

White House Imposes Sanctions on Venezuela

On March 9, 2015, pursuant to authority contained in the recently enacted Venezuela Defense of Human Rights and Civil Society Act (Act), President Obama issued an executive order (EO) declaring a national emergency with respect to Venezuela. The EO cites ongoing public corruption, oppression of political opponents, curtailment of Venezuela's free press, and violent human rights abuses in Venezuela that pose a threat to U.S. security and foreign policy and directs the imposition of targeted economic sanctions.

Consistent with the Act, the EO targets persons determined by the Secretaries of the Treasury and State to be involved in any of the following activities with respect to Venezuela:

- actions or policies that undermine democratic processes or institutions;
- significant acts of violence or human rights violations against anti-government protesters;
- actions that prohibit, limit or penalize freedom of expression or peaceful assembly; or
- public corruption by senior Venezuelan government officials.

The EO also authorizes the imposition of sanctions on:

- any past or present leader of an entity that is determined to have engaged in the above described violent, abusive or corrupt activities;
- anyone determined to be a current or former official of the government of Venezuela;
- anyone who has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to a person whose property is blocked pursuant to the EO or who has engaged in the violent, abusive or corrupt activities described above; and
- entities owned, controlled by, or that have directly or indirectly acted on behalf of any person whose property is blocked pursuant to the EO.

The EO initially imposes sanctions on the following seven Venezuelan government officials:

- Antonio José Benavides Torres, commander of the Central Integral Strategic Defense Region of the National Armed Forces, former director of operations for the National Guard;
- Gustavo Enrique González López, director general of the National Intelligence Service and president of the Strategic Center of Security and Protection of the Homeland;
- Justo José Noguera Pietri, president of the Venezuelan Corporation of Guayana, former general commander of the National Guard;
- Katherine Nayarith Haringhton Padron, national level prosecutor of the 20th District Office of the Public Ministry;
- Manuel Eduardo Pérez Urdaneta, director of the National Police;
- Manuel Gregorio Bernal Martínez, chief of the 31st Armored Brigade of Caracas, former director general of the National Intelligence Service; and
- Miguel Alcides Vivas Landino, inspector general of the National Armed Forces, former commander of the Andes Integral Strategic Defense Region of the National Armed Forces.

Individuals and entities designated for the imposition of sanctions under the EO will be placed on the Specially Designated Nationals (SDN) list maintained by the Office of Foreign Assets Control (OFAC). As with all individuals and entities so designated, placement on the SDN list requires that all of the designee's property located in the United States or that comes within the control or possession of a U.S. person must be blocked.¹ Additionally, U.S. persons are generally prohibited from transacting business with any Specially Designated National.

We would encourage anyone engaged in international transactions to check the SDN list to



Donald J. Kassilke

Member

dkassilke@cozen.com
Phone: (202) 463-2506
Fax: (202) 912-4830



Jawaria Gilani

Associate

jgilani@cozen.com
Phone: (202) 463-2540
Fax: (202) 861-1905

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determine if any potential trading partners are sanctioned individuals or entities. In light of this EO, it is now particularly important to do so with regard to transactions involving Venezuela.

Given the apparent focus of the EO on public corruption issues, we think it likely that the U.S. government will increase its scrutiny of business practices in Venezuela. Accordingly, in addition to maintaining a heightened awareness of sanctions, we believe it would be prudent to closely review relationships or projects in Venezuela to ensure compliance with the U.S. Foreign Corrupt Practices Act (FCPA).

Should you have any questions regarding U.S. sanctions against Venezuela or any other U.S. sanctions program or FCPA compliance, please do not hesitate to contact a member of Cozen O'Connor's Transportation & Logistics Group.

¹ Pursuant to OFAC guidance, a blocked person is considered to have an interest in all property and property interests of an entity in which it owns, directly or indirectly, a 50 percent or greater interest. Thus, the property and interests in property of such an entity are likewise blocked even though the entity itself may not appear on the SDN list.