

What does the Covid-19 crisis mean for victims of fraud?

Country: Venezuela

1. THE MOST CRITICAL PHASE OF THE CRISIS

As long as measures to prevent the spread of Covid-19 restrict freedom of movement: What are the effects of the Covid-19 crisis on civil justice?

In Venezuela, on March 13th was made a Presidential Executive Decree (Decree N. 4160), establishing the “alert states”. The decree order transit restriction and suspension of all commercial, entertainment and educational activities, except for public services, hospitals and food and medicine providers. The decree also order the mandatory use of mouth cap in any public space.

The quarantine was initially ordered for 30 days but, recently, it was extended for 30 more days.

At the same time the Supreme Court of Justice (Tribunal Supremo de Justicia) made a resolution suspending all judicial activities from March 16th to April 13th. During that period all deadlines and enforcement acts were suspended. This period was extended on April 13th until May 13th.

Nonetheless, the resolution said that the courts should take prevision to take care of urgent matters, especially in criminal cases. The claims for constitutional protection (amparo constitucional) should be attended in any case. Nevertheless, I have no notice of any court working on civil cases.

Except for urgent matter, all hearings are suspended. In the past, only in exceptional criminal cases has been authorized video conferences by the Supreme Court.

Most Law Firms have implemented work from home during the pandemic but only giving legal advices in some areas. There is no way to register a document or to notarize a document, because all public registries a notaries are close, therefore, it is complicated to close a negotiation with only private documents.

Banks are working only by their online platforms. Because hyperinflation and because banks can only operate in bolívares, there is not important loans or credit cards debts with banks.

For the same reason, it is not foreseen that the crisis will have an impact on insolvency.

Commercial and house rental has been suspended for six month by a presidential decree (Decree N. 3 during the Alert States, made on March 23th). The payment should be renegotiated by

landlords and tenants, after this period. There is also a labor decree ordered by the President, according to which, no one can be fired during 2020.

2. FORECAST: AFTER THE CRISIS AND LONG-TERM EFFECTS

What are the consequences of the Covid 19 pandemic once the pandemic has abated, in the gradual return to a new normality and what are the long-term effects?

All of the measures that have been implemented to date as a result of the covid19 will be over immediately after quarantine period is over, except for the suspension of rent and the prohibition of layoff in labor law.

Before Covid19 Venezuela was in one of the biggest economic and social crisis in recent history, therefore it is foreseeable, that after quarantine is over, the economic crisis will be worse and the economic crime and corruption will increase.

It is also foreseeable, that after quarantine the already weak industrial sector will be worst, and many companies will close. Nonetheless, because in hyperinflation it has no sense to be sued in bolivars it is no foreseeable to have many insolvency process.

But at the same time, a lot of contracts that have been closed in a foreign currency will be litigated as a result of the economic downturn. Probably many of this cases will be litigated in arbitration, inside the country or abroad.

We do not expect the enforcement of corruption to change after the pandemic, the treatment of corruption in Venezuela depend on political matters and matters regarding the rule of law, that have nothing to do with Covid19.

A positive effect of this crisis could be the use of the technology in law services. It is foreseeable that Digital notarization and virtual hearings in arbitration will be more common and specialized after the pandemic, especially as a prevention of another similar crisis.

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