

International Trade Alert

March 11, 2015

U.S. Implements Targeted Sanctions on Venezuela

On March 9, 2015, following failed diplomatic efforts to bring Venezuela in line with its human rights commitments under international law, President Obama issued an Executive Order (E.O.) declaring Venezuela a national security threat. The E.O. implements the Venezuela Defense of Human Rights and Civil Society Act of 2014, which the President signed into law on December 18, 2014 (see prior alert [here](#)).

The E.O. orders sanctions against seven of Venezuela's military and security officials responsible for the human rights abuses associated with the anti-government protests that began in February 2014 and the persecution of persons in Venezuela exercising freedom of speech or assembly. The E.O. also expands the basis for making further sanctions designations beyond those outlined in the law to address more generally the erosion of democratic processes and public corruption by senior government officials in Venezuela. Notably, the E.O. provides the authority to sanction persons who have materially assisted, sponsored or supported such actions.

The E.O. does not target the people or economy of Venezuela. Instead, the current sanctions designate the following seven Venezuelan military and security officials:

- Antonio José Benavides Torres, commander of the Strategic Region for the Integral Defense of the Central Region of Venezuela's Bolivarian National Armed Forces and former director of operations for Venezuela's Bolivarian National Guard
- Gustavo Enrique González López, director general of Venezuela's Bolivarian National Intelligence Service and president of Venezuela's Strategic Center of Security and Protection of the Homeland
- Justo José Noguera Pietri, president of the Venezuelan Corporation of Guayana, a state-owned entity, and former general commander of Venezuela's Bolivarian National Guard
- Katherine Nayarith Haringhton Padron, national-level prosecutor of the 20th District Office of Venezuela's Public Ministry
- Manuel Eduardo Pérez Urdaneta, director of Venezuela's Bolivarian National Police
- Manuel Gregorio Bernal Martínez, chief of the 31st Armored Brigade of Caracas of Venezuela's Bolivarian Army and former director general of Venezuela's Bolivarian National Intelligence Service
- Miguel Alcides Vivas Landino, inspector general of Venezuela's Bolivarian National Armed Forces and former commander of the Strategic Region for the Integral Defense of the Andes Region of Venezuela's Bolivarian National Armed Forces

These individuals are now identified on the Specially Designated Nationals (SDN) List maintained by the U.S. Office of Foreign Asset Control (OFAC). Accordingly, these individuals' property and interests in property in the United States are blocked, and U.S. persons are prohibited from doing business with them. Moreover, entities that a person on the SDN List owns directly or indirectly (by 50 percent or more) are also blocked, regardless of whether those entities are separately named on the SDN List.

The Obama administration issued this E.O. after determining that efforts by South American countries had failed to bring Venezuela in line with its existing human rights commitments. In what a senior White House official calls its "first round of actions" under this E.O., the Obama administration highlighted the serious human rights abuses and arbitrary arrests and detentions perpetrated by the individuals now subject to sanctions.

Significantly, while the seven sanctioned individuals appear to fit squarely within the basis for sanctions outlined in the Venezuela Defense of Human Rights and Civil Society Act of 2014, a senior White House official stated that the E.O. provides authority beyond the letter of the law to "target the corrupt figures who deprive Venezuela and the Venezuelan people of needed economic resources" and "protect the U.S. financial system from the illicit financial flows from public corruption in Venezuela." In this regard, the E.O. targets those determined by the Department of the Treasury, in consultation with the Department of State, to be involved in:

- actions or policies that undermine democratic processes or institutions or
- public corruption by senior officials within the government of Venezuela.

In sum, the establishment of this new sanctions program creates additional risk for companies doing business in Venezuela. While the current sanctions are limited to a small number of individuals, we recommend that companies ensure that they are conducting robust due diligence with counterparties in Venezuela, including consideration of whether these individuals own or control any business partners. Moreover, given the Obama administration's indication that it may impose additional sanctions pursuant to the E.O., companies should continue to monitor these developments and take corresponding actions in their diligence and compliance planning.

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