

OFAC issues general licenses authorizing certain transactions involving the government of Venezuela

8 November 2019

On 5 November 2019 the Office of Foreign Assets Control (OFAC) issued two new general licenses authorizing certain transactions involving the government of Venezuela (GOV) and certain individuals affiliated with the GOV, which is blocked pursuant to [Executive Order 13884](#) (EO 13884). Specifically, OFAC issued [General License No. 35](#) (GL 35) which authorizes U.S. persons to engage in certain administrative transactions with the GOV, provided that the activity is necessary and incident to the U.S. person's day-to-day operations related to nonsanctioned activities and entities. In addition, OFAC issued amended [General License No. 34A](#) (GL 34A), which authorizes transactions with certain GOV persons.

In conjunction with these general licenses, OFAC published new and amended frequently asked questions (FAQs) concerning Venezuela-related sanctions. An overview of the newly issued and amended general licenses and FAQs is set forth below.

You can view our previous publications concerning Venezuela-related sanctions [here](#).

General License No. 35

Prior to the issuance of GL 35, U.S. persons were generally prohibited from engaging in transactions involving the GOV, and conducting business in Venezuela had become increasingly difficult for U.S. companies. However, GL 35 loosens certain restrictions on conducting business in Venezuela and authorizes particular transactions with the GOV that are otherwise prohibited by EO 13884, provided that these transactions are administrative in nature and are necessary and incident to day-to-day operations that are not otherwise prohibited under the sanctions. Such administrative transactions include paying for taxes, fees and import duties, public utility services, and purchasing and receiving permits, licenses, and certifications from the GOV.

This general license may be particularly beneficial for U.S. companies with continued business operations in Venezuela; however, it is important to note that GL 35 does not authorize any transactions or dealings with any blocked person other than those specifically described in the general license. For example, GL 35 does not authorize transactions with certain restricted financial institutions (e.g., Banco de Venezuela, S.A. Banco Universal, Banco Bicentenario del Pueblo, de la Clase Obrera, Mujer y Comunas, Banco Universal C.A., or Banco Central de Venezuela) which are authorized under [General License 4C](#), so long as the transactions are

incident and necessary to the reexportation of agricultural commodities, medicine, medical devices, replacement parts and components for medical devices, or software updates for medical devices to Venezuela.

Lastly, the use of GL 35 is subject to certain ongoing and mandatory reporting requirements. Specifically, beginning 10 February 2020, U.S. companies acting in reliance on GL 35 must submit biannual reports detailing any U.S. dollar payments to the GOV to both OFAC and the Department of State's Office of Sanctions Policy and Implementation.

General License No. 34A

GL 34A continues to authorize transactions involving individuals who meet the definition of the Government of Venezuela pursuant to [EO 13884](#) for the following categories of authorized persons:

- (i) U.S. citizens.
- (ii) Permanent resident aliens of the United States.
- (iii) Individuals who have a valid U.S. immigrant or nonimmigrant visa, other than individuals in the United States as part of Venezuela's mission to the United Nations.
- (iv) Former employees and contractors of the government of Venezuela.

However, GL 34 was amended to specifically include the following new category of authorized persons: "current employees and contractors of the Government of Venezuela who provide health or education services in Venezuela, including at hospitals, schools, and universities."

In addition, GL 34A authorizes transactions related to an authorized person's receipt of a salary, pension, annuity, or other employment-related payments of benefits from the GOV.

Like GL 35, GL 34A is also subject to certain mandatory reporting requirements with OFAC.

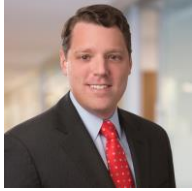
New and amended FAQs

In addition to the general licenses above, OFAC published the following FAQs:

- [FAQ 803](#) addresses the types of activities authorized by GL 35, but warns that U.S. persons who rely on the authorizations set forth in GL 35 should remain cautious and exercise appropriate due diligence to ensure compliance with the terms of the authorization.
- [FAQ 680](#) was amended to reflect authorizations granted in GL 34A and provides additional clarity on the types of transactions that remain prohibited under EO 13884. Moreover, the FAQ highlights OFAC's expectation that financial institutions conduct due diligence on their own direct customers to confirm that they are not persons whose property and interests in property are blocked.

Should you have any questions regarding the new Venezuela general licenses or FAQs, please do not hesitate to contact one of the members of the Hogan Lovells International Trade and Investment group identified on this alert.

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