



Written by [Bob Adelman](#) on December 18, 2018

## Five of Maduro's Big Lenders Want Their Money Back. Good Luck.

Five investment firms holding \$380 million of one of Venezuela's bonds [demanded payment](#) of both the principal and unpaid interest on Monday. This could be the trigger that unleashes an avalanche of claims by more than 40 creditors holding \$150 billion of Venezuela's debt.

The Marxist regimes that have controlled Venezuela for the last 20 years have finally run out of other people's money, and now those other people want it back.



Up until Venezuela failed to make an interest payment on its outstanding bonds, patience was the strategy for the bondholders. After all, Maduro had paid back Goldman Sachs' "hunger bonds," which helped keep the socialist regime alive, making a final \$90 billion payment on the loan in May.

In October, Maduro's government paid \$1 billion to selected bondholders to keep them from foreclosing.

This was followed in November by an agreement reached between a defunct Canadian gold-mining company and Venezuela, settling a \$1.4 billion claim with a down payment of \$500 million and promises to pay the balance on a quarterly basis thereafter until it was paid off.

But then Maduro breached that promise in December, and the mining company took action to start selling off shares of Citgo, owned by Maduro's state-owned oil company, PdVSA.

That's when the five unnamed investment firms decided it was time to get in line — perhaps first in line — to get what could be gotten from a regime that had run out of time, money, and seizable assets. Think of a 10-year game of musical chairs: That's how long a similar process took in settling Argentina's debt crisis in the late 1990s.

Crystallex International went bankrupt when Venezuela failed to honor its agreement to let the Canadian gold miner develop some of Venezuela's potentially highly profitable gold reserves. Arbitration settled the amount owed Crystallex by Venezuela: \$1.4 billion, but Venezuela failed to honor the agreement. Crystallex sought and obtained permission to go after Citgo, the \$8 billion wholly-owned subsidiary of PdVSA. This is when Maduro made the agreement in November, sealed with a down payment of \$500 million in exchange for a promise by Crystallex to back off from selling at public auction shares of Maduro's prime income-generating asset.

That agreement was breached by Venezuela less than a month later.

Time ran out on Monday with the announcement that now requires Maduro not only to pay back interest but to pay off the \$1.5 billion loan even though it isn't due to be paid off until 2034. It's called "acceleration," and rightly describes the likely "acceleration" of the end of the Maduro's mad tyranny that has driven Venezuela into unspeakable poverty and suffering for its citizens. Mitu Guilati, a Duke



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University professor who has been closely following the accelerating collapse of the country, said Monday's move will prompt other debt holders to move from patience to legal action to protect their interests: "In a world in which you have limited assets, [the winner is] whoever grabs the assets first."

For most it's probably too late. Maduro's only source of income is the state-owned oil company PdVSA, which owns Citgo. When oil prices were high and government control of the country's economy was in its early stages, revenues from PdVSA allowed first Hugo Chávez and then Nicolás Maduro to provide all manner of state-provided services to the poor. Socialists from around the world applauded the Marxists' success in raising them from poverty with their "new brand of socialism."

Consider for example the plaudits poured out on the Marxist regime back in 2013 by David Sirota in his article in *Salon* entitled "Hugo Chavez's Economic Miracle." Wrote Sirota: "Chavez's ... full-throated advocacy of socialism and redistributionism ... delivered some indisputably positive results.... Chavez racked up an economic record that a legacy-obsessed American president [Obama] could only dream of achieving."

The dream in Venezuela has turned into a nightmare for those citizens who haven't been able to escape. One searches Sirota's website in vain for his apology to them. A famous quote from England's former Prime Minister Margaret Thatcher explains what is now happening in Venezuela: "The problem with socialism is that you eventually run out of other people's money." Maduro's problem is now compounded by the reality that those other people want their money back.

*Photo: AP Images*

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