

Red Notice

A monthly update on global investigations and prosecutions

Akin Gump
STRAUSS HAUER & FELD LLP

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ANTICORRUPTION DEVELOPMENTS

New Charges and Sentences in College Admissions Scheme

On October 4, 2019, a fourth parent was sentenced in the Department of Justice's (DOJ) sprawling college admissions corruption investigation referred to as "Varsity Blues" by media outlets. Former Big Law co-Chairman Gordon Caplan joined executives Stephen Semprevivo and Devin Sloane, as well as actress Felicity Huffman, in receiving prison time for their roles in the conspiracy. Caplan is alleged to have paid \$75,000 to a test proctor to fix the answers on his daughter's ACT score sheet. Semprevivo and Sloane are alleged to have paid \$400,000 and \$250,000, respectively, to William "Rick Singer" to facilitate their sons' admission to prestigious universities. Huffman is alleged to have paid \$15,000 to have her daughter's SAT corrected. All will face imprisonment: Caplan was sentenced to one month imprisonment, a fine of \$50,000 and 250 hours of community service; Semprevivo was sentenced to four months imprisonment, two years of supervised release, a \$100,000 fine and 500 hours of community service; Sloane was sentenced to four months imprisonment, a \$95,000 fine, and 500 hours of community service; and Huffman was sentenced to two weeks imprisonment, a \$30,000 fine, and 250 hours of community service.

Further, on September 17, 2019, Xiaoning Sui, a Chinese national who resides in British Columbia, was charged with conspiracy to commit mail fraud and honest services mail fraud in connection with the ongoing investigation. The indictment alleges that Sui worked with Singer, the tennis recruiter, and the men's soccer coach, Jorge Salcedo, to make corrupt payments to Salcedo to recruit her son to the school's soccer team. Sui also allegedly worked with Laura Janke, a former assistant soccer coach who has already pleaded guilty, to create a false athletic profile for Sui's son. Sui allegedly wired a total of \$400,000 to Singer, and in exchange, Sui's son received a partial scholarship and a spot on the soccer team. Sui is the 35th parent and the 52nd co-defendant to be charged in the case. She is being held in Spain in anticipation of her extradition to the United States.

More information

- [DOJ Press Release – Semprevivo](#)

- [DOJ Press Release – Sloane](#)
 - [DOJ Press Release – Sui](#)
 - [DOJ Press Release - Huffman](#)
 - [The Wall Street Journal](#)
 - [Law360](#)
-

SEC Closes Fiscal Year with Numerous FCPA Resolutions

On September 30, 2019, the Securities and Exchange Commission (SEC) concluded its 2019 fiscal year and has been past practice, announced a number of resolutions concluding investigations of alleged violations of the U.S. Foreign Corrupt Practices Act (FCPA). The resolutions were with both individuals and companies and alleged violations of both the Books and Records and Anti-Bribery provisions of the FCPA in countries including Iraq, Peru, and China. In total, more than \$25 million in penalties were assessed.

More information

- [FCPA Blog](#)
-

Additional Charges Announced in PDVSA Case

On September 13, 2019, a federal court in the Southern District of Texas unsealed the superseding indictment of several individuals in connection with DOJ's investigation of Venezuela's state-owned energy company, Petroleos de Venezuela S.A. (PDVSA). The unsealed indictment describes charges against additional Venezuelan officials associated with PDVSA, as well as against certain asset managers at Swiss wealth management firms, who are alleged to have helped facilitate the transfer of corrupt payments through their firms and accounts at other banks. Among the newly-charged individuals are Javier Alvarado Ochoa, former president of PDVSA subsidiary Bariven, and a former Venezuelan government minister – the fourth such official charged (an additional two have already pleaded guilty). The indictment also charges Daisy Teresa Rafoi-Bleuler, a Swiss citizen and partner of a wealth management firm, and Paulo Jorge Da Costa Casqueiro-Murta, a dual Portuguese-Swiss citizen and employee at another Swiss financial firm. As many as 21 people have been charged related to the PDVSA investigation since 2017, and [Red Notice](#) has [previously reported](#) on the PDVSA matter in [multiple editions](#).

More information

- [Superseding Indictment](#)
 - [DOJ's PDVSA Page](#)
 - [Law360](#)
 - [FCPA Professor](#)
-

Cooperating Witness Avoids Prison in NCAA Corruption Case

On September 12, 2019, Judge Kimba Wood announced that financial advisor Munish Sood would not serve any time in prison for his role in an improper payments scheme uncovered during the government's investigation into the National Collegiate Athletic Association (NCAA). Sood was accused of making improper payments to college coaches and athletes, including some payments facilitated by an athletic attire company. The scheme to steer illicit funds to the players was orchestrated by advisors and agents seeking to represent the players in the future and by persons hoping to influence the players to choose to spend their college careers at certain universities. Sood was a key witness for the government in its investigation and provided assistance in two trials. He avoided both imprisonment and probation and instead was sentenced only to pay a \$25,000 fine.

More information

SEC Chairman Jay Clayton Decries Uneven Enforcement of Anticorruption Laws

On September 9, 2019, SEC Chairman Jay Clayton offered prepared remarks to the Economic Club of New York, highlighting his view that there has not been any “meaningful improvement” in international cooperation with respect to enforcement of anticorruption laws. Chairman Clayton opined that other countries are taking advantage of the U.S.’s commitment to eradicating corruption by U.S. persons and U.S.-listed companies and noted that unequal enforcement of anticorruption laws around the world produces “unfair and collectively suboptimal results.” He likened other countries’ weak anticorruption enforcement to permitting some companies to get away with “cheating” while others cannot. Nonetheless, Chairman Clayton affirmed that FCPA enforcement remains a priority for the SEC and that its approach to FCPA enforcement will not change.

More information

- [Prepared Remarks by Chairman Clayton](#)
 - [The Wall Street Journal](#)
-

Credit Suisse Banker Pleads Guilty to Bribery Scheme

On September 6, 2019, Surjan Singh, a former banker for Credit Suisse, pleaded guilty in federal court in the Eastern District of New York for his role in an improper payments scheme from 2013 to 2016 involving the government of Mozambique. As [previously covered](#) by Red Notice, Singh was charged with conspiracy to commit money laundering for attempting to divert \$200 million in loan funds from the Mozambican government to be used for kickbacks and other improper payments. Singh was one of three Credit Suisse bankers charged in the plot to corruptly secure billions in loans for Mozambique to fund fishing, shipping, and other related projects. Singh’s co-defendants and former Credit Suisse colleagues, Andrew Pearse and Detelina Subeva, have also pleaded guilty. Charges remain pending against several Mozambican officials and other foreign businessmen allegedly involved in the scheme.

More information

- [Law360](#)
-

Former Currency Printing Official Ordered to Pay \$545,000 in Confiscation Order

On September 5, 2019, Peter Chapman, the former manager of Securrency PTY Ltd, an Australian currency printing company, was ordered by the U.K. Serious Fraud Office (SFO) to pay approximately \$545,000 in connection with his 2016 conviction for violating the U.K. Prevention of Corruption Act. Chapman was alleged to have made corrupt payments of approximately \$205,000 to an agent of Nigerian Security Printing and Minting PLC in order to obtain orders for material used to make plastic banknotes. Chapman was extradited from Brazil in April 2015, and in May 2016, he was sentenced to 30 months’ imprisonment after being convicted of four counts of making corrupt payments to a foreign official. Chapman could face up to four years of additional imprisonment if he fails to pay the confiscation order within three months.

More information

- [SFO Press Release](#)
 - [The Wall Street Journal](#)
 - [Law360](#)
-

Inter-American Development Bank Debars Subsidiary of Brazil's Odebrecht

On September 4, 2019, the Inter-American Development Bank (IDB), announced that it was debaring CNO S.A., a subsidiary of the Brazilian construction company Odebrecht, from participating in IDB projects over the next six years. Based on an investigation into two IDB-financed projects – a hydroelectric power plant in Venezuela and a highway project in Brazil – the IDB's independent investigative branch concluded that CNO S.A. made improper payments in conjunction with the award of those projects from 2006 through 2015. The IDB indicated that Odebrecht cooperated in the investigation, and the settlement agreement reached reflects this cooperation. In addition to the debarment of CNO S.A. for six years, another Odebrecht subsidiary, OEC, would be conditionally non-debarred for ten years (during which OEC could bid on IDB-financed projects, though only if the conditions of the settlement otherwise continue to be met). Odebrecht also agreed to make contributions to non-governmental organizations and charities in IDB member countries of \$50 million, with these contributions to begin in 2024. Odebrecht has been under investigation by a number of national and multilateral authorities since 2015 for alleged corrupt activities, as described most recently in the [January 2019](#) edition of *Red Notice*.

More information

- [IDB Press Release](#)
 - [The Wall Street Journal](#)
 - [Reuters](#)
 - [FCPA Blog](#)
-

Former Auto Union Official Pleads Guilty in Corruption Scheme with Fiat Chrysler

On September 4, 2019, Michael Grimes, a former United Auto Workers (UAW) official, pleaded guilty in the U.S. District Court for the Eastern District of Michigan to conspiracy to engage in honest services fraud by accepting corrupt payments and conspiring to launder the proceeds between 2006 and 2018. The plea was entered in connection with an ongoing investigation into a conspiracy between Fiat Chrysler Automobiles executives and UAW officials. On August 14, 2019, Grimes was charged along with two unnamed UAW officials with accepting more than \$1 million in improper payments from unnamed vendors. In exchange, Grimes and the two others recommended the vendors for millions of dollars in contracts. UAW officials also received improper payments for personal travel, tickets to Disney World, custom-labeled bottles of wine, and various other extravagances. Grimes also demanded a cut of the proceeds of the contracts that he helped improperly award to the vendors.

Grimes is the ninth person to plead guilty in connection with this investigation. As previously covered in the [March 2018](#) edition of *Red Notice*, the investigation has resulted in prison sentences for executives from Fiat, including Nancy A. Johnson, a top official; Vice President of Employee Relations, Alphons Iacobelli; and UAW's former vice president and head of its Chrysler department, Norwood Jewell.

More information

- [Department of Justice's \(DOJ\) press release](#)
 - [Law360 – Grimes Guilty Plea](#)
 - [Law360 – Grimes Charged](#)
-

Woman Enters Guilty Plea in Corrupt Ugandan Adoption Scheme

On August 29, 2019, Robin Longoria, a U.S. woman who helped arrange adoptions from Uganda for U.S. clients, pleaded guilty in federal court in the Northern District of Ohio to one count of conspiracy to violate the FCPA and to commit wire and visa fraud. By

pleading guilty, Longoria admitted to making corrupt payments to court registrars and judges in Uganda in order to facilitate adoptions for an Ohio-based agency. The improper payments were disguised as agent fees and were designed to influence court registrars to assign cases to “adoption-friendly” judges and to corruptly influence judges to grant adoptions to U.S. clients. Longoria was released on a \$20,000 bond and will return for sentencing at a later date.

More information

- [FCPA Blog](#)
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Costa Rica Enacts New Anticorruption Law

On June 11, 2019, Law 9699 of Costa Rica, went into effect establishing criminal liability for businesses engaged in corruption. The law applies to public, private, foreign and domestic entities, and foreign entities are presumed to be domiciled in Costa Rica if they have an agent, affiliate, or branch or have any type of contract or activity in the country.

Under Law 9699, parent companies bear responsibility for the actions of their subsidiaries or entities controlled by them directly or indirectly. Liability also applies to companies who directly or indirectly engage in corruption for the benefit of another entity. Successor liability may result from a merger or acquisition.

Corporate fines for corruption are calculated according to base salaries or 10% of the bid amount for public contracts. Companies may also face additional non-monetary penalties, including a ten-year ban from participation in public bids, loss of tax incentives or other subsidies for up to ten years, the partial or total cancellation of the right to conduct operations in Costa Rica, or total dissolution of the company. Defendants that agree to adopt a model compliance program can receive in a considerable decrease in penalties.

One key component of the law’s model compliance program is that organizations retain an independent compliance officer. Other requirements include conducting a risk assessment, establishing a code of conduct with related procedures and penalties for non-compliance, establishing financial controls, creating procedures for bidding on contracts, periodic compliance training for employees and third parties, and undergoing an external audit.

More information

- [FCPA Blog](#)
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SEC Issues Whistleblower Determinations

On September 20, 2019, the Securities and Exchange Commission (SEC) announced a whistleblower award of more than \$38,000. The whistleblower in this case received a partial negative assessment against the award claim because of undisclosed conduct that took place before the whistleblower became aware of the fraudulent scheme at issue.

On September 9, 2019, the SEC issued an additional whistleblower determination denying a claim for an award. The SEC found that the claimant submitted non-original information to the agency ten months after it had already opened its investigation and that the claimant engaged in only one phone call with SEC staff during the investigation.

On August 29, 2019, the SEC announced that it was issuing a whistleblower award of more than \$1.8 million to a whistleblower that provided original information regarding misconduct that occurred abroad. The whistleblower was recognized as providing “extensive and ongoing assistance...including the review of documents and provision of sworn testimony.”

Whistleblower awards—provided for under the Dodd-Frank Act—can range from ten to 30 percent of the money collected from monetary sanctions in an eligible enforcement action exceeding \$1 million. Notices of Covered Actions—enforcement actions with sanctions greater than \$1 million—are posted on the [SEC](#) and [CFTC](#) websites, and claims must be submitted within 90 days of such posting.

The SEC has made 67 whistleblower awards totaling approximately \$387 million since it first began the practice in 2012. Similarly, since issuing its first award in 2015, the Commodity Futures Trading Commission (CFTC) has awarded more than \$90 million to whistleblowers. Neither agency discloses the identities of whistleblowers nor details regarding the covered actions in which they assisted.

More information

- [SEC Whistleblower Award – Sept. 20](#)
 - [SEC Whistleblower Award – Aug. 29](#)
 - [SEC Whistleblower Denial](#)
 - [FCPA Blog](#)
-

Anti-Corruption Spotlight: World Bank Announces Debarments

On September 11, 2019, the World Bank announced the debarment of China Energy Engineering Group Hunan Electric Power Design Institute Co., Ltd. (CEEC-HEPDI), a Chinese state-owned enterprise that provides engineering and construction services. Specifically, the Bank alleged that CEEC-HEPDI misrepresented its past contract experience, litigation history, and business credentials to meet the requirements of the bidding documents and subsequently won a contract under the Lusaka Transmission and Distribution Rehabilitation Project. The Project is intended to increase the capacity and improve the reliability of the electricity transmission and distribution system in Lusaka, Zambia. As a result of the debarment, CEEC-HEPDI will be unable to participate in World Bank-financed projects for 20 months.

On September 18, 2019, the World Bank announced the debarment of PT. Suburo Jayana Indah Corp. (Sujainco), a privately-owned Indonesian construction company. Specifically, the Bank alleged that Sujainco coordinated with a third party to have artificial and non-competitive bids submitted under the Water Resources and Irrigation Sector Management Program (Phase II). The Bank further alleged that Sujainco won the bid and thereafter the third party did all the work under Sujainco's name. The Program is intended to assist and improve the capacity for basin water resource and irrigation management and increase integrated agriculture productivity in project areas throughout Indonesia. As a result of the debarment, Sujainco will be unable to participate in World Bank-financed projects for two years.

Also on September 18, 2019, the World Bank announced the debarment of China Railway First Group Co. Ltd. (CRFG), a Chinese state-owned construction company. Specifically, the Bank alleged that CRFG made misrepresentations, including failing to disclose sub-contracted work and the use of a subcontractor and an agent, in its winning bids for two (out of four bidden) contracts under the Dasu Hydropower Stage I Project. The Project is intended to facilitate the expansion of electricity supplied by hydropower in Pakistan. As a result of the debarment, CRFG will be unable to participate in World Bank-financed projects for two years, although after 18 months it may seek to have the debarment converted to a condition non-debarment for the remaining six months – a reduced period of debarment in light of the company's cooperation and voluntary remedial action as part of the Bank's investigation.

Also on September 18, 2019, the World Bank announced the debarment of Aqualia Intech S.A. (AISA), a Spanish company specializing in the design and construction of hydraulic infrastructure. Specifically, the Bank alleged that AISA misrepresented the composition and roles of the three companies that would execute the contract it won under the Río Bogotá Environmental Recuperation and Flood Control Project. The Project is intended to assist the Colombian government in improving water quality, reducing flood risks, and creating multi-functional areas along the Bogotá River. As a result of the debarment, AISA will be unable to participate in World Bank-financed projects for one year- a reduced period of debarment in light of the company's "extraordinary" cooperation, including waiving attorney-client privilege and taking voluntary remedial actions.

The CEEC-HEPDI, Sujainco, and CRFG debarments qualify for cross-debarment by other Multilateral Development Banks under [the Agreement of Mutual Recognition of](#)

[Debarments](#) that was signed on April 9, 2010. Only debarments greater than one year are so eligible, and thus the AISA debarment does not qualify. The list of all World Bank debarred entities and individuals is available [here](#).

More information

- [World Bank Press Release \(CEEC-HEPDI\)](#)
- [FCPA Blog \(CEEC-HEPDI\)](#)
- [World Bank Press Release \(Sujainco\)](#)
- [FCPA Blog \(Sujainco/CRFG/AISA\)](#)

EXPORTS, SANCTIONS AND CUSTOMS ENFORCEMENTS

Iranian Citizen Sentenced to 27 Months in Prison for Conspiring to Facilitate the Illegal Export of Technology to Iran

On September 24, 2019, Negar Ghodskani (“Ghodskani”) was sentenced to 27 months in prison in connection with a conspiracy to export controlled technology from the United States to Iran. As reported in our August 2019 [Red Notice](#), Ghodskani was an employee of Fanavar Moj Khavar (“Fana Moj”), an Iran-based company designated by the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) in 2017 for providing support to the Iranian Revolutionary Guard Corps. From 2008 to 2011, Ghodskani falsely represented herself as an employee of Green Wave Telecommunications Sdn Bhn (“Green Wave”) in Malaysia, a front company for Fana Moj, to illegally acquire controlled technology from U.S. companies while concealing Iran as the ultimate destination and Iranian parties as the end-users.

According to the DOJ press release, Fana Moj supplies microwave radio systems and wireless broadband access in Iran, and its principal customer was the Islamic Republic of Iran Broadcasting, which is owned by the Government of Iran.

More information

- [DOJ Press Release](#)

Hyundai Fined \$47 Million for Illegal Diesel Engine Imports

On September 19, 2019, Hyundai Construction Equipment Americas and Hyundai Industries Co. Ltd. (collectively, “Hyundai”) reached an agreement with the U.S. Department of Justice (DOJ) and the Environmental Protection Agency (EPA) to pay a \$47 million penalty to settle allegations that it imported diesel engines that were not certified to meet Clean Air Act emissions standards.

According to DOJ, Hyundai “stockpiled” diesel engines between 2012 and 2015 that did not meet U.S. emissions standards. These older engines were installed in construction equipment, which was then imported into the United States, evading U.S. emission standards.

Additionally, Hyundai Construction Equipment Americas imported and sold this equipment in quantities that exceeded its exemption allowance under the Transition Program for Equipment Manufacturers (TPEM) regulations, rendering the units uncertified. TPEM is a temporary exemption authorized by the EPA that allows diesel equipment manufacturers to delay installing compliant engines in their products for up to seven years.

More information

- [Consent Decree](#)

UK Bank Settles Apparent Violations of Sudanese Sanctions Regulations for \$4 Million

On September 17, 2019, OFAC announced a \$4 million settlement with British Arab Commercial Bank plc (BACB) related to potential civil liability for 72 apparent violations of the Sudanese Sanctions Regulations. BACB is located in the United Kingdom, with no offices, business or presence within U.S. jurisdiction.

According to OFAC, from September 21, 2010 to August 27, 2014, BACB directly or indirectly exported financial services from the United States to Sudan by operating U.S. dollar (USD) accounts on behalf of at least seven Sudanese financial institutions, including the Central Bank of Sudan. BACB sought Sudanese clients and processed USD transactions for those clients via internal transfers between BACB and BACB's USD accounts in multiple U.S. banks. BACB completed 72 such transactions totaling \$190,700,000.

OFAC determined that BACB did not make a voluntary self-disclosure of the apparent violations and that these apparent violations constitute an egregious case. The total base penalty amount for the apparent violations was \$381,400,000. In consultation with BACB's UK regulator, OFAC determined that BACB's operating capacity was such that it would face a disproportionate impact if it was required to pay OFAC's proposed penalty of \$228,840,000. OFAC therefore determined that BACB should pay \$4 million to settle the apparent violations by taking into account BACB's: (i) operating capacity; (ii) commitment to ceasing the offending conduct; (iii) entrance into a settlement agreement; and (iii) commitment to maintaining compliance obligations articulated in the settlement agreement. The remainder of the proposed penalty amount was suspended.

More information

- [OFAC Recent Actions Notice](#)
 - [OFAC Web Notice](#)
 - [OFAC Settlement Agreement](#)
-

Italian Textile Company and its U.S. Subsidiary Settle Whistleblower Suit Alleging Sham Intermediary Sales to Underpay Duties

On September 12, 2019, U.S. Customs and Border Protection (CBP) and DOJ announced a \$650,000 settlement with Miroglio Textile srl ("Miroglio") and its New York subsidiary, Miroglio Textiles USA, Inc. ("Miroglio USA"), for using sham intermediary sales to underpay customs duties.

According to DOJ, Miroglio sold its textiles directly to U.S. customers. At the same time, Miroglio would record fake sales to Miroglio USA at fraudulent, artificially low prices. Miroglio would then report the fake sales to CBP as the basis for calculating duties upon entry of goods into the United States, with Miroglio USA stating it would then sell these alleged imports to U.S. customers. In fact, Miroglio never shipped product to Miroglio USA beyond a few sample pieces, never received payment from Miroglio USA, and completed sales with U.S. customers directly. The fake sales between Miroglio and Miroglio USA existed only on paper to reduce the customs duties that would otherwise apply.

As part of the settlement, Miroglio and Miroglio USA agreed to pay \$650,000 and implement a written compliance policy. The companies also admitted, accepted, and acknowledged the alleged conduct.

More information

- [DOJ Press Release](#)
-

Turkish Businessman Sentenced to 27 Months in Prison for Conspiracy to Violate U.S. Sanctions by Exporting Marine Equipment from the United States to Iran

On August 29, 2019, Resit Tavan ("Tavan"), a Turkish citizen and owner of Turkey-based Ramor Dis Ticaret Ltd. ("Ramor Group"), was sentenced to 27 months in prison for conspiracy to violate U.S. sanctions by exporting specialized marine equipment from the United States to Iran for end-use by the Iranian military.

According to the DOJ press release and plea agreement, from March 2013 to July 2015, Tavan used Ramor Group to acquire various pieces of U.S.-origin marine equipment, including high-powered outboard engines, marine power generators and propulsion equipment, from companies in the United States. Tavan allegedly transshipped the equipment through Turkey to Iran, working in concert with Iranian officials to use the U.S.-origin equipment to support the development of a prototype high-speed missile attack boat for the Iranian military. No parties to the transaction ever sought authorization from OFAC or the U.S. Department of Commerce to export the equipment to Iran. Conversely, on export paperwork for the outboard engines, Tavan falsely certified that the ultimate consignee was Ramor Group and the engines were for end-use in Turkey.

A co-defendant charged in the same indictment, Fulya Kalafatoglu Oguzturk, a Turkish citizen, remains at large.

More information

- [DOJ Press Release](#)
- [Plea Agreement](#)

EXPORTS, SANCTIONS AND CUSTOMS DEVELOPMENTS

OFAC Targets Sanctions Evasion Scheme Facilitating Jet Fuel Shipments to Russian Military Forces in Syria

On September 26, 2019, OFAC added one entity, three individuals, and five vessels to the Specially Designated Nationals and Blocked Persons List (“SDN List”) in connection with a sanctions evasion scheme that facilitated the delivery of jet fuel to Russian military forces operating in Syria in support of the Assad regime.

According to OFAC’s press release, the sanctions evasion scheme was orchestrated by officials from OJSC Sovfracht (“Sovfracht”), a Russian shipping company designated by OFAC in September 2016 for operating in the Crimea region of Ukraine. Following its designation, Sovfracht allegedly concealed its continued shipments of jet fuel to Russian forces in Syria by conducting business through a Moscow-based front company, Maritime Assistance LLC. Sovfracht made payments through Maritime Assistance LLC to continue fulfilling its supply contracts with Russia. Maritime Assistance LLC, three Sovfracht employees who oversaw the activity of Maritime Assistance LLC, and five vessels that made jet fuel deliveries to Syria for Sovfracht were all designated in OFAC’s recent action. Notably, the vessels are now identified as blocked property of Transpetrochart Co. Ltd., a Russian company designated by OFAC in December 2016 for providing material support to Sovfracht.

As a result of these designations, any property or interests in property of these individuals within or transiting U.S. jurisdiction is blocked. Additionally, U.S. persons are generally prohibited from engaging in transactions with these blocked persons, including with entities that they control.

More information

- [OFAC Press Release](#)
- [OFAC Recent Actions Notice](#)

Client Alert: Treasury Releases Proposed CFIUS Regulations to Implement FIRRMA

The U.S. Department of Treasury released proposed rules implementing the Foreign Investment Risk Review Modernization Act (FIRRMA) on September 17, 2019. Among other measures, these rules would establish how the Committee on Foreign Investment in the United States (CFIUS) would expand its jurisdiction and impose mandatory reporting under FIRRMA. They also propose a “white list” process to exclude certain investors associated with excepted foreign states from the expanded jurisdiction.

The proposed rules capture certain noncontrolling investments in U.S. companies involved in “critical infrastructure” (including energy, telecommunications, finance, utilities, manufacturing and transportation) and U.S. companies that maintain or collect “sensitive personal data” of U.S. citizens. This latter category would apply to companies across a variety of industries (including insurance, technology, health care, financial, government contracting).

The proposed rules also include new regulations governing foreign investment in certain U.S. real estate that does not involve a U.S. business. This provision has the potential to capture certain “greenfield” investments in the United States and other real estate transactions that previously were not subject to CFIUS review.

Under the proposed framework, mandatory filing requirements apply to certain foreign government-backed investments subject to expanded jurisdiction related to companies involved in critical technology, critical infrastructure and sensitive personal data. In addition, filers would now have the option to submit a “short-form” declaration for all transactions.

Treasury will receive comments on the proposed regulations until October 17, 2019.

More information

- [Akin Gump Client Alert](#)
-

Client Alert: Treasury Imposes Additional Restrictions on Remittances to Cuba and “U-Turn” Transactions

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 took effect on October 9, 2019.

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. 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 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.

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, 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.

More information

- [Akin Gump Client Alert](#)
-

OFAC Publishes Nicaragua Sanctions Regulations

On September 4, 2019, OFAC published new Nicaragua-related sanctions regulations to implement Executive Order (E.O.) 13851 of November 27, 2018, which declared a national emergency with respect to the government of Nicaragua. Specifically, the E.O. authorized OFAC to add persons to the SDN List for, among other things, engaging in “malign activities” in Nicaragua, such as acts of corruption, dismantling of democratic institutions, human rights abuses or for having served as an official of the government of Nicaragua at

any time on or after January 10, 2007. It also authorized the addition of persons determined “to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any” designated person.

OFAC described these regulations as being in “abbreviated form,” noting its intention to supplement them with a more comprehensive set of regulations, which may include additional interpretive and definitional guidance, general licenses and statements of licensing policy.

More information

- [OFAC Web Notice](#)
- [Federal Register Final Rule](#)
- [E.O. 13851](#)

GLOBAL INVESTIGATIONS RESOURCES

- [Treasury Imposes Additional Restrictions on Remittances to Cuba and “U-Turn” Transactions](#)
- [Treasury Releases Proposed CFIUS Regulations to Implement FIRRMA](#)
- [FTC to Host Public Workshop on “Made in USA” Enforcement Program and Requests Public Comments from Interested Parties](#)

FCPA RESOURCES

For a complete record of all FCPA-related enforcement actions, please visit the following websites maintained by U.S. Regulators:

- [DOJ Enforcement Actions \(2019\)](#)
- [DOJ Declinations](#)
- [SEC Enforcement Actions](#)

WRITING AND SPEAKING ENGAGEMENTS

On October 22, 2019, [Christian Davis](#) will participate in a Strafford Live Webinar titled, “Impact of FIRRMA on Private Equity Funds: Expanded CFIUS Review of Foreign Investments, New Filing Requirements” in Washington, D.C.

On October 29, 2019, [Robert Monjay](#) will moderate a panel titled, “Submitting Effective Public Comments” at the Society for International Affairs 2019 Fall Advanced Conference in Washington, D.C.

If you would like to invite Akin Gump lawyers to speak at your company or to your group about anticorruption law, compliance, cybersecurity, enforcement and policy or other international investigation and compliance topics, please contact Jaime Sheldon at +1 212.407.33026 or [email](#).

[More information](#) for lawyers in the global investigations and compliance practice.

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