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Practice Update

U.S. Issues First Designations Under Cuba EO 14404

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By Odette Ponce

On May 7, 2026, the U.S. Departments of State and Treasury took the first concrete enforcement steps under Executive Order 14404, the new Cuba sanctions authority discussed in our prior post. Acting pursuant to EO 14404, the U.S. government designated Grupo de Administración Empresarial S.A. (GAESA), Cuba's military-run conglomerate, along with its executive president, Ania Guillermina Lastres Morera, and Moa Nickel S.A., a joint venture operating in Cuba's metals and mining sector. These actions mark the initial use of EO 14404's expanded authority to target specific sectors and military-linked actors within the Cuban economy.

The Office of Foreign Assets Control (OFAC)'s addition of these parties to the SDN List will result in the blocking of any property or interests in property subject to U.S. jurisdiction and will generally prohibit U.S. persons from engaging in transactions involving the designated parties absent authorization. At the same time, OFAC issued General License 1, which confirms that authorizations under the Cuban Assets Control Regulations (CACR) remain in place unless and until OFAC modifies or withdraws them, notwithstanding the issuance of EO 14404 and these initial designations.

The designation of Moa Nickel S.A., a joint venture between Canadian miner Sherritt International

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Corporation and the Cuban state-owned La Compania General de Niquel, carries immediate and practical consequences that extend well beyond the entity itself. As a Cuba-based metals and mining enterprise, Moa Nickel's SDN designation fully blocks its property and interests in property and cuts off U.S.-person dealings, while also serving as a clear warning to non-U.S. companies operating in EO 14404's identified restricted sectors[1] that sanctions exposure is very real. The action follows closely on the announced exit of Canadian miner Sherritt from Cuba, raising open questions about how other foreign investors with exposure to these sectors will reassess their Cuba strategies. Any such exits may be complicated by foreign blocking statutes, including Canada's Foreign Extraterritorial Measures Act and the EU Blocking Regulation (Council Regulation (EC) No 2271/96), which can impose additional regulatory hurdles on companies seeking to comply with U.S. sanctions while avoiding penalties under their home-country laws.

OFAC also released accompanying Frequently Asked Questions clarifying that while CACR general licenses continue to operate under General License 1, transactions involving newly designated persons remain prohibited absent specific authorization. OFAC emphasized that parties must separately assess whether a transaction implicates a blocked person, even if the activity would otherwise fall within an existing CACR authorization, and reiterated potential sanctions exposure for non-U.S. persons, including foreign financial institutions, that materially assist or facilitate significant transactions involving blocked parties.

Against that backdrop, OFAC's treatment of GAESA under FAQ 1254 highlights a meaningful shift from past restrictions to a more expansive sanctions framework. GAESA has appeared on the Cuba Restricted List (CRL) since its inception; however, under the CRL, entities or subentities owned or controlled by a listed entity are *not* treated as restricted unless expressly named. This structure allowed many GAESA-controlled entities to continue operating under applicable CACR general licenses. By contrast, GAESA's designation on the SDN List pursuant to EO 14404 triggers blocking consequences and expands potential sanctions exposure to transactions involving GAESA and, in certain circumstances, GAESA-owned or -controlled entities that were not previously captured solely by GAESA's CRL status. As a result, the SDN designation under EO 14404 significantly broadens the reach of U.S. sanctions beyond the limitations of the CRL framework.

Client Considerations

Companies with Cuba-related activities should reassess counterparty screening, ownership and control analyses, and reliance on CACR general licenses in light of GAESA's SDN status, paying particular attention to indirect exposure through Cuban military-linked enterprises and the risk of future designations under EO 14404.

[1] Sectors include: **financial services, metals and mining, energy, defense and related materials, and security**
