

Fried Frank International Trade and Investment *Alert*TM

OFAC Strengthens Cuba Sanctions, Restricting Remittances and U-Turn Transactions

On September 9, 2019, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) [amended](#) the Cuban Assets Control Regulations (CACR) to remove certain authorizations for remittances to Cuba and for banking institutions to process "U-turn" transactions in which the sender and recipient are outside U.S. jurisdiction. The rule will be effective on October 9, 2019. This amendment is another step in implementing President Trump's policy of restricting the Cuban government's access to funding, as outlined in the 2017 [National Security Presidential Memorandum](#).

Prior to this amendment, banking institutions subject to U.S. jurisdiction could process funds transfers originating and terminating outside the United States if both the originator and the beneficiary were not subject to U.S. jurisdiction (so called "U-turn" transactions). The amendment removes the authorization for U.S. banks to process these transactions. Banks will be authorized to reject these transactions (rather than freeze or block the assets), but may no longer process them.

The amendment also modifies and generally reduces allowances for various types of remittances. Family remittances are now restricted such that one remitter can send one Cuban national family member a maximum of \$1000 per quarter. Additionally, no family remittances will be permitted to close family members of prohibited officials of the Cuban government or prohibited members of the Cuban Communist Party. The authorization for donative remittances will be eliminated. OFAC has, however, added an authorization for unlimited remittances to certain self-employed individuals to support the growth of the Cuban private sector.

In a [press release](#), Treasury Secretary Steven Mnuchin said "Through these regulatory amendments, Treasury is denying Cuba access to hard currency, and we are curbing the Cuban government's bad behavior while continuing to support the long-suffering people of Cuba." This amendment comes after OFAC issued a regulation in June 2019 restricting non-family travel to Cuba, on which we previously reported [here](#).

If you have any questions regarding the Cuba sanctions program or how it may affect your business, please reach out to the contacts listed below.

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