

United States Issues Nicaragua Sanctions and Designates Two Senior Government Officials

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US Sanctions Team: [Richard Burke](#), [Nicole Erb](#), [Claire A. DeLelle](#), [Kristina Zissis](#), [Cristina Brayton-Lewis](#), [Sandra Jorgensen](#), [Margaret Spicer](#)

On November 27, 2018, President Donald Trump signed an Executive Order (EO) entitled “Blocking Property of Certain Persons Contributing to the Situation in Nicaragua.”¹ The EO authorizes the imposition of blocking sanctions on any individual or entity determined to have engaged in certain activities in relation to the situation in Nicaragua. Concurrently, two individuals were designated pursuant to this EO to the List of Specially Designated Nationals and Blocked Persons (SDN List).

The EO was issued “to deal with the threat posed by the situation in Nicaragua, including the violent response by the Government of Nicaragua to the protests that began on April 18, 2018, and the Ortega regime’s systematic dismantling and undermining of democratic institutions and the rule of law, its use of indiscriminate violence and repressive tactics against civilians, as well as its corruption leading to the destabilization of Nicaragua’s economy.”² The two individuals added to the SDN List pursuant to these new sanctions include Rosario Murillo, Nicaragua’s vice president and first lady, and Nestor Moncada Lau, a national security adviser to President Daniel Ortega and Vice President Murillo.³

The EO authorizes blocking the property and interests in property located in the United States or in the possession or control of a US Person⁴ of parties determined to be responsible for or complicit in—or to have directly or indirectly engaged or attempted to engage in

- Serious human rights abuse in Nicaragua;
- Actions or policies that undermine democratic processes or institutions in Nicaragua;

¹ https://www.treasury.gov/resource-center/sanctions/Programs/Documents/nicaragua_eo.pdf.

² <https://www.whitehouse.gov/briefings-statements/presidential-message-congress-blocking-property-certain-persons-contributing-situation-nicaragua/>.

³ <https://home.treasury.gov/news/press-releases/sm554>; <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-pressuring-nicaraguan-regime-restore-democracy-rule-law/>.

⁴ US persons include US citizens and permanent residents, wherever located, entities organized under US law (including foreign branches), and parties located within the United States.

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- Actions or policies that threaten the peace, security, or stability of Nicaragua; or
 - Any transaction or series of transactions involving deceptive practices or corruption by, on behalf of, or otherwise related to the Government of Nicaragua or a current or former official of the Government of Nicaragua, such as the misappropriation of public assets or expropriation of private assets for personal gain or political purposes, corruption related to government contracts, or bribery.

The EO further authorizes the designation of any person determined to be:

- A leader or official of an entity that has, or whose members have, engaged in any of the activities described above;
- A leader or official of an entity whose property and interests in property are blocked pursuant to this EO; or
- A current official of the Government of Nicaragua or former official of the Government of Nicaragua who served any time on or after January 10, 2007.

Persons determined to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, the prohibited activities described above, or to any person designated pursuant to this EO also may be subject to designation and blocking. In addition, any person deemed to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, a person blocked pursuant to this EO may be subject to designation and blocking.

In a press release, the US Department of the Treasury's Office of Foreign Assets Control indicated that Nestor Moncada Lau was designated for acting for or on behalf of Vice President Rosario Murillo. Rosario Murillo was designated for being an official of the Government of Nicaragua on or after January 10, 2007, having access and influence over groups whose members have engaged in serious human rights abuse in Nicaragua, and for corruption related to Nicaragua.⁵

For parties designated on the SDN List, all of their property and interests in property located in the United States or within the possession or control of a US person, wherever located, are considered blocked and may not be dealt in. Any entity in which one or more blocked persons directly or indirectly holds a 50 percent or greater ownership interest in the aggregate is itself considered blocked by operation of law. US persons may not engage in any dealings, directly or indirectly, with blocked persons. Provision of goods, services or support for blocked parties is identified as a criterion for potential future designation. The EO also imposes a travel ban on designated individuals by suspending entry into the United States, unless the Secretary of State finds such travel is in the national interest of the United States.

Conclusion

Companies doing business in Nicaragua should monitor closely any designations made pursuant to this EO to ensure compliance. Furthermore, in the event of further designations and the imposition of other sanctions measures under the new EO, the number of US sanctions targets may increase. Such measures will merit additional attention to screening transaction parties and their ownership structures for US sanctions risk. Failure to do so may result in non-compliance and could result in severe penalties for sanctions violations.

White & Case LLP
701 Thirteenth Street, NW
Washington, District of Columbia 20005-3807
United States
T +1 202 636 3600

⁵ <https://home.treasury.gov/news/press-releases/sm554>.

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