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Venezuelan Supreme Court awards Damages in Work Accident Claim calculated on the basis of the Venezuelan Cryptocurrency “PETRO”

The Venezuelan Supreme Court on October 31, 2018 issued the decision No. 1112 where it released a new criterion when awarding moral damages to a former employee in a work accident claim. Here the Court ordered the National Institute of Agricultural Investigation (INIA) to pay an indemnity for moral damages to the plaintiff as a result of a work accident, taking into consideration for this indemnity the value of the Venezuelan cryptocurrency “PETRO”.

The court determined in this decision that the defendant had to pay moral damages equivalent in Bolivars to the amount of 266 PETROs calculated at the value of the PETRO at the moment of payment. According to the current price of the PETRO set by the Venezuelan Government of BsS 3,600 per PETRO, the plaintiff should receive an award of approximately 957,600 Bolivars (USD 14,730 based on the official government exchange rate).

This decision also indicates that the purpose of the Venezuelan Cryptocurrency “PETRO” is to strengthen the economy and the national currency and that the cryptocurrency is supported by “a sales contract of one barrel of crude oil of Venezuela’s basket or any other commodities indicated by the government”, as set forth in article 4 of Decree No. 3.196, that authorizes the creation of the Cryptocurrency Superintendence.

The Court, therefore, grants a moral damages award whose value is based on the cryptocurrency “PETRO” with the argument of protecting its value by using PETRO as the currency of account for the fixation of this award.

Even though this recent criterion of the Court uses the PETRO as the currency of account or unit of account for determining the value of awards, the decision still leaves open the possibility of paying the award in the official local currency, Bolivars. As a result, the Court appears to be adjusting its awards in PETROs, tying them to the value of Venezuela’s crude oil in the foreign market, so that these awards are not affected by the reigning inflation in the country.

We will continue monitoring this case, as well as others, to determine the practical effects of this decision in your day to day activities.