

Update on Venezuela Sanctions

ATTORNEYS

- Salvador F. Casellas
- Samuel T. Céspedes Jr.
- Paul R. Cortés-Rexach
- Arturo J. García-Solá
- Ernesto N. Mayoral
- Rubén Méndez-Benabe
- Marcos Rodríguez-Ema
- Sila M. González-Calderón

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In recent months, the administration of President Donald J. Trump reaffirmed its strong opposition of the Government of Venezuela through the issuance of three (3) Executive Orders. As a result, the United States Government continues to sanction entities that maintain ties with the Venezuelan Government and President Nicolás Maduro. Together, these Executive Orders have the goal of ensuring that entities with ties to the Federal Government steer clear of doing business with the Maduro-led government.

The first Executive action issued this year regarding Venezuela was Executive Order No. 13692, signed by President Trump on March 2, 2018. This Notice extended for one (1) year the state of national emergency, initially declared in March 8, 2015 by then-President Barack Obama.

Later that month, on March 19, 2018, President Trump issued Executive Order No. 13827 responding to an attempt by the Maduro regime to circumvent U.S. sanctions by issuing a digital currency. Prior to this Order, the Venezuelan President launched an oil-backed cryptocurrency that would be worth approximately \$6 billion in an attempt to boost the nation's economy. In the Executive Order, President Trump declared all transactions related to any digital currency, coin or token issued by, for, or on behalf of the Government of Venezuela on or after January 9, 2018, to be unlawful.

Finally, on May 21, 2018, President Trump signed Executive Order No. 13835 titled "Prohibiting Certain Additional Transactions with Respect to Venezuela." The Executive Order, signed the day after President Nicolás Maduro won an election marred by accusations of impropriety, prohibited the purchase of any debt owed to the Government of Venezuela as well as the sale, transfer, or pledging of collateral of any equity interest in any entity in which the Venezuelan government has a fifty (50) percent or greater ownership interest.

Similarly, in response to what it deemed as undemocratic activity, the Puerto Rico House of Representatives approved the "Regulate Business Transactions with Organizations Doing Business or Engaging in Business Ventures with the Bolivarian Republic of Venezuela Act" in an effort to deter entities from furthering ties with the Venezuelan Government. House Bill No. 1176 (the "Bill"), would authorize the Government of Puerto Rico to nullify contracts entered into

by its agencies and instrumentalities with entities that do not comply with this law within ninety (90) days of its enactment. Moreover, Puerto Rico government officials who fail to comply with the law will be required to pay a penalty of up to five thousand dollars (\$5,000.00).

The Bill approved by the House of Representatives would also amend Section 10 of the Public-Private Partnership Act 29-2009, which regulates Public-Private Partnership Contracts. As proposed, no contractor, officer, director, or shareholder of a company, subsidiary, or affiliate that forms part of a Public-Private Partnership shall do business or engage in business ventures with the Republic of Venezuela. Moreover, the Bill would amend Section 42 of the Reorganization Plan No. 3-2011, which provides the “General Duties of the Administration with Regard to the Exclusive Register of Bidders.” As amended, Section 42 would contain language requiring prospective bidders to furnish proof and certify that neither the parent company, nor any subsidiary or affiliate is doing business or is engaged in a business venture with the Government of Venezuela.

The Bill, currently pending Senate hearings, would take effect immediately after its approval.

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