

## **Alert** | Export Controls & Economic Sanctions



May 2026

### **U.S. Establishes New Cuba Sanctions Authority, Including Secondary Sanctions Risk**

On May 1, 2026, President Donald Trump issued [Executive Order 14404](#), titled “Imposing Sanctions on Those Responsible for Repression in Cuba and for Threats to United States National Security and Foreign Policy” (Executive Order 14404), establishing a new, Cuba-related sanctions authority under the International Emergency Economic Powers Act (IEEPA), the National Emergencies Act, Section 212(f) of the Immigration and Nationality Act, and 3 U.S.C. § 301.

Executive Order 14404 authorizes blocking sanctions on certain foreign persons, including those determined to operate in specified sectors of the Cuban economy (including the energy, defense and related materiel, metals and mining, financial services, and security sectors), as well as those determined to have provided material support to the government of Cuba or to persons blocked under Executive Order 14404. Executive Order 14404 also authorizes measures targeting non-U.S. persons, including foreign financial institutions, that conduct or facilitate “significant transactions” for, or on behalf of, persons blocked pursuant to Executive Order 14404, creating potential secondary sanctions exposure for non-U.S. persons for certain Cuba-related activity, even where a transaction has no U.S. nexus.

## Overview of Current Cuba Sanctions Framework

### *The Cuban Assets Control Regulations*

Cuba is subject to a longstanding U.S. statutory embargo administered primarily by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) pursuant to a set of laws and regulations, principally the Cuban Assets Control Regulations (CACR), [31 C.F.R. part 515](#), which restrict virtually all trade, investment, and financial transactions involving Cuba or Cuban nationals absent authorization. The embargo has also historically restricted travel and access to the U.S. financial system by Cuban persons.

### *Helms-Burton Act*

The Helms-Burton Act (1996) strengthens and codifies the U.S. embargo by extending it to foreign firms and individuals that traffic in property expropriated from U.S. nationals after the 1959 Cuban Revolution, effectively restricting trade, investment, and financial transactions with Cuba. Under the Helms-Burton Act, U.S. nationals are allowed to file lawsuits in U.S. courts against entities trafficking in property confiscated by the Cuban government.

In addition to the CACR and the Helms-Burton Act, Cuba-related dealings may raise risk under other U.S. legal regimes, including U.S. export controls, statutory measures, and sanctions implemented pursuant to executive orders 14380 and 14404. Persons blocked or otherwise identified pursuant to the CACR are not automatically blocked pursuant to Executive Order 14404, and relatively few persons have been added to the Specially Designated Nationals and Block Persons List (SDN List) under the CACR. Further, the CACR generally only authorizes designations of Cuban persons. Persons sanctioned under the CACR are only subject to sanctions under Executive Order 14404 if such persons are [separately determined to meet the criteria](#) under Executive Order 14404.

### *Executive Order 14380*

As discussed in our [Feb. 9 GT Alert, Executive Order 14380](#) (Addressing Threats to the United States by the Government of Cuba), issued Jan. 29, 2026, declared a national emergency with respect to Cuba under IEEPA and the National Emergencies Act, and granted authority to the U.S. Department of Commerce and U.S. Department of State to impose sanctions, tariffs, and restrictions on imports from foreign countries determined to have directly or indirectly supplied oil to the government of Cuba. The national emergency declared by Executive Order 14380 allows the U.S. government to take further steps to address threats posed by the Cuban government, including blocking property and imposing additional restrictions on persons and entities determined to be involved in specified harmful activities related to Cuba.

### *Executive Order 14404*

Executive Order 14404 expands the range of sanctions tools targeting foreign persons determined to operate or have operated in specific identified sectors of the Cuban economy. Executive Order 14404 primarily targets foreign persons by authorizing blocking sanctions and, importantly, creates secondary sanctions liability for certain Cuba-related activities, expanding the scope of U.S. sanctions beyond just U.S. persons and entities.

The new, IEEPA-based sanctions authorities include (1) blocking sanctions authority for the Secretary of State and the Secretary of the Treasury to designate foreign persons that meet specified criteria, and (2) authority to impose restrictions on foreign financial institutions that conduct or facilitate significant transactions for or on behalf of persons blocked pursuant to Executive Order 14404. The net impact of

Executive Order 14404 is to restrict U.S. persons from dealing with designated foreign persons, while the new authorities may also increase compliance risk not only for U.S. persons, but for non-U.S. parties (including banks) engaged in Cuba-related activity.

### **Key Sanctions Authorities and Designation Criteria**

Executive Order 14404 authorizes the blocking of all property and interests in property that are in the United States, that come within the United States, or that are or come within the possession or control of U.S. persons, of any foreign person determined by the Secretary of State in consultation with the Secretary of the Treasury, or vice versa, to meet one or more specified criteria. Those criteria include, among others, persons determined to:

- operate in, or to have operated in, the energy, defense and related materiel, metals and mining, financial services, or security sector of the Cuban economy, or any other sector of the Cuban economy as may be determined by the Secretary of the Treasury in consultation with the Secretary of State;
- be owned or controlled by, or to act for or on behalf of, the Government of Cuba or a person blocked under Executive Order 14404;
- own or control, directly or indirectly, any person whose property or interests in property are blocked pursuant to Executive Order 14404;
- have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, the government of Cuba or a blocked person;
- be or have been a leader, official, senior executive officer, or board member of the government of Cuba or a blocked person;
- be responsible for or complicit in, or to have engaged in, serious human rights abuse in Cuba; or
- be responsible for or complicit in, or to have engaged in, corruption related to the Government of Cuba or a current or former Cuban government official, such as the misappropriation of public assets, expropriation of private assets for personal gain or political purposes, or bribery.

In addition, Executive Order 14404 authorizes designations of foreign persons determined to be a political subdivision, agency, or instrumentality of the government of Cuba, as well as adult family members of persons designated under Executive Order 14404. Executive Order 14404 does not define the scope of the term “adult family member,” and places no apparent limit on how distant a familial relationship may qualify.

As with other OFAC programs, once a person is blocked, U.S. persons must block all property and interests in property of the blocked person that come within U.S. jurisdiction, and entities that are **owned 50% or more** (directly or indirectly) by one or more blocked persons are treated as blocked, even if not separately listed by OFAC.

Executive Order 14404 also suspends immigrant and nonimmigrant entry into the United States for persons who meet designation criteria, except where the Secretary of State, or the Secretary of State’s designee, determines that the person’s entry is in the national interest of the United States.

## Secondary Sanctions Exposure and Foreign Financial Institutions

A central feature of Executive Order 14404 is that it authorizes sanctions on non-U.S. persons, including foreign financial institutions,<sup>1</sup> based on certain Cuba-related dealings. In particular, Executive Order 14404 authorizes the Secretary of the Treasury (in consultation with the Secretary of State) to impose restrictions relating to the opening or maintaining in the United States of correspondent accounts or payable-through accounts for a foreign financial institution that has conducted or facilitated any “significant transaction” for or on behalf of a person blocked pursuant to Executive Order 14404. Executive Order 14404 does not define “significant transaction,” nor has its scope been addressed in subsequent FAQs from OFAC, leaving uncertainty for non-U.S. persons seeking to avoid secondary sanctions risks. This type of secondary sanctions authority may cause foreign financial institutions and other non-U.S. counterparties to further restrict Cuba-related dealings to avoid potential exposure to U.S. sanctions.

Executive Order 14404 is not self-executing. The U.S. government must first determine that a foreign financial institution has conducted or facilitated a “significant transaction” for, or on behalf of, such a blocked person and apply the authorized restrictions, then it may block and/or impose restrictions on correspondent accounts. Companies and financial institutions with Cuba-related exposure may wish to monitor future OFAC designations and related interpretive guidance, including how the government will assess “significant transaction” in this context.

### Exclusions

Sections 2(b) and 4(c) of Executive Order 14404 state that the sanctions “apply except to the extent provided by statutes, or in regulations, orders, directives, or licenses that are issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the date of this order; except that this subsection shall not apply to activities authorized by, and shall not affect the validity of, any license issued pursuant to the” CACR. FAQ 1253 addresses this exclusion further. However, the CACR authorizes certain activities by U.S. persons and persons subject to U.S. jurisdiction, and it is unclear how such authorizations would apply in the context of Executive Order 14404, which focuses on the activities of foreign persons.

### New Designations

On May 7, 2026, the Department of State designated the Cuban entity Grupo de Administración Empresarial S.A. (GAESA), and its leader, Ania Guillermina Lastres Morera, pursuant to Executive Order 14404. The government designated GAESA for operating or having operated in the financial services sector of the Cuban economy, while Lastres Morera was designated for being the executive president of GAESA. These designations subject GAESA and the Lastres Morera to blocking sanctions, which will prohibit U.S. persons from engaging in transactions with them absent authorization.

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<sup>1</sup> Executive Order 14404 defines the term “foreign financial institutions” as “any foreign entity that is engaged in the business of accepting deposits; making, granting, transferring, holding, or brokering loans or credits; purchasing or selling foreign exchange, securities, futures, or options; or procuring purchasers and sellers thereof, as principal or agent. It includes but is not limited to depository institutions; banks; savings banks; money services businesses; operators of credit card systems; trust companies; insurance companies; securities brokers and dealers; futures and options brokers and dealers; forward contract and foreign exchange merchants; securities and commodities exchanges; clearing corporations; investment companies; employee benefit plans; dealers in precious metals, stones, or jewels; and holding companies, affiliates, or subsidiaries of any of the foregoing. The term does not include the international financial institutions identified in 22 U.S.C. 262r(c)(2), the International Fund for Agricultural Development, the North American Development Bank, or any other international financial institution so notified by the Office of Foreign Assets Control.”

GAESA's designation under Executive Order 14404 is not the first time the group has been subject to U.S. sanctions. GAESA had already been designated by OFAC under pre-existing Cuba-related sanctions authorities and has long been subject to restrictions applicable to U.S. persons. The recent action nonetheless remains noteworthy because it situates GAESA within the framework of Executive Order 14404, which expressly contemplates the use of secondary sanctions and expands the potential compliance exposure for non-U.S. persons.

## General License and FAQs

### *General License No. 1*

On May 7, 2026, OFAC issued **General License No. 1**, "Transactions Authorized Pursuant to the Cuban Assets Control Regulations," which authorizes all transactions prohibited by Executive Order 14404, to the extent such transactions are authorized or exempt under the CACR, including transactions authorized by a general or specific license pursuant to the CACR.

### *OFAC Guidance (FAQs)*

At the same time it issued General License No. 1, OFAC released six FAQs (1251-1256) related to Executive Order 14404. Through FAQ **1253**, OFAC clarified that General License No. 1 is intended to ensure that activity authorized or exempted under the CACR is not interrupted if a foreign person already blocked or otherwise identified under the CACR is also blocked pursuant to Executive Order 14404.

Though GAESA has been designated, OFAC has clarified in FAQ **1254** that while foreign persons, including foreign financial institutions, generally face sanctions risk for transacting with GAESA, the U.S. government does not intend to target foreign persons pursuant to Executive Order 14404 for engaging in transactions ordinarily incident and necessary to the wind-down of transactions involving GAESA, or any entity in which GAESA owns, directly or indirectly, a 50% or greater interest, through June 5, 2026. At the same time, OFAC has emphasized that non-U.S. persons, including foreign financial institutions, should proceed with caution in any dealings with parties sanctioned under this authority. In particular, actions taken to return assets to a sanctioned party or to transfer assets to another jurisdiction for potential use by the sanctioned party may expose non-U.S. persons to sanctions risk.

OFAC also used FAQs **1251**, **1252**, **1255**, and **1256** to underscore that the sanctions authorities established under Executive Order 14404 are distinct from, and operate separately from, the CACR and other pre-existing Cuba-related sanctions programs. Through these FAQs, OFAC clarified that Executive Order 14404 introduces a designation-based framework focused on specified Cuba-related conduct by foreign persons, including the potential application of blocking and secondary sanctions, rather than expanding the CACR's comprehensive, transaction-based restrictions applicable primarily to U.S. persons.

## Conclusion

Executive Order 14404 establishes a sanctions framework that may be implemented broadly, including through sector-based designations and the use of measures targeting foreign financial institutions that conduct or facilitate significant transactions for or on behalf of blocked persons. The ultimate scope and practical impact of the order will depend on future designations and implementing actions by the U.S. Department of the Treasury and the U.S. Department of State.

For many U.S. persons, Executive Order 14404 may not materially change day-to-day compliance expectations, particularly where existing U.S. restrictions already limit transactions by U.S. persons and

create sanctions and export controls risk for transactions that involve U.S.-origin items, U.S. financial institutions, U.S. dollar clearing, U.S. persons, or other U.S. jurisdictional touchpoints. However, by introducing additional designation tools and potential secondary sanctions exposure, Executive Order 14404 may increase perceived and actual risk for non-U.S. companies and financial institutions engaged in Cuba-related activity. In turn, this might accelerate “de-risking” decisions, which would make it more difficult to sustain banking and payment channels for Cuba-related trade, investment, or services.

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