

Practice Update

Escalation on Venezuela Sanctions Program

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On August 5, 2019, President Trump issued an Executive Order to further target and affect the Government of Venezuela led by Nicolás Maduro.^[1] The new Executive Order was followed by 12 amended general licenses and 13 new licenses issued by the Department of Treasury's Office of Foreign Assets Control (OFAC). OFAC also published a New Guidance related to the Provision of Humanitarian Assistance and Support to the Venezuelan People.

The U.S. administration ramped up its sanctions by freezing assets owned by the Government of Venezuela or any entity or person who owns those assets that is related to or controlled by the Government of Venezuela or supports the Maduro regime (the Sanctioned Persons). The blanket mandate of Executive Order of August 5, 2019, blocks all property and interest in property that belongs to the Sanctioned Persons, currently located in the U.S., that come to the U.S. in the future or that currently are or are in the future in the possession of any U.S. Person. U.S. Persons may not transfer, pay, export, withdraw, or otherwise deal in such blocked property except to the extent provided by statutes, or in regulations, orders, directives, or licenses that may be issued pursuant to the Executive Order.

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The escalation in the Venezuela sanctions program is targeting the Government of Venezuela, including broadly the members of the Maduro regime, but in addition to those targeted Sanctioned Persons, the administration is now including within such blocked persons any supporter of the Maduro regime or anyone who has assisted, sponsored, or supported financially, materially, or technologically or otherwise any person included in the Specially Designated Nationals and Blocked Persons maintained by OFAC. This creates a significant deterrent to those who deal with the Government of Venezuela, because unlike other sanctions programs, a determination by the Secretary of the Treasury, in consultation with the Secretary of State, will suffice to become a blocked person under the new Executive Order. The set of general revised and new licenses issued by OFAC on the date of the Executive Order, allows the U.S. administration to tailor the sanction program around the intended targeted persons.

In addition to freezing the assets of Sanctioned Persons, the new Executive Order declares that the entry of any of such Sanctioned Persons is detrimental to the interests of the United States and therefore, suspends the entry of such persons to the United States as immigrants and nonimmigrants.

U.S. sanctions on Venezuela have evolved considerably since launched by the past administration resulting in more complex and riskier regulatory environment. Companies subject to U.S. jurisdiction that engage in commercial activity in Venezuela (or are contemplating such activity) should take immediate steps to ensure full compliance with applicable sanctions regulations.

Akerman is closely monitoring the situation in Venezuela and has assembled a multidisciplinary team to address clients' questions and concerns. The team draws on the strength of Akerman's Latin America practice, as well as other practice areas, such as oil & gas, energy, banking and finance,

international trade and customs, government affairs, and tax and arbitration.

Akerman will continue to focus on the latest Venezuela-related developments and provide timely updates on the topics outlined above with leading subject matter experts.

[1] General License No. 31 of the Office of Foreign Assets Control authorizes all prohibited transactions in the Executive Order of August 5, 2019 to the Venezuelan National Assembly, the Interim President of Venezuela and certain other persons appointed by the Interim President of Venezuela.

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