

Mysterious Turkish Firm Helped Maduro Move \$900 Million in Gold

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A member of a military transportation agency unload gold bars from a plane for transport to the Central Bank of Venezuela in Caracas.

Photographer: Manaure Quintero/Bloomberg

Two months after Venezuelan President Nicolas Maduro visited his counterpart Recep Tayyip Erdogan in Ankara, a mysterious company called Sardes sprang into existence.

The firm started business with a bang in January of 2018, when it imported about \$41 million worth of gold from Venezuela, the first such transaction between the two countries in records that go back 50 years. The next month its volume more than doubled, with Sardes transporting almost \$100 million worth to Turkey.



Nicolas Maduro and Recep Tayyip Erdogan in Ankara on Oct. 6, 2017.

Photographer: Adem Altan/AFP via Getty Images

By November, when President Donald Trump signed an executive order authorizing sanctions on Venezuelan gold -- after sending an envoy to warn Turkey off the trade, Sardes had shuttled \$900 million of the precious metal out of the country. Not bad for a company with just \$1 million in capital, according to regulatory filings in Istanbul.

It's not the first time that Turkey has positioned itself as a work-around for countries facing U.S. sanctions, potentially undermining Washington's efforts to isolate governments it considers hostile or corrupt. Ankara has often tested the boundaries of U.S. tolerance, and the alliance between the key NATO members is now essentially broken, according to two senior U.S. officials.

Shifting Alliances

Long one of America's most valued partners in a region straddling Europe and the Middle East, Turkey has increasingly found common interests with authoritarian countries such as Russia, China, Iran and Venezuela. When National Assembly leader Juan Guaido declared himself Venezuela's rightful president last month, the U.S. and many other Western countries rushed to declare their support for him. Turkey aligned itself with those behind Maduro.

It's unclear what underpins Turkey's support for Maduro beyond a general opposition to U.S. meddling and efforts to overthrow nominally-democratic governments. Erdogan faced a coup attempt in 2016 and has fashioned himself as a champion of elected leaders everywhere, even where votes were widely considered neither free nor fair. Economic ties between the two nations are barely a factor: Venezuela doesn't rank among the top 20 trading partners for Turkey, according to data compiled by Bloomberg.

Gold Refining

But that doesn't mean Erdogan can't use Turkey's \$850 billion economy, the largest in the Middle East, to help friends in need. While Sardes's gold corridor appears to have closed in November, there are other avenues. A Sardes spokesperson did not respond to a request for comment.

Erdogan traveled to Caracas in December to introduce the Venezuelan leader to Ahmet Ahlatci, chairman of one of Turkey's largest gold refiners. The next month, Maduro's close ally Tareck El Aissami reciprocated with a visit to an Ahlatci refiner in the central Turkish city of Corum. Turkey's pro-government media reported that Venezuelan gold would be processed there.

That never materialized because Ahlatci was wary of falling foul of U.S. sanctions, according to a person with direct knowledge of the visit. Instead, El Aissami surveyed refining technology to try and replicate it back home, the person said, asking not to be identified because of the sensitivity of the matter.

Treasury Visit

An Ahlatci executive was among business leaders who last week met Marshall Billingslea, an assistant secretary at the U.S. Treasury responsible for combating terrorist financing, who was in Turkey on a twice-yearly visit, according to a participant in the meetings. Billingslea warned the group to avoid dealing with what he called El Aissami's "blood gold," the person said, asking not to be identified discussing a private meeting.

Ahlatci did not return calls by Bloomberg. His son, Ahmet Metin, said by phone the company "won't comment."

Billingslea's priority in Turkey wasn't Venezuela, but compliance with sanctions on Iran, according to two people familiar with the matter. Some U.S. officials have said they're concerned there could be a connection between the two, though no evidence has been presented so far to suggest there is.

Cash Trapped

Under the sanctions regime, Iran sells billions of dollars of fuel to Turkey every year, but then finds most of its money trapped in [Turkish bank](#) accounts because of international restrictions on wiring the money back to Tehran. Elaborate schemes entailing the use of physical gold have in the past allowed the Islamic Republic to finance its foreign trade.

Mehmet Hakan Atilla, the former head of international banking at Turkish state-owned lender [Turkiye Halk Bankasi AS](#), was convicted last year in a New York court of participation in such a scheme. Turkey says the case relied on fabricated evidence and denies wrongdoing. It also says it's not obliged to abide by unilateral U.S. sanctions that block its ability to trade with neighbors and other economic partners.

Official data make it impossible to know where the Venezuelan gold ended up after it landed in Turkey. The Turkish government did not disclose the whereabouts of the gold.

Turkey's financial assistance to U.S. enemies is only one of the issues souring once-close relations. Turkey has also been threatening to send its military, the second-largest in NATO, to attack Kurdish forces in Syria that the U.S. backs. And the Turkish cleric that Turkey blames for the 2016 coup attempt, Fethullah Gulen, lives in Pennsylvania. The U.S. has so far rebuffed Turkish attempts to get him extradited.

Political Risk

That bad blood means the nations can no longer be considered friends, leaving them to negotiate purely on a transactional basis, according to the two U.S. officials, who asked not to be identified discussing such matters. While Trump has at times taken a hard line on getting Turkey into line with U.S. goals -- he said last month that any action against the Kurds would "devastate Turkey economically" -- other U.S. officials are taking a more measured approach.

"President Trump has expressed his interest in expanding the trade relationship between the [United States](#) and Turkey, an avenue considerably more profitable than anything Maduro might have to offer," [White House](#) National Security Council spokesman Garrett Marquis said.

That ranking of foreign policy and trade priorities isn't lost on Ankara, according to Ozgur Unluhisarcikli, head of the [German Marshall](#) Fund of the United States office in the Turkish capital. When a showdown with the U.S. over its continued detention of an American pastor led to U.S. sanctions against two Turkish ministers last summer, the Turkish lira went into a tailspin and brought the economy to the brink of collapse. The crash probably pushed Turkey into its first recession in a decade.

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“Turkey actually has no strategic interests in Venezuela. While it may be profiting from the gold trade, the returns of this are not likely to justify additional political risk that could hurt the Turkish economy,” Unluhisarcikli said. “In short, Turkey doesn’t have a dog in this fight and will refrain from escalation with the U.S. over Venezuela.”

— *With assistance by Onur Ant, Nick Wadhams, Saleha Mohsin, and Margaret Talev*

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