

US Imposes Sanctions Targeting Venezuela's Gold Sector and Corruption

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On November 1, 2018, President Trump signed a new Executive Order (EO) entitled “Blocking Property of Additional Persons Contributing to the Situation in Venezuela.”¹ The EO, which became effective on November 1, 2018, authorizes the imposition of blocking sanctions on persons operating in the gold sector of the Venezuelan economy, as well as persons determined to be involved in deceptive practices or corruption in transactions involving the Government of Venezuela.

The EO authorizes blocking the property and interests in property located in the United States or in the possession or control of a US Person² of parties determined to:

- Operate in the gold sector of the Venezuelan economy or in any other sector of the Venezuelan economy as may be determined by the Secretary of the Treasury
- Be responsible for or complicit in, or to have directly or indirectly engaged in, transactions involving deceptive practices or corruption and the Government of Venezuela, or projects or programs administered by the Government of Venezuela, or to be an immediate adult family member of such a person

Persons determined to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, the prohibited activities described above, or to any person pursuant to the 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.

The EO prohibits transactions that evade or avoid, have the purpose of evading or avoiding, cause a violation of, or attempt to violate any of the prohibitions set forth in the EO, including any conspiracy to violate any of the prohibitions. The sanctions authorized by the EO include blocking as well as a prohibition on US persons from doing business with entities or individuals designated under the EO or that are 50 percent or greater owned in the aggregate, directly or indirectly, by one or more blocked parties. The EO also imposes a travel ban by suspending entry into the United States of individuals that are designated.

¹ The text of the Executive Order is available [here](#).

² US person is defined to include US citizens and permanent resident aliens, wherever located, entities organized under US law (including foreign branches), and individuals and entities located in the United States.

The US Department of the Treasury's Office of Foreign Assets Control (OFAC) published additional guidance regarding the EO, noting that the new EO is "designed to counter rampant corruption within the Government of Venezuela"³ by targeting "dishonest or fraudulent conduct, illicit activity, and/or deceptive transactions within Venezuela's gold sector or other identified sectors, or in relation to the Government of Venezuela or its projects or programs."⁴

OFAC's guidance also stated that OFAC expects "to use its discretion to target in particular those who operate corruptly in the gold or other identified sectors of the Venezuelan economy, and not those who are operating legitimately in such sectors." This includes, for example, persons engaging in "dishonest or fraudulent conduct, illicit activity, or deceptive transactions within Venezuela's gold sector or other identified Venezuela sectors, with the purpose or effect of misappropriating Venezuelan resources in those sectors for personal, professional, or political gain."⁵

As of November 1, 2018, no designations have been made pursuant to the new EO.⁶

Companies looking to do business related to Venezuela should monitor future developments closely, and exercise caution to ensure compliance with all applicable sanctions. Penalties for noncompliance can be severe.

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³ The Government of Venezuela is defined to include the Government of Venezuela, any political subdivision, agency, or instrumentality, including the Central Bank of Venezuela, and any person owned or controlled by, or acting for or on behalf of, the Government of Venezuela.

⁴ OFAC FAQ #628.

⁵ OFAC FAQ #629.

⁶ Please see our most recent client alert regarding the Venezuela sanctions [here](#).