

Fried Frank International Trade and Investment *Alert*TM

U.S. Imposes Additional Sanctions on Venezuelan Government

On August 5, 2019, President Trump issued [Executive Order 13884](#) (EO) freezing the property and assets of the entire Government of Venezuela, including state-owned companies. These blocking sanctions follow a string of recent, more targeted sanctions imposed on Venezuela (on which we have previously reported [here](#) and [here](#)). The EO is effective immediately and bans all transactions with the Venezuelan government. The Treasury Department's Office of Foreign Assets Control (OFAC) has issued or amended various general licenses, including those to authorize dealings with representatives of the Guaidó regime and transactions related to PdVSA and Citgo that had previously been authorized. Accordingly, the immediate effects of this EO may be limited for many U.S. companies that do not deal directly with the Maduro regime.

While some commentators are referring to this order as an “embargo,” it is not in fact a complete embargo with respect to the country of Venezuela. Rather, it targets only the Government of Venezuela, which does include officials acting on behalf of the government and state-owned companies. U.S. persons may still deal with private entities and individuals in Venezuela. These sanctions are intended to increase economic pressure on the Maduro regime, as well as its trading partners and financial supports in Russia and China.

U.S. persons can still continue to conduct transactions with PDV Holding, Inc., CITGO Holding, and any of their subsidiaries consistent with pre-existing OFAC general licenses. In fact, many observers have opined that the goal of this EO is to protect Citgo, which is at risk of being controlled by creditors under recent court decisions, as a viable asset for the Guaidó regime. Among other activities allowed are those related to humanitarian aid, democracy building, and certain medical services.

In addition to amending previous general licenses, OFAC issued the following general licenses authorizing certain activities with respect to the Government of Venezuela:

[General License 21](#): Authorizes a U.S. financial institution to conduct transactions involving normal service charges owed to it or which it owes to a blocked person.

[General License 22](#): Authorizes transactions in goods and services for Venezuela's mission to the United Nations, including for personal use by staff members of the mission and their house-holds.

[General License 23](#): Authorizes financial institutions to process funds transfers related to official business of third-country diplomatic or consular missions in Venezuela.

[General License 24](#): Authorizes transactions related to telecommunications and mail.

[General License 25](#): Authorizes the export and reexport of services, software, hardware, and technology related to communicating via the Internet.

[General License 26](#): Authorizes the provision of medical services, including the provision and receipt of nonscheduled emergency medical services.

[General License 27](#): Authorizes transactions related to patent, copyright, trademark, and other intellectual property protection, and the payment of fees by the Government of Venezuela to the U.S. Government.

[General License 28](#): Authorizes transactions and activities necessary to the wind down of preexisting operations involving the Government of Venezuela, until September 4, 2019.

[General License 29](#): Authorizes nongovernmental organizations to engage in transactions relevant to certain activities in Venezuela, including humanitarian and environmental programs, democracy building, healthcare programs, and education.

[General License 30](#): Authorizes transactions and activities necessary to the use of ports and airports in Venezuela.

[General License 31](#): Authorizes all transactions related to the Venezuelan National Assembly and Interim President Juan Guaidó, including individuals appointed to act on behalf of the Government of Venezuela by the aforementioned persons, and individuals appointed by Guaidó to an international organization or as a board member or executive officer of a Government of Venezuela entity.

In a [statement](#) regarding the new EO, the White House Press Secretary said “The United States denounces the Maduro dictatorship for its continued gross abuses of human rights and repression, and will not waver in its support for the brave people of Venezuela.” The Press Secretary noted that “This Executive Order directly targets those who undermine either the democratically elected National Assembly of Venezuela or Interim President Juan Guaido.” OFAC issued [guidance](#) stating that the sanctions are not intended to limit the Venezuelan people’s access to humanitarian goods and services, and outlining activities that are authorized to that end.

All U.S. companies and any financial institution that conducts business internationally, particularly any companies that do business with the Venezuelan Government or government-related properties or assets, should thoroughly review their business activity and ensure compliance with these new sanctions. Companies should also update their compliance policies and procedures to reflect the latest changes. If you have any questions regarding the Venezuela sanctions program or how it may affect your business, please reach out to the contacts listed below.

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This alert is not intended to provide legal advice, and no legal or business decision should be based on its content. If you have any questions about the contents of this alert, please call your regular Fried Frank contact or the attorneys listed below:

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