to win overvalued government contracts. Saab and his business partner, Alvaro Enrique Pulido Vargas (Pulido), created a company in 2009 to bid on a Government of Venezuela housing contract. After a year of lobbying, the Government of Venezuela awarded a housing contract to Saab and Pulido's company to build 25,000 homes in Venezuela; the contract paid Saab and Pulido three to four times the actual cost of building each low-income home, which were intended for Venezuela's more vulnerable populations.

SAAB MEETS "LOS CHAMOS"

In 2011, Saab gave Cilia Adela Flores de Maduro's (Flores) three sons Walter, Yosser, and Yoswal (also known as "Los Chamos") and their cousin, Carlos Erica Malpica Flores (Malpica), a contract to clear land for the construction of homes in the Venezuelan State of Vargas. Flores was designated on September 25, 2018 pursuant to E.O. 13692, as amended, for being a current or former official of the Government of Venezuela; Malpica was designated on July 26, 2017 pursuant to E.O. 13692, as amended, for being a current or former official of the Government of



and kickbacks to obtain government contracts. Los Chamos would also receive kickbacks from Saab's companies in return for government contracts. Los Chamos had frequent access to Maduro and Tareck Zaidan El Aissami Maddah (El Aissami), who was designated on February 13, 2017 pursuant to the Foreign Narcotics Kingpin Designation Act for playing a significant role in international narcotics trafficking; El Aissami is the current Minister of Industries and National Production and former Executive Vice President of Venezuela. As a result, Los Chamos were able to manipulate the recipients of government contracts, and Saab had the opportunity to work with the highest levels of the Venezuelan government.

PROFITING FROM STARVATION

The former Maduro regime created the CLAP program in 2016 for the stated purpose of providing subsidized food ration boxes to poor Venezuelans. Rather than ensure that this vulnerable population receives the food it desperately needs, the regime uses the CLAP program as a political tool to reward support and punish political criticism. By offering food through this program, the former regime is able to maintain its influence because many Venezuelan citizens do not have enough money to buy food and therefore depend on the rations CLAP provides to survive.

Saab's involvement with the CLAP program started in 2016 when he and Pulido devised a corporate structure to acquire the food from a foreign distributor, assemble it in a foreign country, and ship it to Venezuela, all at the most profitable rate for themselves. Under Maduro's watch, Saab reaped substantial profits and imported only a fraction of the food needed for the CLAP program.

Once the food was purchased, Saab and Pulido aggregated the food at processing plants and assembled it for shipping. Saab and Pulido used businesses in Mexico, relying on companies they already controlled, such as Group Grand Limited (which is headquartered in Hong Kong and also registered in Mexico in order to operate in the food industry). In Mexico, Group Grand Limited, S.A. de C.V. is owned or controlled by Pulido's son, Emmanuel Enrique Rubio Gonzalez.) To maximize profits, Saab sought to use a Venezuelan state owned company located in the state of Táchira, Venezuela, which was exempt from import taxes.

Saab used some of his profits from corrupt food contracts to pay bribes to government officials for the importation of food through the State of Táchira, including to Jose Gregorio Vielma Mora



Marco Torres was designated on January 3, 2016 pursuant to E.O. 13692, as amended, for being a current or former official of the Government of Venezuela. Vielma Mora and Marco Torres helped Saab and Pulido obtain winning bids for CLAP food contracts. Saab also continued to provide kickbacks to Los Chamos from the profits of the CLAP program to maintain access to Government of Venezuela officials and continue to win lucrative government contracts.

Several companies Saab and Pulido own or control were used in Saab and Pulido's food corruption scheme, including Asasi Food FZE, Mulberry Proje Yatirim Anonim Sirketi (Mulberry), and the Group Grand Limited companies. Since 2016, when Saab met with Los Chamos and Maduro to discuss importing food on behalf of the Government of Venezuela, Saab and Pulido have made hundreds of millions of dollars from the profits of this corrupt scheme.

THE SYSTEM THAT CORRUPTED THE PROGRAM

The below individuals enriched themselves by capitalizing on a network of corruption to obtain lucrative business contracts with the Government of Venezuela. These individuals were able to obtain CLAP-related, no-bid, and overvalued contracts from senior Venezuelan political figures through front and shell companies. Having successfully obtained no-bid contracts, these front and shell companies would then receive approval from the Venezuelan Corporation of Foreign Trade (CORPOVEX) to import food into Venezuela. OFAC designated Illiana Josefa Ruzza Terán on April 17, 2019 pursuant to E.O. 13692, as amended, for being a current or former official of the Government of Venezuela, as a Director on the Board of Directors of CORPOVEX, as well as a Director of the Central Bank of Venezuela and the Vice President of Finance of Petroleos de Venezuela, S.A. (PdVSA). PdVSA was designated on January 28, 2019 pursuant to E.O. 13850, for operating in the oil sector of the Venezuelan economy.

In many cases, the front or shell companies would receive a prepayment from the Government of Venezuela, after which they would distribute the funds as kickbacks to government officials that were party to the corrupt scheme. To do this, the CLAP-contracted shell or front companies would divert the kickback funds and subtract commissions into nested corporate accounts controlled through their ownership and control of other front and shell companies. To further obscure the money's origin, these front and shell companies would send a portion of the stolen money to business accounts of related companies whose financial activity was not related to food supply or logistics. Finally, using these accounts, the co-conspirators would send a portion



The CLAP-contracted companies would then create fraudulent invoices reflecting a purchase of goods worth an amount aligned with the value from the original, overvalued contract. In many cases, the CLAP-contracted companies would sub-contract with other companies to fulfill the terms of the contract, such as purchasing food or assembling food boxes often at substandard nutritional value. The CLAP-contracted companies worked with shipping and insurance companies controlled by corrupt Venezuelan government officials or their business associates to organize the physical transport of food to Venezuelan ports.

ILLICIT OPERATIONS IN THE VENEZUELAN GOLD SECTOR

From early 2018, as the Government of Venezuela's shortage of foreign exchange became increasingly acute, the Government started using gold resources to pay some contracts, to include CLAP food contracts, and Saab began working with Simon Alejandro Zerpa Delgado (Zerpa) to help the Government liquidate gold mined in Venezuela and convert it into foreign currency. Zerpa was designated on July 26, 2017 pursuant to E.O. 13692 for being a current or former official of the Government of Venezuela. Saab, in turn, worked with members of the Venezuelan government including El Aissami, the current Minister of Industries and National Production and former Executive Vice President, to create a structure for the Government of Venezuela to sell gold to Turkey. As a result of the Government of Venezuela's corrupt operations in the gold sector, and to prevent Maduro and his corrupt associates from further exploiting Venezuela's people and resources, the gold sector of the Venezuelan economy was identified as subject to sanctions by Secretary Mnuchin in November 2018.

Saab signed a contract with *Banco de Desarrollo Económico y Social de Venezuela* (BANDES) to acquire Venezuelan currency to purchase gold from local miners, and the Government of Venezuelan pressured miners to sell gold to Saab at an inflated official market rate, instead of on the black market. BANDES was designated on March 22, 2019 pursuant to E.O. 13850, as amended, for operating in the financial sector of the Venezuelan economy.

Some of the gold was sent to Caracas to be refined, then sold to the Central Bank of Venezuela (Banco Central de Venezuela or BCV), and subsequently exported out of Venezuela. The BCV was designated on April 17, 2019 pursuant to E.O. 13850, as amended, for operating in the financial sector of the Venezuelan economy. The gold was then flown to destinations such as the United Arab Emirates and Turkey. Turkish entities would purchase gold from the



goods in Turkey on behalf of Venezuelan clients, marking up prices before being sold back to Venezuela.

A NETWORK OF CORRUPTION AND NEPOTISM

The individuals designated today are determined to be responsible for or complicit in, or directly or indirectly engaged in, a transaction or series of transactions involving deceptive practices and corruption and the Government of Venezuela or projects or programs administered by the Government of Venezuela, or are immediate adult family members of such persons, or operate in the gold sector of the Venezuelan economy, or are current or former officials of the Government of Venezuela:

- **Alex Nain Saab Moran (Saab)** is a Colombian national who, along with his business partner, Pulido, oversees a sophisticated network of front and shell companies used to acquire, assemble, and ship food to Venezuela in support of CLAP contracts, all at the most profitable rate for themselves. Saab used the profits generated from CLAP food boxes to bribe government officials to maintain his access to government contracts. Saab bribed several individuals, including Vielma Mora and Marco Torres. Saab also provided kickbacks to Maduro's stepsons, Walter, Yosser, and Yoswal ("Los Chamos").
- **Alvaro Enrique Pulido Vargas (Pulido)** (previously known as German Enrique Rubio-Salas) is a Colombian national who serves as Saab's primary business partner. Along with Saab, Pulido helped devise the complex corporate structure of front and shell companies that Saab and Pulido used to profit from the acquiring, assembling, distribution, and shipment of food to Venezuela.
- **Emmanuel Enrique Rubio Gonzalez (Rubio)** is the son of Pulido. Rubio owns or controls one of the key food packing companies involved in the corruption network that abuses the CLAP program, Group Grand Limited S.A. de C.V., which facilitated the shipment of non-perishable food from Mexico to Venezuela.
- **Walter Jacob Gavidia Flores** is the oldest stepson of Maduro and, along with his two younger brothers Yosser and Yoswal, received bribes and kickbacks from Saab in exchange for giving Saab access to overvalued Venezuelan government contracts, such as the CLAP



- **Yosser Daniel Gavidia Flores** is the second oldest stepson of Maduro and, along with his two brothers Walter and Yoswal, received bribes and kickbacks from Saab in exchange for giving Saab access to overvalued Venezuelan government contracts, such as the CLAP program.
- **Yoswal Alexander Gavidia Flores** is the youngest stepson of Maduro and, along with his two older brothers Walter and Yosser, received bribes and kickbacks from Saab in exchange for giving Saab access to overvalued Venezuelan government contracts, such as the CLAP program.
- **Jose Gregorio Vielma Mora (Vielma Mora)** is the former Minister of Foreign Trade and International Investment of the Government of Venezuela. He is also the former Governor of the Venezuelan State of Táchira.
- **Shadi Nain Saab Certain (Shadi)** is a son of Alex Nain Saab Moran. Shadi was listed as a Director of Group Grand Limited from 2015 to 2017 in the company's registration documents.
- **Isham Ali Saab Certain** is a son of Alex Nain Saab Moran.
- **Mariana Andrea Staudinger Lemoine** is the wife of Yosser Daniel Gavidia Flores.

GLOBAL NETWORK OF FRONT AND SHELL COMPANIES

Several individuals designated today played a role in establishing a global structure of front and shell companies to skim significant sums of money from commercial contracts and business activity created through the scheme. By utilizing such a structure of offshore entities to support CLAP operations, it makes it more difficult for U.S. financial institutions to identify corrupt activity related to CLAP-related food operations.

The following companies were designated or blocked today for being owned or controlled by the aforementioned individuals, or for being responsible for or complicit in, or for being directly or indirectly involved in, any transaction or series of transactions involving deceptive practices



MIAMI, Florida, as blocked property in the interest of one of these companies.

- **Asasi Food FZE** is registered in the UAE and is owned or controlled by Saab. Asasi Foods FZE received money from food companies in Venezuela that were receiving food imports and paying money to food providers in Mexico as a means to facilitate the CLAP corruption scheme.
- **Group Grand Limited** is registered in Hong Kong and is owned or controlled by Saab. The company served as a primary entity in the global network of shell and front companies used by both Saab and Pulido to facilitate the CLAP corruption scheme.
- **Group Grand Limited, S.A. de C.V.** is registered in Mexico and is owned or controlled by Rubio. It is part of the network of shell and front companies used by Pulido and Saab to facilitate the CLAP corruption scheme. The company has a warehouse that was used to receive food from different suppliers and assemble the food into boxes that were shipped from Mexico and sold in Venezuela as a part of the CLAP corruption scheme. The timing of today's action by the Treasury Department was synchronized with an action by the Government of Mexico.
- **Group Grand Limited General Trading** is registered in the UAE and is owned or controlled by Saab. It is a part of the global network of front and shell companies used by Saab and Pulido to facilitate the CLAP corruption scheme.
- **Mulberry Proje Yatirim Anonim Sirketi (Mulberry)** is registered in Turkey and is responsible for or complicit in, or directly or indirectly involved in, a transaction or series of transactions involving deceptive practices or corruption and the Government of Venezuela or projects or programs administered by the Government of Venezuela. Mulberry was used to facilitate payments made as a part of Saab's CLAP corruption network for the sale of gold in Turkey.
- **Seafire Foundation** is registered in Panama and is owned or controlled by Saab. Saab and his direct family members were the beneficiaries of the entity that facilitated payments to



by RUBIO.

- **Emmr & CIA. S.A.S.** is registered in Colombia and is owned or controlled by Rubio.
- **Global Structure, S.A.** is registered in Panama and is owned or controlled by Rubio.
- **Multitex International Trading, S.A.** is registered in Panama and is owned or controlled by Rubio.
- **Sun Properties LLC** is registered in Delaware and is owned or controlled by Rubio.
- **Clio Management Corp.** is registered in Panama and is owned or controlled by Pulido.
- **Silver Bay Partners FZE (Silver)** is registered in the UAE and is responsible for or complicit in, or directly or indirectly involved in, a transaction or series of transactions involving deceptive practices or corruption and the Government of Venezuela or projects or programs administered by the Government of Venezuela.

As a result of these actions, all property and interests in property of the individuals and entities designated today, and of any entities that are owned, directly or indirectly, 50 percent or more by those individuals or entities, that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within (or transiting) the United States that involve any property of blocked or designated persons.

U.S. sanctions need not be permanent; sanctions are intended to change behavior. The United States has made it clear that we will consider lifting sanctions for persons designated under E.O. 13692 or E.O. 13850, each as amended, who take concrete and meaningful actions to restore democratic order, refuse to take part in human rights abuses, speak out against abuses committed by the Government of Venezuela, and combat corruption in Venezuela.

For additional information about the methods that Venezuelan senior political figures, their associates, and front persons use to move and hide corrupt proceeds, including how they try to



widespread public corruption in Venezuela, [FIN-2017-A000](#) , “Advisory to Financial Institutions and Real Estate Firms and Professionals” and [FIN-2018-A003](#) , “Advisory on Human Rights Abuses Enabled by Corrupt Senior Foreign Political Figures and their Financial Facilitators.”

[View identifying information on the individuals and entities designated today.](#)

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