



OFAC Updates and Amends Certain Venezuela Sanctions General Licenses and Regulations

DECEMBER 2, 2019 by **NICHOLAS F. COWARD**, **SYLWIA A. LIS**, **EUNKYUNG KIM SHIN** AND **MEGHAN HAMILTON** - 6 MINS READ



On November 5, 2019, the US Treasury Department's Office of Foreign Assets Control ("OFAC") issued a new Venezuela-related general license (**General License No. 35**) ("GL 35") to authorize certain administrative transactions with the Government of Venezuela ("GOV") prohibited by **Executive Order ("EO") 13884** ("Blocking Property of the Government of Venezuela"); issued **General License No. 34A** ("GL 34A"), which supersedes and replaces General License No. 34, and authorizes transactions involving certain GOV-related individuals prohibited by EO 13884; and identified five current GOV officials on the Specially Designated Nationals and Blocked Persons List ("SDN List") pursuant to EO 13884.

Then, on November 21, 2019, OFAC **announced** the amendment of the Venezuela Sanctions Regulations ("VSR," 31 C.F.R. Part 591) to incorporate additional EOs; make certain clarifying changes; add a GL authorizing US Government activities; and add an interpretive provision regarding activities related to judicial processes. The VSR regulatory amendments took effect on November 22, 2019 concurrent with their publication in the Federal Register, available [here](#).

These Venezuela sanctions developments are described in more detail below. Our previous blog posts about US sanctions targeting Venezuela are available [here](#).

- **GL 35**
 - By way of background, EO 13884 blocks all property of the GOV, which is defined broadly in that Order to include any person who has acted or purported to act, directly or indirectly, for or on behalf of the GOV. Our previous blog post on the issuance of EO 13884 is available [here](#).

- GL 35 is a new GL that authorizes US Persons (i.e., US companies and their non-US branches, US citizens and permanent resident aliens, and any person physically located in the US) to engage in certain administrative transactions with the GOV where the transactions are necessary and ordinarily incident to the persons' day-to-day operations. Authorized activities include: the payment of taxes, fees, and import duties to the GOV and the purchase or receipt of permits, licenses, registrations, certifications, and public utility services from the GOV, provided that the activities are necessary and ordinarily incident to day-to-day operations.
- GL 35 requires US Persons that make one or more payments in US dollars to the GOV under the GL to file reports with OFAC and the Department of State's Office of Sanctions Policy and Implementation. For transactions and activities from November 5, 2019, through February 3, 2020, an initial report detailing the transactions must be filed by February 10, 2020. In the future, a report for transactions and activities from January 1 through June 30 during each year must be submitted by August 10 in the same year, and from July 1 through December 31 during each year by February 10 of the subsequent year.
- US financial institutions do not have to submit such reports for payments that they process on behalf of customers or third parties that are authorized under the GL. This authorization does not appear to provide authorization for a US financial institution to process payments between a non-US person and the GOV.
- OFAC issued a [Frequently Asked Question 803](#) regarding GL 35.
- **GL 34A**
 - GL 34 was a narrowly scoped GL that authorized transactions and activities involving certain individuals affiliated with the GOV. Our previous blog post regarding the issuance of GL 34 is available [here](#).
 - GL 34A now authorizes all transactions and activities involving certain individuals who meet the definition of the GOV (as defined in EO 13884) and are current employees and contractors of the GOV who provide health or education services in Venezuela, including at hospitals, schools, and universities.
 - This GL further authorizes all transactions and activities related to the receipt by one of the individuals described above of salary, pension, annuity, or other employment-related payments or benefits from a person meeting the definition of GOV and blocked solely pursuant to EO 13884.
 - GL 34A also clarifies that the GL does not authorize any transactions or dealings with any person identified on the SDN List.

- GL 34A continues to require a report to be filed with OFAC by mail or via email within 10 business days from the date the blocked property is unblocked pursuant to the GL.
- OFAC has amended its [Frequently Asked Question 680](#) regarding GL 34A.
- **Designation of GOV Officials Pursuant to EO 13884**
 - OFAC designated certain GOV officials as SDNs in order to harmonize US sanctions policies targeting former Maduro regime officials by sanctioning GOV officials already designated by US partners like Canada and the European Union.
 - US Persons are prohibited from doing any business with such persons and any entities they own 50% or more. For the related press release about these SDN designations, please see [here](#).
- **VSR Changes**
 - Inclusion of Executive Orders as Authorities: The VSR has been amended to include as authorities the EOs issued since the VSR was originally issued in 2015. These include [EO 13808](#) (“Imposing Additional Sanctions With Respect to the Situation in Venezuela”); [EO 13827](#) (“Taking Additional Steps to Address the Situation in Venezuela”); [EO 13835](#) (“Prohibiting Certain Additional Transactions With Respect to Venezuela”); [EO 13850](#) (“Blocking Property of Additional Persons Contributing to the Situation in Venezuela”); [EO 13857](#) (“Taking Additional Steps To Address the National Emergency With Respect to Venezuela”); and [EO 13884](#) (collectively, “New VZ EOs”).
 - Clarification to Account for New VZ EOs: VSR 591.201 has been updated to clarify that “Prohibited Transactions” under the VSR include all transactions prohibited under the New VZ EOs. This clarification required a slight modification to various other provisions within the VSR so as to account for the possibility of sanctions pursuant to the New VZ EOs (e.g., to the definition of VSR §591.304, to the statements of licensing policy in the VSR, etc.).
 - Addition of Interpretation Regarding Judicial Processes: OFAC has added VSR 591.407 to include interpretive language providing that, notwithstanding other VSR GLs, the entry into a settlement agreement or the enforcement of any lien, judgment, arbitral award, decree, or other order through execution, garnishment, or other judicial process purporting to transfer or otherwise alter or affect property or interests in blocked property is prohibited unless authorized pursuant to an OFAC specific license.
 - Addition of GL for US Government Activities: OFAC has added a GL to VSR 591.509 authorizing transactions by employees, grantees, or contractors that are related to the official business of the US Government. This GL was previously found on OFAC’s website as [General License No. 14](#).

- Future Updates to the VSR: The *Federal Register* publication also included a notice that OFAC intends to supplement the VSR with a more comprehensive set of regulations in the future. The VSR remain a skeletal version of regulations, and comprehensive regulations may include additional interpretive guidance, GLs (particularly the many such authorizations still on OFAC's website), and statements of licensing policy.

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