

# Client Alert

## U.S. Imposes Sweeping Sanctions Against the Government of Venezuela

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On August 5, 2019, President Donald Trump signed an executive order (the “**Executive Order**”) imposing further economic sanctions against the Government of Venezuela and its supporters. Specifically, the Executive Order provides that all property and interests in property of the Government of Venezuela that are subject to U.S. jurisdiction are “blocked” and that U.S. persons are generally prohibited from engaging in dealings with the Government of Venezuela, subject to limited exceptions. The Executive Order also directs the blocking of the property and interests in property of persons determined: (i) to have “materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to” persons identified on the List of Specially Designated Nationals and Blocked Persons; or (ii) to be owned or controlled by, or acting for or on behalf of, directly or indirectly, the Government of Venezuela.

The expansion of the U.S. Venezuela sanctions program marks a substantial escalation in the U.S. sanctions targeting Venezuela’s Maduro regime. Imposed in response to the continuing political and humanitarian crisis in Venezuela, this action is intended to isolate the Maduro regime from its international supporters and the U.S. financial system, and to pressure the Maduro regime to cede power to the democratically elected National Assembly of Venezuela and the U.S.-recognized Interim President of Venezuela, Juan Guaidó. As a result of the Executive Order, U.S. sanctions against the Government of Venezuela are now largely consistent in scope with those targeting the governments of Cuba, Iran, Syria and North Korea.

Concurrent with the Executive Order, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“**OFAC**”) issued thirteen General Licenses authorizing certain transactions and activities involving Venezuela. In addition, OFAC amended twelve existing General Licenses under the U.S. Venezuela sanctions program. A summary of these new and amended General Licenses is set forth below.

### Amendments to Existing General Licenses

- **General License 2A** (*Authorizing Certain New Debt, New Equity, and Securities Transactions Involving PDV Holding, Inc. (“PDVH”) and CITGO Holding, Inc.*): Authorizes all transactions and activities prohibited by Executive Orders 13808 and 13857 and the Executive Order where the only Government of Venezuela entities involved are PDVH, CITGO Holding, Inc., or any of their subsidiaries.

- **General License 3F** (*Authorizing Transactions Related to, Provision of Financing for, and Other Dealings in Certain Bonds*): Authorizes: (i) transactions related to the provision of financing for, and other dealings in, certain bonds that would otherwise be prohibited under EO 13808; (ii) transactions ordinarily incident and necessary to facilitating, clearing, and settling trades of holdings in certain bonds, provided such trades were placed on or prior to February 1, 2019; (iii) transactions that are ordinarily incident and necessary to the wind down of financial contracts or other agreements that were entered into on or prior to February 1, 2019, involving certain bonds; and (iv) transactions related to the provision of financing for, and other dealings in, bonds that were issued (A) prior to August 25, 2017 and (B) by U.S. person entities owned or controlled by the Government of Venezuela, other than Nynas AB, PDVH, CITGO Holding, Inc. or any of their respective subsidiaries. Any divestment or transfer of, or facilitation of divestment or transfer of, any holdings in such bonds must be to a non-U.S. person.
- **General License 4C** (*Authorizing Certain New Debt Transactions and Other Transactions Involving Certain Blocked Persons Related to the Exportation or Reexportation of Agricultural Commodities, Medicine, Medical Devices, Replacement Parts and Components, or Software Updates*): Authorizes certain transactions ordinarily incident to and necessary for the exportation or re-exportation of agricultural commodities, medicine, medical devices, replacement parts and components for medical devices, or software updates for medical devices to Venezuela, or to persons in third countries purchasing specifically for resale to Venezuela.
- **General License 7C** (*Authorizing Certain Activities Involving PDVH and CITGO Holding, Inc.*): Authorizes certain transactions involving PDVH, CITGO Holding, Inc., and any of their subsidiaries, provided that the only Government of Venezuela entities involved are PDVH, CITGO Holding, Inc., or any of their subsidiaries. This authorization is valid for 18 months.
- **General License 8C** (*Authorizing Transactions Involving Petróleos de Venezuela, S.A. ("PdVSA") Necessary for Maintenance of Operations for Certain Entities in Venezuela*): Authorizes, through October 24, 2019, Chevron Corporation, Halliburton, Schlumberger Limited, Baker Hughes and Weatherford International, PLC to engage in transactions and activities ordinarily incident and necessary to operations in Venezuela involving PdVSA or its subsidiaries.
- **General License 9E** (*Authorizing Transactions Related to Dealings in Certain Securities*): Authorizes transactions and activities that are ordinarily incident and necessary: (i) to the wind down of financial contracts or other agreements that were entered into on or prior to January 28, 2019, involving, or linked to, PdVSA securities (valid through September 29, 2019); and (ii) to dealings in certain securities issued by PdVSA (or by its subsidiaries or PDVH, CITGO Holdings, Inc. or Nynas AB) prior to August 25, 2017. In each case, any divestment or transfer of, or facilitation of divestment or transfer of, any holdings in such PdVSA securities must be to a non-U.S. person.
- **General License 10A** (*Authorizing the Purchase in Venezuela of Refined Petroleum Products from PdVSA*): Authorizes U.S. persons in Venezuela to purchase refined petroleum products from PdVSA for personal, commercial, or humanitarian uses, including the payment of associated taxes, fees, etc.
- **General License 13C** (*Authorizing Certain Activities Involving Nynas AB*): Authorizes certain transactions and activities involving Nynas AB, where the only Government of Venezuela entities involved are Nynas AB or any of its subsidiaries, through October 24, 2019.
- **General License 15B** (*Authorizing Transactions Involving Certain Banks for Certain Entities*): Authorizes all transactions and activities ordinarily incident and necessary to the activities of MasterCard, Visa, American Express, Western Union, MoneyGram and their subsidiaries, which involve Banco de Venezuela, S.A. Banco Universal (Banco de Venezuela), Banco Bicentenario del Pueblo, de la Clase Obrera, Mujer y Comunas, Banco Universal C.A. (Banco Bicentenario del Pueblo), Banco del Tesoro, C.A. Banco Universal (Banco del Tesoro), or Banco Central de Venezuela. This authorization is valid through March 21, 2020.

- **General License 16B** (*Authorizing Maintenance of U.S. Person Accounts and Noncommercial, Personal Remittances Involving Certain Banks*): Authorizes, through March 21, 2020, all transactions and activities ordinarily incident and necessary: (i) to maintaining, operating, or closing accounts of U.S. persons in Banco de Venezuela, S.A. Banco Universal (Banco de Venezuela), Banco Bicentenario del Pueblo, de la Clase Obrera, Mujer y Comunas, Banco Universal C.A. (Banco Bicentenario del Pueblo), or Banco del Tesoro, C.A. Banco Universal (Banco del Tesoro); and (ii) to processing noncommercial, personal remittances involving Banco de Venezuela, Banco Bicentenario del Pueblo, Banco del Tesoro, or Banco Central de Venezuela.
- **General License 18A** (*Authorizing Certain Transactions Involving Integración Administradora de Fondos de Ahorro Previsional, S.A.*): Authorizes all transactions that are ordinarily incident and necessary to maintain or operate Integración Administradora de Fondos de Ahorro Previsional, S.A., whose fund administrator is owned 50 percent or more by Banco Bandes Uruguay S.A. (Bandes Uruguay).
- **General License 20A** (*Authorizing Official Activities of Certain International Organizations Involving the Government of Venezuela*): Authorizes all transactions and activities involving the Government of Venezuela that are for the official business of certain international organizations, including the Organization of American States, the Inter-American Development Bank, the United Nations and the International Monetary Fund.

#### New General Licenses

- **General License 21** (*Entries in Certain Accounts for Normal Service Charges and Payments and Transfers to Blocked Accounts in U.S. Financial Institutions Authorized*): Authorizes a U.S. financial institution to debit any account blocked pursuant to the Executive Order held at that financial institution in payment or reimbursement for normal service charges owed to it by the owner of the blocked account.
- **General License 22** (*Venezuela's Mission to the United Nations*): Authorizes provision of goods or services in the United States to Venezuela's United Nations mission, provided that: (i) the goods or services are for the conduct of the official business of the mission, or for personal use of staff members of the mission and their families; and (ii) the transaction does not involve the purchase, sale, financing or refinancing of real property.
- **General License 23** (*Third-country Diplomatic and Consular Funds Transfers Authorized*): Authorizes U.S. depository institutions, U.S.-registered brokers or dealers in securities and U.S.-registered money transmitters to process funds transfers involving the Government of Venezuela that are necessary for the operating expenses or other official business of third-country diplomatic or consular missions in Venezuela.
- **General License 24** (*Certain Transactions Involving the Government of Venezuela Related to Telecommunications and Mail Authorized*): Authorizes all transactions: (i) involving the Government of Venezuela incident to the receipt and transmission of telecommunications; and (ii) of common carriers involving the Government of Venezuela incident to the receipt or transmission of mail and packages between the United States and Venezuela.
- **General License 25** (*Exportation of Certain Services, Software, Hardware, and Technology Incident to the Exchange of Communications over the Internet Authorized*): Authorizes the exportation or re-exportation, directly or indirectly, from the United States or by U.S. persons, wherever located, to or involving the Government of Venezuela of services, software, hardware, and technology incident to the exchange of communications over the Internet, such as instant messaging, email and social networking.
- **General License 26** (*Emergency and Certain Other Medical Services Authorized*): Authorizes the provision and receipt of nonscheduled emergency medical services.

- **General License 27** (*Certain Transactions Related to Patents, Trademarks, and Copyrights Authorized*): Authorizes transactions involving intellectual property (“IP”) protections in the United States or Venezuela, including filing for IP protections in either country, receiving and renewing such protections and prosecuting alleged infringement of IP rights. This General License also authorizes the payment of customary fees relating to IP transactions to the Government of Venezuela, provided such fees are not paid from a blocked account.
- **General License 28** (*Authorizing Certain Activities Necessary to the Wind Down of Operations or Existing Contracts Involving the Government of Venezuela*): Authorizes, through September 3, 2019, all transactions and activities that are ordinarily incident and necessary to the wind down of operations, contracts or other agreements involving the Government of Venezuela that were in effect prior to August 5, 2019.
- **General License 29** (*Certain Transactions Involving the Government of Venezuela in Support of Certain Nongovernmental Organizations’ Activities Authorized*): Authorizes certain activities by nongovernmental organizations involving the Government of Venezuela that support humanitarian projects, democracy building, education, non-commercial development projects and environmental protection in Venezuela.
- **General License 30** (*Authorizing Certain Transactions Involving the Government of Venezuela Necessary to Port and Airport Operations*): Authorizes all transactions and activities that are ordinarily incident to and necessary for the operation or use of ports or airports in Venezuela, provided such transactions do not relate to the exportation or re-exportation of diluents, directly or indirectly, to Venezuela.
- **General License 31** (*Certain Transactions Involving the Venezuelan National Assembly, the Interim President of Venezuela, and Certain Other Persons Authorized*): Authorizes U.S. persons to engage in transactions involving: (i) the National Assembly of Venezuela, its members and staff; or (ii) Interim President Juan Guaidó and any official, designee, or representative appointed or designated by Mr. Guaidó to act on behalf of the Government of Venezuela.
- **General License 32** (*Authorizing Certain Transactions Related to Personal Maintenance of Individuals who are U.S. Persons Residing in Venezuela*): Authorizes U.S. persons residing in Venezuela to engage in transactions involving the Government of Venezuela that are ordinarily incident and necessary to such U.S. person’s personal maintenance within Venezuela, including payment of housing expenses, acquisition of goods or services for personal use, payment of taxes or fees, and purchase or receipt of permits, licenses or public utility services.
- **General License 33** (*Authorizing Overflight Payments, Emergency Landings, and Air Ambulance Services*): Authorizes the receipt of, and payment of charges for, services rendered involving the Government of Venezuela in connection with overflights of Venezuela or emergency landings in Venezuela by aircraft registered in the United States or controlled, owned or chartered by persons subject to U.S. jurisdiction.

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This Client Alert is not comprehensive as to the full scope of the U.S. Venezuela sanctions program or any other U.S. sanctions program or associated laws or regulations.

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