NORTH PACIFIC STRATEGY INITIATIVE

Working Papers on Pacific Sovereignty & Bilateral Architecture

Special Briefing · Accountability Audit

The Ledger With One Entry

Venezuelan oil revenue under United States custody: what left, what came back, and the accounting that was never published.

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EXECUTIVE SUMMARY

Thirteen billion dollars left. Three hundred million can be found.

Bottom Line Up Front

Since United States forces captured Nicolás Maduro on 3 January 2026, the American government has controlled the sale of Venezuelan crude oil and the disposition of its proceeds. The *Financial Times* estimates those sales have raised more than **US$13 billion**. Venezuela's own transparency portal records a single receipt: **$300 million**, in March. No audit has been published. The administration has given at least three mutually inconsistent accounts of where the money is held.

There is a coherent, legally literate reason the money sits offshore rather than in Washington — two traps in American law would have destroyed it on arrival. That reason is real, and it is not embezzlement. It is also worse for American self-government than embezzlement would be, because the structure built to defeat Venezuela's creditors also defeats the United States Congress.

This briefing verifies the factual record, prices the gap, explains the legal architecture that produced it, and benchmarks the arrangement against the three comparable oil-custody regimes of the past quarter-century. It reaches an uncomfortable conclusion: the Venezuela mechanism is the least accountable of the four, and the most accountable of them still lost $8.8 billion.

$13bn	$300m	0	$240bn
Estimated proceeds from US-controlled Venezuelan crude sales since January	Total publicly documented as received by Venezuela — one ledger entry	Audits published, of the quarterly KPMG reviews the State Department asserted	Claims against Venezuela now entering the largest sovereign workout ever attempted

Key Findings

1. **The factual spine of the public account is accurate.** The capture, the installation of Delcy Rodríguez, Executive Order 14373, the Qatar routing, the $13bn estimate, the single ledger entry, and the CITGO auction all verify against primary documents. HIGH
2. **The disclosure gap is real and is not explained by discounting.** Merey crude sells at a discount to Brent, which affects gross-to-net — it does not explain a 43-to-1 ratio between money raised and money documented. HIGH
3. **The offshore structure has a genuine legal rationale.** Section 201 of the Terrorism Risk Insurance Act would have exposed the funds to attachment by terrorism-judgment creditors, and until March 2026 US courts still recognised a different Venezuelan government than the executive was negotiating with. Doha solved both. HIGH
4. **That same rationale removes the money from Congressional reach.** A fund beyond the jurisdiction of American courts is also beyond the appropriations process. Members of both parties have said so. MEDIUM
5. **Against comparable precedents the mechanism is an outlier.** The Development Fund for Iraq had a UN Chapter VII mandate, an international monitoring board and published audits — and still could not account for $8.8bn. The Venezuela mechanism has none of the three. HIGH
6. **The hundred-billion-dollar investment figure is an aspiration, not a commitment.** One major has made a conditional pledge. Another has called the country uninvestable. No final investment decisions have been signed. HIGH
7. **The arrangement is fragile.** It rests on an executive order, a contested reading of emergency powers, and an interim government with no electoral mandate — in a year with midterm elections. MEDIUM

Assessment

The evidence supports improvisation under real legal constraint that has hardened into a sustained accountability failure — not a premeditated scheme. What converts the first into the second is the record since February: no audit, no documents, contradictory sworn testimony, and a refusal to brief the committee chair responsible for the region. Improvisation explains January. It does not explain July.

Recommendation

For legislators: the diagnostic document is not the ledger, it is the written US–Venezuela agreement that the Secretary of State described and the Treasury Secretary denied exists. One of those statements is wrong, and establishing which is a subpoena away. For investors and counterparties: price political-reversal risk as the dominant term, because no contract signed under this structure has yet been tested by a change of American administration or an adverse ruling. For analysts: treat every aggregate figure in this file as an estimate built on commercial tanker-tracking data, including ours.

CONTENTS

What this file contains

How to read this document

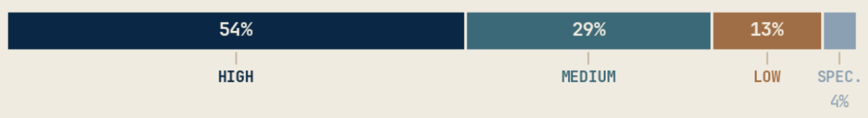
Every material claim carries a confidence rating. The ratings are not decorative: they are the point. On a subject where two governments have an interest in the record being unclear, the honest deliverable is a map of what can and cannot be established, not a confident narrative.

Confidence Scale

HIGH	Multiple primary sources, or an official document read directly. Treat as established.
MEDIUM	Credible first-tier reporting citing documents, or a single authoritative source. Likely true; details may move.
LOW	Single uncorroborated report, or a contested claim with credible dissent. Cite with the caveat attached.
SPEC.	Analytically plausible, unevidenced. NPSI's inference, flagged as such.

FIGURE 7 · CONFIDENCE REGISTER

Share of this dossier's material claims by evidentiary tier.



The shape of what we know. Just over half of this file's material claims rest on primary documents. The remainder is estimate, contest, or inference — and is labelled accordingly throughout.

> A note on the source base
>
> This assessment was prompted by two widely-circulated video commentaries. Both proved substantially accurate on the facts and useful on the law. Neither was treated as a source. Every figure, date, case and citation below was independently traced to a primary document or first-tier report; where the commentaries were wrong, imprecise, or garbled a name, the divergence is recorded in Appendix B rather than quietly corrected.

PART ONE

What the ledger says, and what it leaves out

Thirteen billion dollars of Venezuelan crude has been sold under American control since January. The country's own transparency portal records one receipt.

$13,000m

estimated proceeds from US-controlled crude sales

$300m

the single entry on Venezuela's transparency portal

SECTION I

The Ledger With One Entry

Venezuela sits on the largest proven crude reserves on the planet. Since January its oil has been sold by the United States government. The official record of what Venezuela received for it contains one line.

I

The Rodríguez government created a public portal, *Transparencia Soberana*, to record proceeds from the sale of national resources. As of the *Financial Times* investigation published on 22 July 2026, it held a single entry: a transfer of $300 million recorded in March, reportedly applied to raising the minimum wage from $160 to $190 a month. The entry names neither the buyer nor the price.

Against that entry sits the *Financial Times* estimate that the United States has collected more than $13 billion from Venezuelan crude since January. The figure is a model, not a disclosure: it is built from Kpler tanker-tracking volumes priced against Argus assessments for Merey, Boscan and Hamaca grades. It is the best available number precisely because no official one exists.

CONFIDENCE · HIGH

The portal's existence and its single entry are reported by the *Financial Times* from direct examination. NPSI could not independently confirm the portal's exact URL, and flags this as the one element of the story resting on a single outlet.

FIGURE 1 · THE DISCLOSURE GAP

For every dollar Venezuela can document, roughly forty-three left the country.

US$ millions, 3 January – 22 July 2026

SOURCES Financial Times (22 Jul 2026), modelled on Kpler volumes and Argus pricing; Transparencia Soberana portal; US State Dept. CONFIDENCE HIGH on the $300m and the FT method · MEDIUM on the 13,000*mtotal·LOWonthe*3,000m disbursement claim.

Figure 1. The three quantities that define this file. The top bar is an estimate; the bottom bar is a document. The middle bar is an assertion the State Department has made and never evidenced — which is why it is drawn in the weakest ink.

A gap of this size invites the assumption of theft. That assumption is premature, and this briefing does not make it. But three features of the record make the innocent reading harder to hold than it should be.

First: the accounts do not agree with each other

On 28 January 2026, Secretary of State Marco Rubio told the Senate Foreign Relations Committee that $300 million had been disbursed to meet Venezuelan public-sector payroll and that $200 million remained in an account in Qatar. He described the mechanism as "novel" and as the best available short-term arrangement.

On 13 February, Energy Secretary Chris Wright said revenue had passed $1 billion, that a United States Treasury account had since been established, and that funds "won't go to Qatar anymore." He also said roughly $5 billion of further crude was under short-term sale agreement.

On 3 February, Reuters reported the $500 million had been returned to Venezuela in full. And on 4 February, at a House Financial Services hearing, Treasury Secretary Scott Bessent was reportedly unable to identify the statutory basis for the arrangement and denied that any written agreement with Venezuela existed — which directly contradicts Rubio's sworn description of one.

PRIMARY SOURCE

Testimony of the Secretary of State, Senate Foreign Relations Committee, 28 January 2026. Rubio's own characterisation of the mechanism as temporary is the strongest evidence for the improvisation reading.

THE KEY CONTRADICTION

Two cabinet secretaries, eight days apart, on whether a written agreement exists. This is the single most productive line of enquiry available to Congress: it is binary, it is documentary, and one of them is wrong.

Second: the promised audits have not appeared

The State Department has asserted that billions entered the Venezuelan economy under KPMG audit supervision. No audit has been published. Under questioning from Ranking Member Jeanne Shaheen, Rubio conceded that no audit system was yet in place and that the funds would be audited retrospectively. Oversight committees reported receiving no documentation after April.

Senator John Curtis, who chairs the Foreign Relations subcommittee with jurisdiction over the Western Hemisphere, has said publicly that the State Department rebuffed his requests and declined to brief him. That is a Republican subcommittee chair being refused information about the region he oversees.

Third: the stated purpose and the stated result do not match

> *The money is Venezuela's, held by the United States in a governmental custodial capacity — but they have to get our permission.*
>
> Michael Kozak, senior State Department official, in Congressional testimony · the custodial framing stated and qualified in a single sentence

Set against that, the President has said the United States is "making a lot of money" from the arrangement and has recovered its military costs "28 times over." Both statements cannot describe the same mechanism. A custodian does not profit from the estate.

What would settle this

Four documents, all of which exist and none of which is classified: the written US–Venezuela agreement Rubio described; the KPMG engagement letter; statements for the Treasury account Wright named; and the OFAC licence terms issued to Vitol, Trafigura and Chevron. Any one of them would convert most of this section from inference to fact.

SECTION II

Where the Oil Actually Went

The barrels are the easiest part of this story to establish, because ships are visible from orbit and cargoes are priced in public. What the tracking data shows is not a disruption of Venezuelan oil. It is a redirection of it.

Through 2025 Venezuela exported roughly 768,000 to 847,000 barrels a day. China took the largest share — about 389,000 bpd of crude, and up to 642,000 bpd including fuel — overwhelmingly to independent "teapot" refiners in Shandong buying Merey at discounts of $10 to $15 a barrel against ICE Brent. Roughly a third of the China flow was servicing Chinese debt rather than earning cash.

A United States tanker-seizure campaign began around December 2025 — a 1.85 million-barrel Merey cargo was seized on 10 December — and by January had idled roughly nineteen vessels and stranded some 16.4 million barrels in floating storage. Asia-bound loadings largely stopped on 1 January.

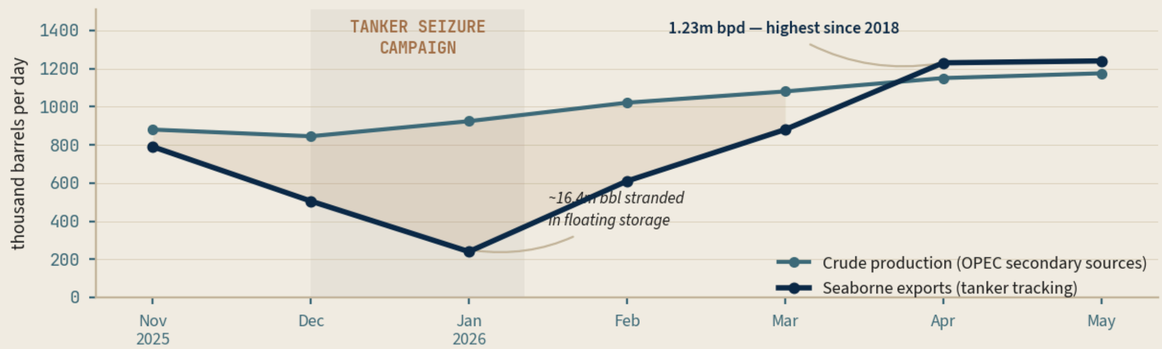
CONFIDENCE · MEDIUM

All export and destination figures in this section derive from commercial trade-trackers (Kpler, Vortexa) as reported by Reuters and the FT. They are estimates, they are methodology-dependent, and they are revised. No official series exists.

FIGURE 3 · RECOVERY CURVE

Exports fell two-thirds in a month, then rose to a seven-year high.

Production held up throughout. Only the shipping stopped — and only briefly.



SOURCES OPEC MOMR (production); Kpler and Reuters shipping data with PDVSA documents (exports). Shaded band = production not exported. CONFIDENCE MEDIUM — the export series is estimate-based and monthly figures are revised.

Figure 2. The shaded band is the tell: production held up almost throughout, so the January collapse was a shipping blockade, not a supply failure. Wells kept producing into storage. By April exports had reached a seven-year high.

Production dipped and recovered: OPEC secondary sources put output at roughly 924,000 bpd in January rising to about 1,021,000 bpd in February. Exports reached approximately 1.23 million bpd in April — the highest since 2018, across sixty-six cargoes.

What changed was the destination. United States intake went from nothing to roughly 445,000 bpd in April and about 558,000 bpd in May, close to 45 per cent of all Venezuelan exports. Chevron, the only American major with a standing operating position, is the dominant licensed player. Vitol and Trafigura hold OFAC licences and market cargoes to the Gulf Coast, India and CNPC.

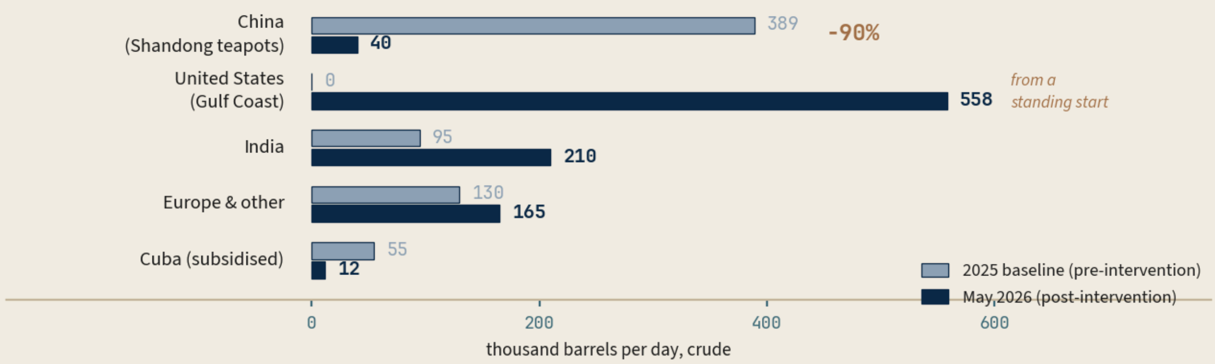
1.23m b/d

Venezuelan crude exports in April 2026 — the highest since 2018. The intervention did not interrupt the oil. It redirected it.

FIGURE 2 · THE PACIFIC REDIRECTION

The barrels did not stop moving. They stopped moving west.

Venezuelan crude exports by destination, before and after the January intervention



SOURCES Kpler and Vortexa tanker-tracking as reported by Reuters and the FT; OPEC Monthly Oil Market Report; EIA. CONFIDENCE MEDIUM — commercial trade-tracker estimates, methodology-dependent and frequently revised.

Figure 3. The Pacific consequence. Shandong's teapot refiners were the largest single loser of the intervention and have substituted Russian and Iranian heavy grades. This is the element of the Venezuela story with the most direct bearing on Pacific energy flows.

Two structural points follow. First, the flows have moved decisively out of the 2025 dark-fleet and ship-to-ship pattern into licensed channels — which means the proceeds are, in principle, traceable by the United States government in a way they were not before. That makes the absence of published accounting a choice rather than a technical limitation.

Second, Venezuela's production remains constrained by diluent dependence. Extra-heavy Orinoco crude requires naphtha to move at all; Vitol shipped the first American naphtha cargo to José in January. Any projection of Venezuelan output growth is a projection about diluent supply and upgrader repair, not about reserves.

SECTION III

Where the Money Went, and Did Not

Reconstructing the cash waterfall is where the public record thins to almost nothing. What follows is the most that can be said, and an explicit pricing of the six explanations that compete to fill the gap.

The documented chain runs: gross sale value, estimated by the FT at more than $13 billion, less trader margins and the Merey discount to benchmark, less freight and insurance, into custodial accounts — first Qatar National Bank under United States supervision, subsequently a Treasury blocked account per Secretary Wright — out to disbursements of which $300 million is documented and a further sum State describes as "billions" is not. Venezuela's central bank reported first-quarter oil revenue of roughly $5.5 billion, still far below pre-sanctions levels.

The economist Francisco Rodríguez, of the Center for Economic and Policy Research and the University of Denver, supplied the observation that makes the gap macroeconomically visible: first-quarter GDP grew about 2.5 per cent, the weakest in nearly five years, despite a roughly 25 per cent surge in crude exports. His reading is that the United States did not transfer the increased revenue to the Venezuelan government.

WHY THIS MATTERS

This is the strongest independent corroboration in the file. It is a second, unrelated measurement — national accounts rather than shipping data — pointing the same way. An export surge that does not show up in GDP is money that did not arrive.

2.5%

First-quarter GDP growth, the weakest in nearly five years — against a roughly 25% surge in crude exports. Revenue that arrives shows up in the national accounts.

Six explanations, priced

Candidate Explanations for the Disclosure Gap

EXPLANATION	ASSESSMENT	RATING
Merey discounting — heavy sour crude sells well below Brent, so gross figures overstate net	Real, but affects gross-to-net only. Cannot explain a 43-to-1 ratio.	PARTIAL
Escrow — funds genuinely held pending legal resolution, as EO 14373 contemplates	Consistent with the order's stated purpose and with both secretaries' testimony. Probably accounts for the bulk.	MED-HIGH
Trader prepayment — structures that delay cash recognition against ~$5bn of forward sales	Plausible and consistent with Wright's description of short-term sale agreements.	MEDIUM

Reinvestment — proceeds cycled into PDVSA field operations and repairs	Asserted by State, unverified. No published capital accounts.	LOW–MED
Payment in kind — barrels servicing Chinese and Russian debt rather than earning cash	Applies to residual China flows; the new US-controlled flows are cash sales.	LOW
Diversion — funds misappropriated in a third-party jurisdiction	No direct evidence. The opacity permits the inference but does not support it.	SPEC.

The honest summary is that escrow plus prepayment plus discounting can plausibly absorb most of the gap, and that no one outside the executive branch can currently demonstrate it. That is the finding. The absence of evidence for theft is not evidence of proper custody; it is evidence of an unaudited account.

> The distinguishing test
>
> These six explanations are not equally falsifiable, and that asymmetry is useful. Escrow, prepayment and reinvestment all predict the existence of specific documents — account statements, sale agreements, capital accounts. Diversion predicts their absence. Six months of non-production is therefore weak evidence, but it is not *no* evidence, and it points in one direction.

PART TWO

Why the money sits where no court can reach it

Two traps in American law made an offshore account the rational choice. The same walls that keep the creditors out keep the auditors out.

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§201

the notwithstanding clause that exposes PDVSA to attachment

$500m

first post-intervention cargo, routed through Doha

SECTION IV

Why Doha

The most common explanation for an offshore account is that someone intends to steal from it. In this case there is a better one, and understanding it is the difference between a conspiracy theory and an accountability finding.

II

The analysis was set out by Scott R. Anderson and Alex Zerden for Lawfare and CNAS on 2 February 2026. Their conclusion is that the mechanism created by Executive Order 14373 exists primarily to protect Venezuelan oil revenue from legal process — and that some such protection is genuinely necessary if Venezuela is to re-enter the global oil economy at all. Two distinct traps in American law explain the geography.

Trap one: the notwithstanding clause

Section 201 of the Terrorism Risk Insurance Act of 2002 provides that "notwithstanding any other provision of law," the blocked assets of a terrorist party — including the blocked assets of any *agency or instrumentality* of that party — may be seized to satisfy a terrorism judgment. A notwithstanding clause is Congress legislating pre-emptively against whatever authority you were about to cite.

The practical consequence is that PDVSA — the state oil company of Venezuela — is, for the purposes of this one statute, treatable as an instrumentality of a Colombian guerrilla movement. Judgment holders running to hundreds of millions of dollars have standing to attach its assets the moment those assets touch American soil. An IEEPA order cannot cure this, because TRIA was drafted to beat exactly that kind of order.

CONFIDENCE · HIGH

TRIA §201, Pub. L. 107-297. The Second and Eleventh Circuits read "agency or instrumentality" broadly, reaching entities that materially assisted or played a significant role. District courts have applied that standard to PDVSA on the basis of the former regime's dealings with FARC and ELN.

Trap two: the United States disagreeing with itself

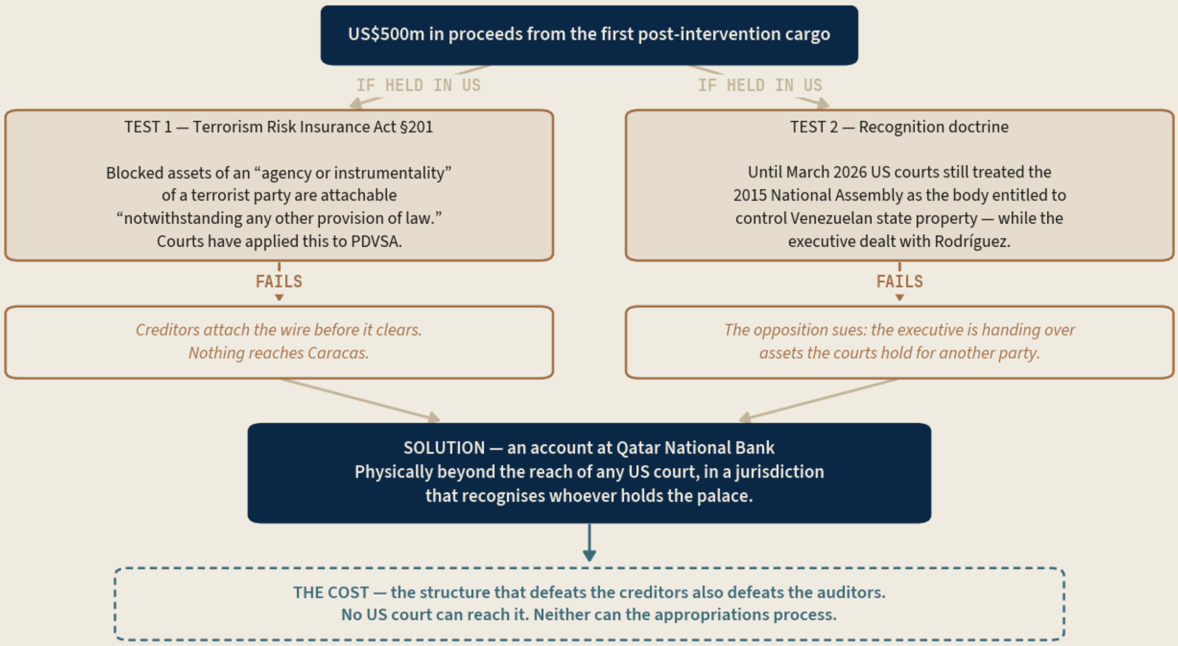
The second problem was self-inflicted. Under the recognition posture adopted in 2019, American courts continued to treat the opposition-led 2015 National Assembly as the body entitled to control Venezuelan state property in the United States. The executive branch, meanwhile, was dealing with Delcy Rodríguez. Money placed in a US account would have been held for one government and wired to another, and the first would have had a colourable claim.

This trap has since been partly closed. On 5 March 2026 the State Department normalised relations with the Rodríguez government, and around 11 March the United States filed in a New York federal court recognising her as sole head of state — which plausibly explains why funds could subsequently move to a Treasury account.

SEQUENCE MATTERS

The recognition filing in March and Wright's February announcement of a Treasury account are close enough in time to be causally linked, but NPSI cannot establish the order of decision-making from public sources. Rated **MEDIUM**.

FIGURE 4 · THE TWO TRAPS



SOURCES Anderson & Zerden, Lawfare / CNAS (2 Feb 2026); TRIA §201, Pub. L. 107-297; Rubio testimony, Senate Foreign Relations Committee (28 Jan 2026). CONFIDENCE HIGH on the legal mechanics. The dashed box is NPSI assessment, not a sourced claim.

Figure 4. Why an account in Doha was the rational answer to two American legal problems — and what it costs. The dashed box is NPSI's assessment rather than a sourced claim: the same walls that keep creditors out keep auditors out.

Why Qatar specifically

Qatar is an escrow jurisdiction of last resort, and has been used as one before. In September 2023, under a waiver notified to Congress on 11 September, the United States permitted roughly $6 billion of Iranian oil revenue to move from restricted accounts in South Korea to restricted accounts in Qatar, available only for humanitarian trade under a dual-key arrangement between the US Treasury and the Qatari central bank. After 7 October 2023, Washington asked for access to be halted and Doha halted it.

Qatar's other qualification is doctrinal indifference: it never recognised Juan Guaidó or the 2015 National Assembly, and recognises whoever occupies the presidential palace. This is a foreign policy with the operational advantage of never requiring revision.

The finding

The offshore structure is not evidence of intent to steal. It is evidence that the executive branch encountered two genuine legal obstacles and routed around them. The accountability problem is what happened next: having built a vehicle that no court can reach, the administration has declined to supply the substitute oversight that the absence of judicial reach makes necessary. The legitimate explanation and the governance failure are the same fact viewed from two sides.

SECTION V

The Company That Was Its Country

Venezuela's most valuable foreign asset has been sold to a hedge fund affiliate to pay creditors, and the mechanism that made it possible was not sanctions or war. It was two decades of treating a corporation as a chequebook.

CITGO is a 113-year-old American company, owned by PDVSA since 1990. It operates roughly 4,000 branded stations and three refineries — Lake Charles, Louisiana at about 479,000 bpd, Lemont, Illinois at about 183,000 bpd, and Corpus Christi, Texas at about 167,000 bpd — for combined crude capacity near 829,000 bpd. The Gulf Coast plants were specifically engineered for heavy sour Venezuelan crude.

The legal doctrine that made CITGO reachable is the corporate separateness rule running in reverse. A creditor normally cannot touch a subsidiary because a corporation is a distinct legal person from its owner. Courts set that aside rarely — Delaware pierces the veil in a low single-digit percentage of cases where it is asked. You do not get there by being badly run or insolvent. You get there by demonstrating, over years, that the separation was never real.

Venezuela demonstrated it publicly and repeatedly. The government directed PDVSA to wire funds for social programmes and sovereign debts. The president appointed the company's president, directors, vice presidents and shareholder council. Employees were dismissed for political reasons. The state committed the company to discounted sales to allies and handed out mining rights without consulting it. None of this caused difficulty in Caracas. All of it caused difficulty in Delaware.

A RANKING DISCREPANCY

CITGO describes itself as the fifth-largest US independent refiner; Reuters calls it seventh-largest. Both are defensible on different bases. Flagged rather than resolved.

The narrow request that became a general rule

In 2016 the Canadian miner Crystallex won an ICSID Additional Facility award over the 2011 expropriation of its Las Cristinas gold concession: US$1.202 billion plus $184.66 million in pre-award interest. Venezuela declined to pay. Crystallex registered the judgment in Delaware and pursued PDVSA's shares in PDV Holding, the entity that owned CITGO.

Where the defendant is a sovereign, courts apply not ordinary veil-piercing but the standard from *First National City Bank v. Banco Para El Comercio Exterior de Cuba* (1983) — *Bancec* — under which a state-owned company is presumed separate unless the state exercises control so extensive that the company is really its agent. Crystallex asked for something deliberately narrow: a finding that these particular shares were in substance Venezuela's property.

The alter-ego ruling functioned as a dinner bell. A queue formed in Delaware — ConocoPhillips, Gold Reserve, O-I Glass, Tidewater, Rusoro, Koch, Huntington Ingalls, and the holders of the defaulted PDVSA 2020 bonds, whose validity a New York court upheld in September 2025. Judge Leonard Stark appointed a special master, Robert Pincus, to run a forced sale.

THE DOCTRINAL MOVE

In *Crystallex v. Venezuela*, 932 F.3d 126 (3d Cir. 2019), the Third Circuit affirmed in language treating Bancec's "extensive control" prong as independent of its "fraud or injustice" prong. Later courts have read that as settling the general question. A door opened a crack was taken off its hinges.

Certainty beat price

The auction ran eight years and produced a result worth studying. Amber Energy, an affiliate of Elliott Investment Management, bid just over $7 billion conditionally in 2024; creditors rejected it as too low. Gold Reserve, bidding through a vehicle called Dalinar Energy, came in at $7.4 billion and raised itself toward $7.9 billion. On 25 November 2025 Judge Stark approved Amber's winning bid of $5.892 billion in cash, structured alongside a $2.125 billion support agreement with the 2020 bondholders, on the ground that it offered the best combination of price and certainty of closing.

The highest number on the table lost to the number most likely to survive contact with reality.

The operative phrase in the November 2025 approval was "certainty of closing" — a reminder that in sovereign insolvency, enforceability is worth more than headline value

One detail captures the incoherence of the whole arrangement. PDV Holding was controlled by the opposition. PDVSA on the ground was controlled by Maduro. The opposition represented PDVSA in American courts because the United States did not recognise Maduro. The company was therefore defending itself in court through lawyers a government that considered them traitors had not chosen. Both the Maduro administration and the democratic opposition — who agreed on essentially nothing — denounced the auction.

$5.892bn

The winning CITGO bid. Two rivals bid more; the court chose certainty of closing over price.

As of this briefing the sale requires OFAC approval, and appeals by Venezuela and Gold Reserve remain live. NPSI could not establish from public sources that the transaction has legally closed or where the proceeds now sit. MEDIUM

SECTION VI

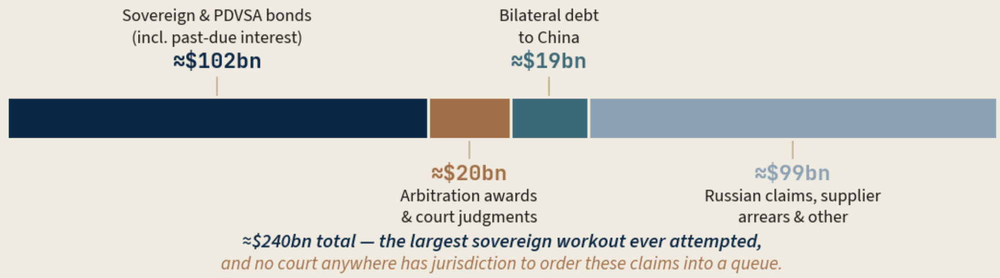
An Enterprise in Bankruptcy With No Court

The most useful way to understand Venezuela is as a corporate insolvency that happens to have a flag and a seat at the United Nations. The analogy holds everywhere except the one place it matters: there is no court.

On 13 May 2026 Venezuela announced an external debt restructuring. The *Financial Times* reported it would disclose a claims pile of roughly $240 billion — the largest sovereign workout ever attempted. Centerview Partners is lead financial adviser. The framework is to be managed by the United States government rather than the International Monetary Fund, which is itself the most consequential structural fact about it.

FIGURE 5 · THE CLAIMS STACK

Venezuela owes roughly twice its own annual economic output.



SOURCES FT (13 May 2026) on the ~$240bn total; JPMorgan on bond face value incl. past-due interest; Transparencia Venezuela; AidData and the US-China Commission on Chinese exposure.
CONFIDENCE MEDIUM — components vary materially by source; the residual is least specified.

Figure 5. Roughly $240 billion against an economy of about $120 billion. Component estimates vary materially by source and the residual category is the least well specified — but the order of magnitude is not in dispute.

In an ordinary corporate bankruptcy a court freezes all claims so the business can be unwound in an orderly way. Without that shield, the moment the company tried to bank a cheque its creditors would be in court reaching for it. Sovereigns get no such forum. There is no judge who can tell a hundred creditors to form a queue.

This is not an oversight; it is a known and unsolved problem in international finance. Anne Krueger proposed a Sovereign Debt Restructuring Mechanism at the IMF between 2001 and 2003 and it failed politically. The market substitute — collective action clauses in bond contracts — binds bondholders but does nothing about arbitration awards, which is precisely Venezuela's problem.

Venezuela's claims are dispersed across sovereign and PDVSA bonds with holdout-friendly terms, more than $20 billion of arbitration awards and court judgments with no collective mechanism at all, secured bilateral lenders in Beijing and Moscow, and years of supplier arrears. There is no instrument that binds all four classes.

> **The functional insight**
>
> Executive Order 14373 is best understood as a unilateral American substitute for the automatic stay that a bankruptcy court would provide. That is a serious and arguably necessary act of legal engineering. But a stay is only half of a bankruptcy. The other half is a court that supervises the trustee, publishes the accounts, and ultimately grants a discharge. The order supplies the shield and none of the supervision — and unlike a stay, it was not granted by a neutral party at a creditor's request. It was declared by the party holding the money.
>
> **$240bn**
>
> Claims against an economy of roughly $120bn — and no forum anywhere with jurisdiction to order them into a queue.

FURTHER READING

Lee Buchheit and Mitu Gulati have written extensively on Venezuela specifically, including on the anomalous pricing of PDVSA paper. Their work is the standard reference for why this particular sovereign is the hardest case in the literature.

PART THREE

III

Iraq had a UN mandate, a monitoring board and published audits

It still could not account for $8.8 billion. The Venezuela mechanism has none of the three.

$8.8bn

Iraqi funds SIGIR could not account for

38%

of the money entrusted to the best-supervised precedent

SECTION VII

Who Audits the Trustee

This is the section that should worry a reader who has so far found the administration's explanations reasonable. The Venezuela arrangement is not unprecedented. It has three close precedents, and the comparison is not favourable.

The structural template is the Development Fund for Iraq. United Nations Security Council Resolution 1483, adopted under Chapter VII on 22 May 2003, created the fund; Executive Order 13303, signed the same day, immunised Iraqi oil revenue from attachment in the United States. The parallel to EO 14373 is close enough to be deliberate.

The Iraq fund had three things the Venezuela mechanism does not. It had a multilateral legal mandate from the Security Council. It had the International Advisory and Monitoring Board, an external body with standing to inspect. And it published audited accounts.

It still lost the money. The Special Inspector General for Iraq Reconstruction found that of roughly $23 billion of Iraqi funds held in the DFI, $8.8 billion remained unaccounted for; a separate finding was that the Department of Defense could not properly account for $8.7 billion of $9.1 billion it administered.

THE BENCHMARK

$8.8bn lost *with* a UN mandate, an international monitoring board and published audits. This is the single most important number in the briefing for assessing forward risk, because it establishes the floor rather than the ceiling.

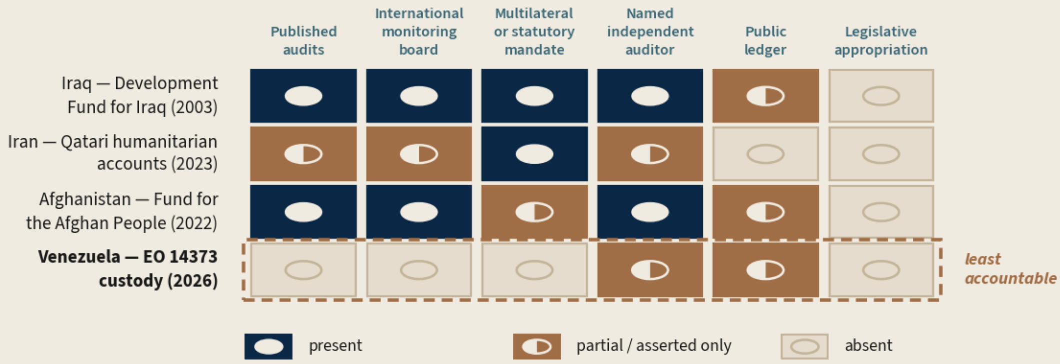
$8.8bn

Iraqi funds the Special Inspector General could not account for — under a Chapter VII mandate, an international monitoring board and published audits. This mechanism has none of the three.

FIGURE 6 · OVERSIGHT ARCHITECTURE COMPARED

Iraq lost $8.8bn with a monitoring board, a UN mandate and published audits.

The Venezuela mechanism has none of the three.



SOURCES UNSCR 1483 and EO 13303 (Iraq); SIGIR findings on the $8.8bn unaccounted; State Dept notification to Congress, 11 Sep 2023 (Iran); Fund for the Afghan People governing documents; EO 14373 and Congressional testimony. The scoring matrix is NPSI's own.

Figure 6. Four custody regimes scored against six oversight features. The scoring matrix is NPSI's own construction; the underlying features of each regime are documented. No regime in the set had legislative appropriation — but only one lacks published audits, an international board *and* a multilateral mandate simultaneously.

The other two precedents point the same way. The Afghan central bank reserves were placed in the Swiss-based Fund for the Afghan People, which has a named board and published governing documents — a structure Zerden has explicitly contrasted with the Venezuela arrangement's opacity. The Iranian humanitarian accounts in Qatar operated under a dual-key mechanism with a defined permissible-use list. And the Oil-for-Food programme, the fourth member of this family, produced corruption on a scale that generated its own independent inquiry.

> Assessment
>
> Of the comparable oil-and-reserves custody regimes of the past quarter-century, the Venezuela mechanism has the least oversight architecture. It has no multilateral mandate, no external monitoring board, and no published audit. Its only named auditor is asserted rather than evidenced. On the historical base rate, an arrangement with materially *more* oversight than this one lost 38 per cent of the funds entrusted to it. That is the forward risk, and it does not require anyone to be acting in bad faith. **HIGH**

SECTION VIII

Beijing's Bad Quarter

China was the largest single loser of the January intervention, and its response has been notably restrained. The restraint is the interesting part.

According to AidData, China provided Venezuela with $106 billion in loans and capital between 2000 and 2023, with China Development Bank extending $60 billion under oil-for-credit programmes from 2007. Estimates of the outstanding balance diverge materially: the US–China Economic and Security Review Commission cites analyst estimates of at least $10 billion, while AidData-derived figures run to $17–19 billion.

CONFIDENCE · MEDIUM

The spread between $10bn and $19bn is itself informative. Neither Beijing nor Caracas publishes the schedule, and the difference between those two numbers is roughly the difference between an irritant and a crisis.

Repayment ran through roughly 610,000 bpd of crude and the Sinovensa joint venture with CNPC. Bloomberg reported CNPC executives running worst-case assessments in which decades of investment could be written off. Beijing condemned the intervention as hegemonic and pledged 100 million yuan in earthquake aid.

China's substantive fear is subordination: that a workout run by Washington and advised by Centerview will rank Wall Street bondholders ahead of Chinese bilateral claims. Cui Shoujun of Renmin University's Centre for Latin American Studies told the South China Morning Post that the new government was likely to invoke the doctrine of odious debt as a legal pretext for repudiating its obligations.

> **Why Beijing is not escalating**
>
> China's leverage over Venezuela is real but its exposure to American financial infrastructure is larger. Escalating over Venezuelan debt risks secondary sanctions touching Chinese banks' dollar clearing — a trade Beijing is unlikely to accept for a $10–19 billion claim. The analytic expectation is quiet accommodation combined with procedural obstruction: no confrontation, no endorsement, and no cooperation with a restructuring that subordinates it. MEDIUM

Russia's exposure runs through Rosneft's prior positions and bilateral claims. Cuba's is simpler and more severe: the loss of subsidised Venezuelan supply removes a pillar of its energy balance.

The humanitarian overlay

On 24 June 2026 two earthquakes struck thirty-nine seconds apart — magnitude 7.2 followed by 7.5 — with epicentres near Yumare in Yaracuy state, roughly 160 km west of Caracas. It was an earthquake doublet and the strongest Venezuelan seismic event since 1900. The USGS PAGER system issued a red alert. Reported deaths rose from about 188 in first reports to more than 1,700 by 29 June and above 3,800 in July, with some later tallies higher still. La Guaira was devastated. The United States pledged $150 million and deployed search-and-rescue teams; China, Spain, Peru, Paraguay and France also sent rescuers.

The overlay matters for one reason. A country with a reconstruction bill and an export boom should have visible fiscal capacity. Venezuela has the boom, the bill, and no demonstrable access to the proceeds.

CORRECTION

The widely-circulated commentary put damage at ~$37bn, close to a third of GDP. NPSI could not corroborate this. The best-sourced early estimate is roughly $6.7bn (Miyamoto International, 1 July). See Appendix B.

SECTION IX

The Hundred Billion Nobody Signed

The claim that international oil companies will invest up to $100 billion rebuilding Venezuela's petroleum sector is the least substantiated significant claim in the entire file. It originates in a request, not a commitment.

On 9 January 2026 the President pressed roughly twenty executives at the White House to invest at least $100 billion. What the record shows since is narrower by orders of magnitude.

Announced Positions of Major Operators

OPERATOR	POSITION
Chevron	The only US major with a standing operating position and the one concrete pledge. Vice Chair Mark Nelson indicated output could rise roughly 50% in 18–24 months from existing assets. CEO Mike Wirth set conditions: stability, favourable fiscal terms, legal frameworks — and said it must compete against opportunities elsewhere in the portfolio.
ExxonMobil	CEO Darren Woods called Venezuela uninvestable absent reform. The President said he was inclined to keep Exxon out.
ConocoPhillips	Simultaneously a prospective investor and a major creditor in the Delaware queue. CEO Ryan Lance has cited roughly $12bn lost to nationalisation. A structural conflict.
Others	Eni, Repsol and BP evaluating. Smaller players (Hunt Overseas, Crossover Energy) signed Orinoco agreements. Treasury Secretary Bessent characterised the majors as moving slowly and not interested.

No final investment decisions, signed long-term contracts or major licence awards from the majors appear in the public record. HIGH

0

Final investment decisions signed by any major, six months after the White House asked twenty executives for $100 billion.

Why the capital is not coming quickly

— **Title uncertainty over future production.** EO 14373 shields existing revenue. It does not resolve who owns the output of a field developed in 2028.

— **Creditor overhang.** With alter-ego doctrine established and $20 billion of unsatisfied awards outstanding, future revenue streams are attachment targets.

- **No discharge mechanism.** Investors in a corporate reorganisation get a clean balance sheet. There is no sovereign equivalent.
- **Physical condition.** Upgrader outages, gas reinjection shortfalls, water handling, workforce loss, and diluent dependence are capital-intensive and slow to fix.
- **Political reversal risk.** The dominant term. Contracts signed with a US-installed interim government may not survive either a Venezuelan election or an American one.

The base rates are unkind. Post-conflict upstream reconstruction in Iraq after 2003, Libya after 2011 and Kurdistan all show announced capital deploying slowly and partially, typically a fraction of headline pledges within the first three to five years. Nothing in Venezuela's legal position suggests it will outperform them.

FORECAST

NPSI's expectation is that incremental Chevron barrels from existing assets will constitute the overwhelming majority of production growth through 2027, and that the $100bn figure will not be approached in this decade. SPEC.

PART FOUR

What breaks this, and how it ends

An executive order, a contested reading of emergency powers, and an interim government with no electoral mandate — in a year with midterm elections.

$240bn

claims against an economy of roughly $120bn

0

courts anywhere with jurisdiction to order the queue

SECTION X

What Breaks This

The arrangement rests on an executive order, a contested reading of emergency powers, and an interim government with no electoral mandate. Each of the three can fail independently.

IV

The emergency-powers problem

On 20 February 2026 the Supreme Court decided *Learning Resources, Inc. v. Trump*, consolidated with *Trump v. V.O.S. Selections*, holding 6–3 that IEEPA does not authorise tariffs. IEEPA tariffs terminated on 24 February. The plurality tied IEEPA overreach to the core Congressional power of the purse and urged skepticism of unbounded emergency powers absent clear statutory language.

IMPORTANT LIMIT

That case concerned tariffs, not asset custody, and no court has ruled on EO 14373. The analogy is suggestive of judicial appetite, not controlling. NPSI rates a successful challenge as plausible but unproven. MEDIUM

The independent constitutional critiques are Appropriations Clause arguments. Cato's Tad DeHaven invokes the Miscellaneous Receipts Act — money received by the government must be deposited in the Treasury, not a purpose-built account for discretionary presidential use — and the Anti-Deficiency Act, warning that if large sums can be allocated through sanctions-licensing decisions, the result is a quasi-budget process inside the executive branch without appropriations transparency or committee oversight. Senator Chris Van Hollen put the same point less technically: the President cannot take Venezuela's oil for a personal slush fund.

The political calendar

Former National Security Council official Benjamin Gedan has described the fund as a target likely to attract subpoenas and testimony requests about the distribution of Venezuelan oil money. A change in House control in November 2026 would convert the current letter-writing into compulsory process. The national emergency itself is subject to periodic renewal and to Congressional termination by joint resolution under the National Emergencies Act, and a future president can rescind the order outright.

The succession problem

The Venezuelan constitution requires elections within thirty days of a permanent vacancy. The administration has dampened talk of them. María Corina Machado, awarded the 2025 Nobel Peace Prize and in exile since December 2025, has announced she will run and return before the end of 2026; Edmundo González Urrutia remains in exile in Spain.

Sophisticated counterparties will therefore demand stabilisation clauses, international arbitration and political-risk cover through MIGA or the DFC. The presence or absence of those terms in any published agreement is the best available proxy for how the parties themselves rate durability.

THE LEGAL EXPOSURE

Contracts and debt concluded by a US-installed interim government are exposed to repudiation under the odious-debt argument and to challenge under state-succession doctrine. This is the same argument Beijing is expected to make — which places China and a future democratic Venezuelan government on the same side of one legal question.

SECTION XI

How It Ends

Four architectures could resolve this. Three require the United States to give something up, which is why the fourth is currently winning.

Resolution Architectures

PATH	PRECONDITIONS AND OBSTACLES	LIKELIHOOD
Comprehensive restructuring US-gatekept, Centerview-led	Already under way since 13 May. Compare Iraq's 2004 Paris Club write-down of roughly 80%, which rested on UNSCR 1483 immunity. Obstacle: fragmented claims and no mechanism binding arbitration holdouts.	MODERATE partial deal by 2027
Supervised trust fund UN or IFI, published audits	Would cure the accountability deficit directly. Requires Washington to cede control of the account — the one thing it has consistently declined to do.	LOW
Negotiated transition elections plus creditor buy-in	Machado estimates seven to nine months to prepare credible elections. Requires the United States to prioritise a democratic mandate over revenue continuity.	LOW-MOD
Indefinite limbo offshore custody, asset disposal	No decision required by anyone. Failure modes: asset stripping, renewed conflict, Chinese and Russian counter-alignment.	HIGHEST near term

The Iraq comparison is worth holding precisely. What made the 2004 write-down possible was not American goodwill but a Chapter VII Security Council resolution that gave creditors a reason to believe the immunity would hold and a multilateral forum in which to settle. Venezuela's restructuring is being run without either. It may still succeed; the bondholders have every incentive to make it work. But it will be a deal among the creditors Washington chooses to seat.

Monitoring thresholds

Five observable events would materially revise this assessment:

- **A GAO audit reporting, or Treasury producing the KPMG engagement.** Either would move the escrow explanation up and the diversion inference down.
- **A court ruling on EO 14373, or a successful TRIA §201 attachment against the fund.** Would validate the litigation-avoidance rationale and could unwind the structure.
- **The CITGO sale closing.** Confirms recovery mechanics and tests the recognition doctrine in practice.

— **A signed final investment decision beyond Chevron's incremental ramp.** The first real evidence the investment thesis is more than aspiration.

— **A concrete election date with electoral-authority reform.** Would shift transition probability upward from the current low band.

Closing Assessment

The commentary that prompted this file is a reliable guide to what happened. The question it could not answer — where $13 billion went — remains genuinely open, and the information environment is being shaped by the two parties with the most to conceal.

NPSI's judgment is that the offshore mechanism began as a legally rational improvisation and has been permitted to harden into a deliberately under-audited, off-budget structure; that the constitutional harm is a more certain outcome than embezzlement; and that the opacity is precisely what prevents embezzlement from being ruled out. Iraq had a Security Council mandate, an international monitoring board and published audits, and still could not account for $8.8 billion. This arrangement has none of the three. The relevant question is not whether money will go missing. It is whether anyone will be in a position to notice.

APPENDIX A

The Confidence Register

Established — treat as fact

The 3 January 2026 capture of Maduro and his transfer to US custody and SDNY prosecution. The installation and subsequent US recognition of Delcy Rodríguez as head of state. Executive Order 14373's text, date, authorities and operative provisions. The first cargo's sale to Vitol and Trafigura and the routing of proceeds through Qatar. Rubio's 28 January testimony. The single $300 million ledger entry. Judge Stark's 25 November 2025 approval of Amber Energy's bid. The Crystallex/Bancec alter-ego line. TRIA §201's operation. The 24 June earthquake doublet. The 13 May restructuring announcement. The Iraq DFI precedent and the $8.8 billion SIGIR finding. HIGH

Contested — competing credible accounts

The total collected: the FT's $13 billion is a model, unconfirmed by the administration, and sits against the President's claim of substantial profit. The location of the funds: Qatar per Rubio, a Treasury blocked account per Wright, returned in full per Reuters. Whether a written agreement exists: Rubio says yes, Bessent says no. China's outstanding exposure: $10 billion versus $19 billion. The earthquake death toll and damage estimate, which remain unsettled and which the popular commentary overstated. CITGO's refining rank and whether the sale has closed.

Unknown — and the document that would resolve it

OPEN QUESTION	RESOLVING DOCUMENT	HOLDER
Actual cash total and current location	Account statements	US Treasury / OFAC
Whether a written US–Venezuela agreement exists	The agreement, or a sworn negative	State / Treasury
Whether any audit was ever commissioned	KPMG engagement letter	State / KPMG
Discount and margin terms on the sales	OFAC licence terms	OFAC
How much reached PDVSA operations	Capital accounts	PDVSA / Treasury
Qatar's fees and recognition position	Account agreement	QNB / Qatar Central Bank
Whether the CITGO sale closed and where proceeds sit	Docket and OFAC approval	D. Del. / OFAC

Every item in that table is unclassified and in the possession of an entity subject to Congressional oversight. That is the finding this briefing most wants a reader to retain: the gap is not an intelligence problem. It is a disclosure decision.

APPENDIX B

Corrections to the Public Commentary

Two video commentaries have carried this story to a large audience. Both are substantially accurate. Recording where they diverge from the record is a courtesy to them and a discipline for us.

Divergences From the Primary Record

AS CIRCULATED	THE RECORD
Earthquake damage of ~$37bn, close to a third of GDP	**Not corroborated.** Best-sourced early estimate is roughly $6.7bn (Miyamoto International, 1 July 2026). The most likely explanation is conflation with a broader economic-loss projection.
Debt of $150–170bn	Correct as the bond-plus-arbitration core; the fuller claims figure reported at the May restructuring is ~$240bn.
CITGO auction approved "last November"	Correct, but the year is **2025**, not 2026 — eight months before this briefing.
Iranian $6bn "re-frozen" after 7 October	Access was blocked and the funds effectively frozen by agreement; they were not formally re-seized. A minor imprecision.
CITGO as the seventh-largest US refinery / refiner	Lake Charles is described as the seventh-largest US *refinery*; CITGO describes itself as the fifth-largest independent *refiner*. Both figures circulate; the units differ.
Francisco Rodríguez's affiliation	Both attributions are right. CEPR is how the FT identified him; he also holds a professorship at the University of Denver's Korbel School.

Transcription artefacts

Automatic captioning garbled a number of proper nouns, and the corrected forms matter for anyone searching primary sources. `Pedvesa` is PDVSA. `Sitco` is CITGO. `Caracus` is Caracas. `AIPA` and `IEPA` are IEEPA. `Deli Rodriguez` is Delcy Rodríguez. `Juan Guardo` is Juan Guaidó. `Kico Phillips` is ConocoPhillips. `Chris Lex` and `Crystal X` are Crystallex. `Oi Glass` is O-I Glass. `Trenda Aguera` is Tren de Aragua. `Vital` is Vitol. `Dallinar` is Dalinar Energy. `Rits` are writs. And the 1983 Supreme Court case rendered as `"Bank"` is *Bancec*.

On method

None of the above changes the substance of either commentary, and this appendix should not be read as a rebuttal. The two accounts were right about the legal architecture, right about the ledger, and right that the innocent explanation is in some ways more troubling than the guilty one. They were working from the same public record and reached compatible conclusions, which is itself a form of corroboration.

APPENDIX C

Sources

Primary documents

01 Executive Order 14373, "Safeguarding Venezuelan Oil Revenue," signed 9 January 2026; published *Federal Register* 15 January 2026, Vol. 91 No. 10, pp. 2045–2047 (FR Doc 2026-00831). Also GovInfo DCPD-202600013.

02 Terrorism Risk Insurance Act of 2002, §201, Pub. L. 107-297.

03 Testimony of the Secretary of State, Senate Foreign Relations Committee, 28 January 2026.

04 Testimony of the Treasury Secretary, House Financial Services Committee, 4 February 2026.

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07 Crystallex v. Venezuela, ICSID Case No. ARB(AF)/11/2, award 4 April 2016.

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Analysis and reporting

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20 Roxanna Vigil, Council on Foreign Relations, June 2026.

21 AidData; US–China Economic and Security Review Commission; South China Morning Post (Cui Shoujun, Renmin University).

22 OPEC Monthly Oil Market Report; US Energy Information Administration; Kpler, Vortexa and Argus Media as reported by Reuters and the FT.

23 Miyamoto International, preliminary earthquake damage estimate, 1 July 2026.

24 Norwegian Nobel Committee, 2025 Peace Prize announcement, 10 October 2025.

Interest flags

The Venezuelan government (Transparencia Soberana, Rodríguez statements) and the United States executive branch are both interested parties and are treated as such throughout. Elliott Investment Management, Amber Energy, Gold Reserve and the creditor law firms are interested parties in the CITGO litigation. Chinese state-affiliated outlets are labelled where cited. Kpler, Vortexa, Argus and S&P are commercial vendors whose estimates are methodology-dependent. The *Financial Times* is first-tier, but the $13 billion figure is its own model rather than a disclosure.

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Standing correction policy: NPSI publishes corrections against the serial rather than silently amending. Readers identifying an error in this briefing are asked to write; material corrections will be issued as a numbered addendum.