Fried Frank International Trade and Investment *Alert*™

President Trump Authorizes Sanctions on Venezuelan Gold Industry

On November 1, 2018, President Trump issued an Executive Order (EO) imposing sanctions on the gold industry and corrupt activities in Venezuela. The new sanctions, which are already effective, authorize the Office of Foreign Assets Control (OFAC) to impose sanctions on persons operating in Venezuela's gold sector and additional industry sectors. These sanctions are the latest in a series of measures against Venezuela and its government in response to its economic and political policies (on which we have previously reported here and here). The EO's goal is to counter corruption in the Venezuelan government by interrupting its sources of funding.

The new sanctions authorize SDN designation against those determined to be:

- Conducting business in the gold sector of the Venezuelan economy;
- Operating in any other sector of the Venezuelan economy that OFAC may designate;
- Engaging in deceptive practices or corruption involving the Government of Venezuela or projects or programs administered by the Government of Venezuela, or an immediate adult family member of such a person.

OFAC issued FAQs in which it stated that it will target those operating corruptly in the gold or other identified sectors and not those operating legitimately in those sectors. The EO is notable in that it authorizes OFAC to sanction additional, unnamed sectors of the Venezuelan economy in the future. This is a potentially potent tool, especially with respect to Venezuela's critical oil sector.

The new sanctions aim to cut off a critical source of funding for the Venezuelan government – gold exports, primarily to Turkey. Such exports have been used to compensate in part for its falling oil production and sales. In 2017, Turkey reported no gold imports from Venezuela. In 2018, data shows that Turkey imported $900 million worth of gold.

U.S. companies that do business with Venezuela or Venezuelan entities should keep abreast of the changing sanctions regulations with regard to Venezuela and ensure that their economic sanctions compliance policies remain up-to-date. 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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