

Sidor and the Rebar Trafficking

Four years after the investigation on the “rebar mafia” began, the main suspect was released after his case was dismissed.

Clavel A. Rangel Jiménez

Investigations on the “rebar mafia” began in 2009, with the leaked *Fraud Audit Report Case No. AF00108*, which by then outlined the relationships and alleged corruption in the administration of the state-owned steel mill Siderúrgica del Orinoco (Sidor).

The focus of these first documents revolved around the relations of Sidor’s marketing director, Luis Velásquez, client portfolio manager of the steel mill, and chairman of the transition committee of iron briquetting companies Matesi and Orinoco Iron.

Suspensions of irregularities in the state-owned steel mill increased when a section of the Trade Union of Iron and Steel Industry and Allied Workers (Sutiss) reported that in 2010, shipments of price-controlled rebars were being shipped out Sidor’s gate IV but never reached their destination: the state-owned iron supply marketing company, Ferresidor.

Those claims were made in times of high political conflict in Ciudad Guayana, and just as the State took over 85 percent of the rebar market with the nationalization of Sidor, Sidetur and the Socialist Production Center (CEPROCA), in the state Carabobo.

But it was not until June 9, 2011 when the Military Intelligence Directorate (DIM) raided the marketing and distribution department of Siderúrgica del Orinoco (Sidor), detained Velásquez and questioned several managers, including Entio Baez.

The actions by DIM were preceded by a complaint by the Revolutionary Front of Steelworkers, represented by **Pedro Francisco Aranguren**, president of an organization called the Foundation for the Rights of Victims (Fundavíctima) and attorney of the relatives of prosecutor Danilo Anderson.

This intervention was the starting point of a dozen raids that took place against the backdrop of a confrontation between two groups of Chavez supporters: sectors linked to the Communist Party of Venezuela (PCV) and

the regional leadership of the United Socialist Party of Venezuela (PSUV) led by the governor of the state of Bolívar, Francisco Rangel Gómez.

Velásquez was charged on July 27, 2011 (case No. *FP12-P-2011-002356*) with the alleged crimes of collusion of a public official with a contractor, willful embezzlement, specific misappropriation through evasion of tender procedures, trafficking of ferrous material and conspiracy, which are punishable under the Law against Corruption and the Law on Organized Crime.

Although several managers were questioned, including the manager of flat-rolled products, Entio Baez, only the Marketing Director was detained. At Sidor, Velásquez was not just a manager, but a top official within the United Socialist Party of Venezuela (PSUV) where he acted as an advisor in the area of finance.

Besides being responsible for marketing at Sidor and the transition committee in the companies Orinoco Iron and Matesi, he was also responsible for the state-owned iron marketing entity, Ferresidor; a friend of the governor of Bolívar, Francisco Rangel Gómez, and part of the board of directors of the soccer team Club Deportivo Mineros de Guayana.

Since Velásquez was part of Governor Francisco Rangel Gomez's circle of friends, spokespersons of the steelworkers union blamed the regional administrator for being part of the corruption network linked to his son.

“Whoever has any evidence, let him show it; they shouldn't talk so much. Just show the evidence,” replied Francisco Rangel Gómez (governor of Bolívar) when asked about the investigations into the rebar business. “Luis Velásquez is one of our compatriots, he is a party (PSUV) member, he is a friend of ours and will remain so.”

People involved

Apart from the intervention in Sidor, the Prosecution Ministry raided at least 10 private companies linked to Sidor and Orinoco Iron, including **Hierro San Félix, Hierrobeco, Piameca Aluminios C.A.**—in Ciudad Guayana—, **Maploca; Degran & Compañía, C.A.** and **Ediperca.**

The State filed charges against entrepreneurs **Gran Alexander Ritchie Silva** and **Eduin Flores Suloaga**, from companies Degran & Compañía, C.A. and Ediperca, on charges of collusion of a public official with a

contractor, for having contracted with the company Orinoco Iron ignoring all tender procedures and protocols of the state-owned company.

Besides the businessmen, authorities also arrested **Tatiana Patricia Orozco Esterling**, accused of crimes of illegal trafficking of strategic material, conspiracy and corruption; Lieutenant Colonel **Miguel Ángel Urrieta Manrique**, who was then commander of the Rural Command Detachment No. 19 in Táchira; National Guard Captain **Ysker Enrique Orozco**; and Lieutenant **Eylym Marikarmen Buenaño Rico**, who served as commander of the military post of Michelena, Táchira.

Tatiana Orozco was apprehended for her alleged involvement in rebar trafficking, after a raid on one of her warehouses located in the industrial zone of Matanzas, in Ciudad Guayana, where a “large number of steel rebars and ferrous materials” was found, according to the Prosecution file, as well as alleged messages and money transfers to National Guard officers in exchange for allowing the transit of the material to Colombia.

Authorities also arrested **Javier Enrique Palma Martínez** on July 8, 2011 for being Orozco’s alleged partner; but he was presented as a witness after he collaborated as an informant, obtaining thus procedural benefits. Apart from the entrepreneurs, the prosecutors subpoenaed Carmen Gamarra, who was then general manager of the private company **Hierro San Félix**.

The Secret Report

According to Sidor’s confidential report GEAI AF 00108, in one of the annexes entitled “*Report of social intelligence networks on Luis Velásquez*,” since 2008 people knew about the damage that he could cause, as he was thought to be the “ideologist” behind Ferresidor.

“However, workers know that business mafias traffic truckloads of steel bars (...) It is known that Luis Velásquez reports directly to Minister [Rodolfo] Sanz (former president of Sidor, Minister of Mibam and president of CVG) and not Miguel Álvarez (former CEO of Sidor),” says the document.

Those investigations in 2011 were also communicated to members of the transition board of Orinoco Iron and Matesi for irregularities in the marketing of products and the company’s finances.

Workers representatives Daniel Rodríguez (Matesi) then president of the company, and union leader **Alirio Guillén**, member of the committee in

Orinoco Iron, and other members of the transition committee were also subpoenaed.

Suspects Released

But despite the Prosecution Ministry investigation on Velasquez's administration in the briquetting companies and his responsibility in the marketing of steel rebars, the director of Sidor was released on probation in 2013 as a humanitarian measure, after the "separation of facts" from Tatiana Orozco's case, as were the three members of the National Guard indicted on December 14, 2012.

Moreover, on September 18, 2014 the preliminary hearing held on December 14, 2012 against Orozco and the military officers was declared void, and the case is reassigned to the state, where a different court in control functions must reschedule the preliminary hearing as soon as feasible.

On December 10, 2014, Judge Manuel Jesús Jiménez Alfonzo dismissed the appeal filed by public prosecutors against the dismissal of the case of Gran Alexander Ritchie Silva and Eduin Flores Suloaga, which is applicable also to Luis Velasquez.

For the investigations of the case, Hugo Carvajal known as "*El Pollo*" (The Chicken) became notorious in Guyana. At the time, he was the director of DIM. National Guard Colonel Juan Carlos Álvarez Dionisi, a.k.a. "*El Tiburón*" (The Shark) (now imprisoned for the Ferrominera case) gained notoriety as well. Álvarez worked with Eliécer Otaiza at the DISIP (today SEBIN).