



July 2017

U.S. Sanctions Venezuelan Individuals, Including PDVSA Officials

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has recently sanctioned 13 Venezuelan individuals alleged to be involved in human rights abuses and corruption. According to the Trump Administration, the new sanctions were imposed in part to pressure the Venezuelan government not to proceed with a proposed rewrite of the Venezuelan Constitution and, in part, to deter other government officials from participating in the upcoming election of a new constituent assembly to rewrite the Constitution. Importantly, the sanctions designations include one current and one former officer of Petróleos de Venezuela, S.A. (PDVSA), the Venezuelan state oil company. The designation of individuals linked to PDVSA may signal the Trump Administration's increased willingness to target the core of Venezuela's petroleum-based economy and, depending on the upcoming events in the Venezuelan political environment, may result in further sanctions in the coming months.

New SDN Designations

The sanctioned individuals now listed on OFAC's Specially Designated Nationals (SDN) List are:

- > ALBISINNI SERRANO, Rocco; President of Venezuela's National Center for Foreign Commerce (CENCOEX);
- > FLEMING CABRERA, Alejandro; Vice Minister for Europe of Venezuela's Ministry of Foreign Affairs;
- > GARCIA DUQUE, Franklin; Former National Director of Venezuela's Bolivarian National Police;
- > JAUA MILANO, Elias; Head of Venezuela's Presidential Commission for the Constituent Assembly; and Minister of Education;
- > LUCENA RAMIREZ, Tibusay; President of Venezuela's National Electoral Council;
- > MALPICA FLORES, Carlos; Former National Treasurer of Venezuela and Former Vice President of Finance for

PDVSA;

- > PEREZ AMPUEDA, Carlos; National Director of Venezuela's Bolivarian National Police;
- > REVEROL TORRES, Nestor; Venezuela's Minister of Interior, Justice, and Peace;
- > RIVERO MARCANO, Sergio; Commander General of Venezuela's Bolivarian National Guard;
- > SAAB HALABI, Tarek; Venezuela's Ombudsman;
- > SUAREZ CHOURIO, Jesus; General Commander of Venezuela's Bolivarian Army;
- > VARELA RANGEL, Maria; Member of Venezuela's Presidential Commission for the Constituent Assembly; and
- > ZERPA DELGADO, Simon; Vice President of Finance for PDVSA.

U.S. persons are prohibited from all dealings (direct and indirect) with these and other individuals and entities that are named on the SDN List. In addition, U.S. persons are prohibited from dealings with entities that are not specifically named on the SDN List, but are owned 50 percent or more in the aggregate by any designated entities or individuals.

Impact on Transactions with PDVSA

Although the designation of PDVSA's Vice President of Finance, Simon Zerpa, does not preclude U.S. persons from transacting with PDVSA as a whole, U.S. companies that engage in business with PDVSA may need to ensure that Mr. Zerpa is not directly or indirectly involved in those transactions. For example, on July 20, 2017, OFAC imposed a \$2 million civil penalties fine against a large oil and gas corporation because it entered into a number of agreements with Russian oil company Rosneft OAO (itself not an SDN) which were personally signed by Igor Sechin, the president of Rosneft OAO and also an SDN. U.S. persons and entities engaged in business with PDVSA or proposing to do business with PDVSA will now need to take compliance measures to avoid committing a similar violation.

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