



POLICY ALERT // AUGUST 7, 2019

## U.S. Sanctions Venezuelan Government

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**The United States on August 5, 2019, issued a new executive order to sanction the Venezuelan government, the latest U.S. attempt to pressure Nicolas Maduro to cede power to Juan Guaidó, whom the United States, the European Union, and most South American nations recognize as the legitimate leader of Venezuela.<sup>1</sup>**

The prohibitions in this executive order exceed those contained in the previous executive orders targeting Maduro's Venezuelan government and complement sanctions targeting Venezuelan government officials.

- ▶ The new executive order sanctioning the Venezuelan government increases direct pressure on the Maduro regime incrementally. The Treasury Department had previously sanctioned Maduro in July 2017,<sup>2</sup> the state-owned oil company Petroleos de Venezuela, S.A. (PdVSA) in January 2019,<sup>3</sup> the Central Bank of Venezuela in April 2019,<sup>4</sup> and members of the Maduro government.
- ▶ U.S. National Security Advisor John Bolton on August 6, 2019, told countries gathered to discuss Venezuela's future that companies must choose between doing business with Venezuela or business with the United States.<sup>5</sup> Bolton warned that third parties seeking to work with the Maduro regime should exercise "extreme caution."<sup>6</sup>
- ▶ Alongside the new executive order, the Treasury Department amended existing general licenses to preserve previously defined exceptions to U.S. sanctions.<sup>7</sup> It also issued thirteen new general licenses, including one authorizing transactions with the Guaidó-led government.<sup>8</sup> In addition, the Treasury Department issued guidance about providing support for humanitarian transactions involving Venezuela.<sup>9</sup>

**If the United States further increases financial pressure on the Maduro government following this executive order, it most likely will continue targeting the Maduro government's sanctions evasion and money laundering channels and increase its targeting of third-country actors who are supporting the regime.**

Financial institutions and corporations looking to manage Venezuelan [sanctions evasion-related risk](#) and risks associated with possible future U.S. sanctions related to Venezuela should be most concerned about their exposure to countries whose governments are supporting the Maduro regime. In addition, Venezuelan government officials probably have extensive holdings in the United States, often in the names of family members, business associates, or other straw men, judging from previous



#### Treasury Department actions.

- ▶ Since September 2017, the Financial Crimes Enforcement Network has [warned](#) financial institutions about Venezuelan sanctions evasion schemes.<sup>10</sup> In January 2019, the Treasury Department sanctioned a network that was laundering corruption proceeds in the United States.<sup>11</sup> In July 2019, the Treasury Department sanctioned a network that was using gold to launder corruption proceeds through Turkey and the United Arab Emirates.<sup>12</sup>
- ▶ In March 2019, the Treasury Department sanctioned a Russian bank for dealing with PdVSA, which was a part owner of the bank.<sup>13</sup> The Treasury Department called the bank a “lifeline for the illegitimate [Maduro] regime.”<sup>14</sup> Russia has a long-standing relationship with Venezuela and supports Maduro’s efforts to retain power.<sup>15</sup>
- ▶ China also has supported the Maduro regime economically,<sup>16</sup> and Cuba has sent military advisors to Venezuela.<sup>17</sup> In addition, Turkish President Recep Tayyip Erdogan has expressed support for Maduro; his spokesman also publicly announced that Turkey “stands with” the Venezuelan leader.<sup>18</sup>



## Endnotes

- 1 White House, "Executive Order on Blocking Property of the Government of Venezuela," Aug. 5, 2019, <https://www.whitehouse.gov/presidential-actions/executive-order-blocking-property-government-venezuela/>.
- 2 Treasury Department, "Treasury Sanctions the President of Venezuela," July 31, 2017, <https://www.treasury.gov/press-center/press-releases/Pages/sm0137.aspx>.
- 3 Treasury Department, "Treasury Sanctions Venezuela's State-Owned Oil Company Petroleos de Venezuela, S.A.," Jan. 28, 2019.
- 4 Treasury Department, "Treasury Sanctions Central Bank of Venezuela and Director of the Central Bank of Venezuela," April 17, 2019, <https://home.treasury.gov/news/press-releases/sm661>.
- 5 Reuters, "U.S. ready to target other countries for supporting Venezuela's Maduro" <https://www.reuters.com/article/us-venezuela-politics-usa/bolton-says-time-to-act-against-venezuelas-maduro-after-u-s-freezes-assets-idUSKCN1UW1MP> ; August 6, 2019.
- 6 Reuters, "U.S. ready to target other countries for supporting Venezuela's Maduro" <https://www.reuters.com/article/us-venezuela-politics-usa/bolton-says-time-to-act-against-venezuelas-maduro-after-u-s-freezes-assets-idUSKCN1UW1MP> ; August 6, 2019.
- 7 Treasury Department, "Executive Order Blocking Property of the Government of Venezuela; Issuance of Venezuela-related General Licenses and Frequently Asked Questions; Publication of Guidance on Humanitarian Assistance and Support to the Venezuelan People," Aug. 6, 2019, <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20190806.aspx>.
- 8 Treasury Department, "General License No. 31, Certain Transactions Involving the Venezuelan National Assembly, the Interim President of Venezuela, and Certain Other Persons Authorized," August 5, 2019, [https://www.treasury.gov/resource-center/sanctions/Programs/Documents/venezuela\\_gl31.pdf](https://www.treasury.gov/resource-center/sanctions/Programs/Documents/venezuela_gl31.pdf).
- 9 Treasury Department, "Guidance Related to the Provision of Humanitarian Assistance and Support to the Venezuelan People," August 6, 2019, [https://www.treasury.gov/resource-center/sanctions/Programs/Documents/20190805\\_vz\\_humanitarian\\_guidance.pdf](https://www.treasury.gov/resource-center/sanctions/Programs/Documents/20190805_vz_humanitarian_guidance.pdf).
- 10 Financial Crimes Enforcement Network, "Advisory to Financial Institutions on Widespread Political Corruption in Venezuela," Sept. 20, 2017, <https://www.fincen.gov/sites/default/files/advisory/2017-09-20/FinCEN%20Advisory%20FIN-2017-A006-508%20Compliant.pdf>.
- 11 Treasury Department, "Treasury Targets Venezuela Currency Exchange Network Scheme Generating Billions of Dollars for Corrupt Regime Insiders," Jan. 8, 2019, <https://home.treasury.gov/news/press-releases/sm583>.
- 12 Treasury Department, "Treasury Disrupts Corruption Network Stealing From Venezuela's Food Distribution Program, CLAP," July 25, 2019, <https://home.treasury.gov/news/press-releases/sm741>.
- 13 Treasury Department, "Treasury Sanctions Russia-based Bank Attempting to Circumvent U.S. Sanctions on Venezuela," March 11, 2019, <https://home.treasury.gov/news/press-releases/sm622>.
- 14 Treasury Department, "Treasury Sanctions Russia-based Bank Attempting to Circumvent U.S. Sanctions on Venezuela," March 11, 2019, <https://home.treasury.gov/news/press-releases/sm622>.
- 15 New York Times, "Why Is Russia Helping Venezuela?," March 8, 2019, <https://www.nytimes.com/2019/03/08/world/americas/russia-venezuela-maduro-putin.html>.
- 16 Council on Foreign Relations, "Maduro's Allies: Who Backs the Venezuelan Regime?" February 5, 2019, <https://www.cfr.org/article/maduros-allies-who-backs-venezuelan-regime>.
- 17 Council on Foreign Relations, "Maduro's Allies: Who Backs the Venezuelan Regime?" February 5, 2019, <https://www.cfr.org/article/maduros-allies-who-backs-venezuelan-regime>.
- 18 The Independent, "Venezuela crisis: How Turkey has become the staunchest defender of president Nicolas Maduro," January 24, 2019 <https://www.independent.co.uk/news/world/middle-east/venezuela-crisis-turkey-nicolas-maduro-president-erdogan-support-juan-guaido-opposition-a8744551.html>.