

# Client Alert

November 2019

## OFAC Authorizing Certain Additional Transactions with the Government of Venezuela

**What Happened:** On November 5, 2019, the Department of Treasury's Office of Foreign Assets Control (OFAC) issued General License 35 and amended General License 34A, authorizing certain transactions involving the Government of Venezuela. In connection with these general licenses, OFAC also issued new and amended Frequently Asked Questions.

**The Bottom Line:** Through the new and amended general licenses, OFAC clarifies that US persons operating in Venezuela and not conducting business with the Government of Venezuela can otherwise engage in transactions with the Government of Venezuela to secure the basic services needed to carry out business in the country. Persons engaged in business in Venezuela should familiarize themselves with these amendments and actively monitor the development of US sanctions toward Venezuela.

### **The Full Story:**

On November 5, 2019, OFAC issued amended General License 34A, "Authorizing Transactions Involving Certain Government of Venezuela Persons" and General License 35, "Authorizing Certain Administrative Transactions with the Government of Venezuela," which are otherwise prohibited by Executive Order 13884 (EO 13884), issued August 5, 2019. Generally, EO 13884 prohibits US persons from engaging in transactions with the Government of Venezuela or with entities in which the Government of Venezuela owns a 50 percent or greater interest. These general licenses, however, authorize US persons to participate in certain transactions and activities with the Government of Venezuela where such transactions are necessary and ordinarily incident to such persons' day-to-day operations.

Specifically, General License 34A authorizes transactions with certain individuals that meet the definition of "Government of Venezuela," provided that those individuals are (i) US citizens; (ii) permanent resident aliens of the US; (iii) individuals who have a valid US immigrant or nonimmigrant visa, other than individuals in the US as part of Venezuela's mission to the UN; (iv) former employees and contractors of the Government of Venezuela; or (v) current employees and contractors of the Government of Venezuela who provide health or education services in Venezuela, including at hospitals, schools and universities. Further, it authorizes activities prohibited by EO 13884 related to the receipt of salary, pension, annuity, or other employment-related payments or benefits from a person that is a part of the Government of Venezuela as defined in EO 13884 and blocked solely pursuant to EO 13884. Lastly, it authorizes transactions necessary to unblock these individuals' property or interests in property that was blocked solely pursuant to Executive Order 13884. General License 34A, however, does not otherwise authorize any transactions with or the unblocking of any property of any person included on OFAC's list of Specially Designated Nationals and Blocked Persons. Thus, pursuant to General License 34A, US persons are authorized to engage in transactions with individuals that meet the definition of Government of Venezuela but fall within the categories listed above without the need to apply for a specific license. The general license does not, however, authorize any other transactions or dealings with any blocked person not described above.

Similarly, General License 35 authorizes US persons to pay taxes, fees, and import duties to the Government of Venezuela and to purchase or receive permits, licenses, registrations, certifications, and public utility services from the Government of Venezuela to the extent that such transactions and activities were prohibited by Executive Order 13884, where such transactions are necessary and ordinarily incident to such US person's day-to-day operations. The general license requires US persons who make payments authorized by this general license in US dollars to the Government of Venezuela to file reports with OFAC and the Department of State's Office of Sanctions Policy and Implementation. The general license lists the required contents detailing all transactions and activities conducted under the general license and deadlines for these reports, the first of which is due February 10, 2020, and covers the period from November 5, 2019, through February 3, 2020. The general license does not require, however, US financial institutions to submit reports regarding payments authorized by the general license that are processed on behalf of customers or third parties.

Importantly, through the Frequently Asked Questions, OFAC clarifies that US persons relying on the authorization provided by the general licenses are expected to exercise appropriate due diligence to ensure compliance with US regulations and that OFAC may revoke such authorization if appropriate to support US foreign policy. Thus, persons subject to US jurisdiction and engaging in activities related to the US sanctions toward Venezuela should familiarize themselves with and continue to monitor the sanctions and authorizations granted by the general licenses.

The Latin America group practice at Hunton Andrews Kurth LLP will continue to closely monitor related developments regarding US sanctions with respect to Venezuela. Please contact us if you have any questions or would like further information regarding US sanctions against Venezuela.

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