The Devil's Excrement

Observations focused on the problems of an underdeveloped country, Venezuela, with some serendipity about the world (orchids, techs, science, investments, politics) at large. A famous Venezuelan, Juan Pablo Perez Alfonzo, referred to oil as the devil's excrement. For countries, easy wealth appears indeed to be the sure path to failure. Venezuela might be a clear example of that.

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The Mysterious Contractors For Power Plants in Venezuela

October 10, 2011

Yesterday, Caracas papers had full page ads by a company called Derwick Associates.
I was a little surprised at the size of these ads by this American sounding company that builds power plants, even clipped El Nacional’s ad that appeared on Sunday, as I was leaving Venezuela. I got home, was going to look into it, but had many things to do first. Then today my friend Toby from Veneconomy called and asked about the company and this brought the issue to the front of the line.

Despite the English sounding name, you look in the company’s website and you quickly realize the company’s only experience or operations are in Venezuela. There is no address or phone numbers, which in itself would make it suspicious.
But then you find that these ads are simply meant to deflect accusations made against the company by *Ultimas Noticias* investigative reporter Cesar Batiz, who is making a very good name for himself by looking into electric contracts. *Quico already pointed out one of his articles.* This case is bigger and as mysterious and quite iffy if you ask me.

Essentially, this company has received 12 contracts in 14 months to build some 1,400 MW of power generation in Venezuela. Its first contract began even before the company formally existed in the country. Costs are known for only two power plants, one in Puciri with capacity of 134 MW for US$ 130 million and another in Guarenas with capacity of 156 MW and at a cost of US$ 211 million. If costs are similar for all the plants, we are talking that this company has received over US$ 1.5 billion in contracts, despite its lack of experience, no partners and no record before 2009.

The company is apparently owned by a bunch of 30 year olds, with no known experience in the field, according to Catiz. According to *Ultimas Noticias* article, the company was registered in Barbados in 2009. National Assembly Deputy Enrique Marquez from the opposition has called for an investigation of the company and the contracts. He claims that these projects are assigned without competition to inexperienced companies and some of the plants are not even needed. Thus, the ads by Derwick Associates seem to be a silly attempt to gain credibility.

This piqued my interest even further and I found a telephone number for the company in Florida, thus I looked in the Florida registry of companies and it turns out the US company was created only on December 2nd, 2010, and transferred to its current owners six days later. The new owners are two of those named by *Ultimas Noticias* in the article and a third person. The first two have an address in Campo Alegre, Caracas, indicating and confirming that this is really a Venezuelan based and owned firm, despite the bombastic name to make it appear foreign.

I looked up the address in Google Maps and was surprised at the location of the office, at one end of the Ft. Lauderdale airport. Thus, I called a reader of the blog that lives near there and asked him to go take a look. Here is the picture of the sign in front of the office building:
As you can see, the building is occupied by the Customs Office of the Ft. Lauderdale Airport, the TSA office and some suites that are rented mostly to aircraft related companies. In fact, the telephone number listed under Derwick Associates, 954–359–1157 is registered under the name Airport Services International and not under Derwick’s name, which goes to show how flimsy this whole things is.

Clearly, this is no way to assign billion dollar contracts. This company probably hired someone else to do all the work, was likely formed for the job and made a lot of money for some people.

Such are the ways of the Bolivarian revolution.

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