

## Treasury Imposes Additional Restrictions on Remittances to Cuba and “U-Turn” Transactions

September 10, 2019

On September 9, 2019, the Trump administration implemented additional U.S. sanctions on Cuba by restricting personal remittances to Cuba and eliminating authorization for U.S. banks to process “U-turn” transactions involving Cuba (i.e., funds transfers that originate and terminate outside the United States). These measures, which take effect on October 9, 2019, had been previewed by National Security Advisor John Bolton in an April 17, 2019 address (found [here](#); see our previous [client alert](#)).

### Remittances

OFAC is amending several authorizations related to remittances as set forth in 31 C.F.R. § 515.570 of the Cuban Assets Control Regulations (CACR), 31 C.F.R. Part 515.

### Family Remittances

- OFAC is amending the general license at § 515.570(a) of the CACR to impose a cap of \$1,000 as the maximum amount that one remitter can send per quarter to one Cuban national as a family remittance. Previously, there was no cap for personal remittances under this general license.
- OFAC is prohibiting remittances to “close relatives” of prohibited officials of the Government of Cuba and prohibited members of the Cuban Communist Party. The prohibited officials themselves were already barred from being recipients of such remittances. “Close relative” is defined in the CACR (§ 515.339) as “any individual related to that person by blood, marriage, or adoption who is no more than three generations removed from that person or from a common ancestor with that person.”

### Donative (Non-Family) Remittances

- OFAC is eliminating the authorization for donative (non-family) remittances, currently found in § 515.570(b) of the CACR, in accordance with the Trump administration’s policy to limit remittances. This authorization had covered remittances by persons subject to U.S. jurisdiction to friends and organizations in Cuba. The Obama administration had previously authorized these types of

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remittances, also referred to in prior CACR amendments as “periodic remittances to non-family members,” subject to certain limitations.

#### Remittances to Certain Individuals and Independent NGOs in Cuba

- OFAC is adding a provision to § 515.570(g) of the CACR to authorize unlimited remittances to support the operation of economic activity in the non-state sector by self-employed individuals, in light of the Trump administration’s stated policy to encourage the growth of the Cuban private sector independent of government control.
- OFAC is defining “self-employed individuals” as a Cuban national who is one or more of the following: Bullet text to go here (List Bullet style – Arial 10.5pt, Hanging indent 0.18”)
  - a. An owner or employee of a small private business or a sole proprietorship, including restaurants (paladares), taxis, and bed-and-breakfasts (casas particulares);
  - b. An independent contractor or consultant;
  - c. A small farmer who owns his or her own land; or
  - d. A small usufruct farmer who cultivates state-owned land to sell products on the open market.

#### “U-Turn Transactions”

- OFAC is removing the general license in § 515.584(d) that allows banking institutions subject to U.S. jurisdiction to process funds transfers involving Cuba that originate and terminate outside the United States, provided that neither the originator nor the beneficiary is a person subject to U.S. jurisdiction. These transactions are commonly known as “U-turn” transactions.
- Banking institutions subject to U.S. jurisdiction will be authorized to reject (not block) funds transfers originating and terminating outside the United States (provided that neither the originator nor the beneficiary is a person subject to U.S. jurisdiction), but may no longer process the transactions.

The above revisions to the CACR, which are effective on October 9, 2019, are available [here](#). OFAC also released new [FAQs](#) regarding these changes, as well as clarifying various other aspects of U.S. sanctions on Cuba unrelated to the specific actions described above.

#### Conclusion

The above actions, which follow OFAC’s June 4, 2019 action prohibiting group “people-to-people” travel to Cuba and the use of noncommercial aircraft and passenger and recreational vessels for travel to Cuba (see our previous [client alert](#)), represent another escalation of U.S. sanctions concerning Cuba by the Trump administration. Given current tensions between the United States and Cuba, it remains to be seen whether the Trump administration will impose additional measures to ratchet up U.S. sanctions on Cuba in the months ahead.

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