Client Alert

September 2019

OFAC Provides Guidance on Nicaragua Sanctions Regulations

What Happened: On September 3, 2019, the Department of Treasury's Office of Foreign Assets Control (**OFAC**) issued regulations to implement Executive Order 13851 titled "Blocking Property of Certain Persons Contributing to the Situation in Nicaragua" issued on November 27, 2018. Through the Nicaragua Sanctions Regulations, 31 CFR part 582, OFAC provides immediate guidance regarding US sanctions on the Government of Nicaragua. The Nicaragua Sanctions Regulations took effect upon publication in the Federal Register on Wednesday, September 4, 2019.

The Bottom Line: OFAC is providing guidance regarding the US sanctions on the Government of Nicaragua. Companies and persons subject to US jurisdiction with interests in Nicaragua should familiarize themselves with and actively monitor the development of US sanctions against Nicaragua to avoid violations of OFAC's regulations.

The Full Story:

On September 3, 2019, OFAC issued the Nicaragua Sanctions Regulations (the **Regulations**), to implement Executive Order 13851 titled "Blocking Property of Certain Persons Contributing to the Situation in Nicaragua" (the **Executive Order**). As discussed in our November 2018 Client Alert, the Executive Order on Nicaragua requires the blocking of all property and interests in property belonging to any person determined by the Secretary of the Treasury to be involved with or assisting in corrupt practices, the abuse of human rights or the destabilization of democratic processes in the country.

OFAC's Regulations provide guidance on this Executive Order by describing prohibited transactions, defining important terms, providing interpretations of the Regulations' text, and outlining general and specific licensing procedures and authorizations relevant to the sanctions program regarding Nicaragua. With these Regulations, OFAC provides immediate guidance to the public, as it works to supplement this abbreviated form to offer more comprehensive guidelines, which may include interpretive guidance and general licenses.

The Regulations also identify transactions exempt from the prohibitions imposed by the US sanctions against Nicaragua. Generally, these exempt transactions include personal communications that do not involve the transfer of anything of value, information or informational materials regardless of format or medium of transmission, and transactions ordinarily incident to travel. The exemptions also allow the provision of certain legal services to or on behalf of persons whose property and interests in property are blocked pursuant to the Executive Order, payment for these legal services from funds originating outside the US, and the provision and receipt of emergency medical services. We note, however, that additional provisions could potentially facilitate the future expansion of the sanctions.

Thus, companies and persons subject to US jurisdiction and engaging in activities related to the US sanctions in Nicaragua should familiarize themselves with OFAC's regulations in order to comply with OFAC's guidelines, procedures and requirements.

Hunton Andrews Kurth LLP will continue to closely monitor related developments regarding US sanctions with respect to Nicaragua. Please contact us if you have any questions or would like further information regarding US sanctions against Nicaragua.

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