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Classified By: Robert Downes, Political Counselor,
for Reason 1.4(b).

Summary

1. (C) The Venezuelan-owned Smartmatic Corporation is a riddle both in ownership and operation, complicated by the fact that its machines have overseen several landslide (and contested) victories by President Hugo Chavez and his supporters. The electronic voting company went from a small technology startup to a market player in just a few years, catapulted by its participation in the August 2004 recall referendum. Smartmatic has claimed to be of U.S. origin, but its true owners -- probably elite Venezuelans of several political strains -- remain hidden behind a web of holding companies in the Netherlands and Barbados. The Smartmatic machines used in Venezuela are widely suspected of, though never proven conclusively to be, susceptible to fraud. The company is thought to be backing out of Venezuelan electoral events, focusing now on other parts of world, including the United States via its subsidiary, Sequoia. End Summary.

Who Owns Smartmatic?

2. (C) Smartmatic was founded in the late 90s by three Venezuelans, Antonio Mugica, Alberto Anzola, and Roger Pinate. According to Mugica's conversations with poloffs in recent years, the three had developed a network capable of handling thousands of simultaneous inputs. An early application was ATMs in Mexico, but the U.S. presidential election in 2000 led the group to consider electronic voting platforms. The company formed the SBC consortium with Venezuelan telecom provider CANTV (at the time 28-percent owned by Verizon) and a software company called Bizta. Mugica said Smartmatic held 51-percent of the consortium, CANTV had 47 percent, and Bizta, 2 percent (ref a). The latter, also owned by the Smartmatic owners, was denounced in June 2004 by the press for having received a US\$200,000 equity investment from a Bolivarian Republic of Venezuela (BRV) joint venture fund called FONCREI; a Chavez campaign

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