

Alert

Sanctions Update: US Sanctions Compliance During COVID-19

April 24, 2020

On April 20, 2020, the Office of Foreign Assets Control of the U.S. Department of Treasury (“OFAC”) issued a statement regarding compliance with U.S.-sanctions regulatory requirements during the COVID-19 global pandemic.¹ The statement acknowledges that the COVID-19 pandemic can cause “technical and resource challenges” for organizations and signals that OFAC will be flexible in enforcing sanctions regulations. In the statement, OFAC offers three pieces of guidance.

First, OFAC encourages persons (including financial institutions and other businesses) affected by the pandemic to contact OFAC at specific numbers and email addresses in the event the person believes it will experience delays in its ability to meet regulatory deadlines, including those relating to filing blocking and reject reports, reports required by general or specific licenses or other required reports or submissions, as well as deadlines relating to responding to administrative subpoenas.

Second, OFAC encourages persons to submit self-disclosures by email rather than through physical mail.

Finally, OFAC reiterates its view that sanctions compliance is risk-based.² Consistent with that view, OFAC indicates in the statement that if a business faces technical and resource challenges caused by the pandemic and needs to temporarily reallocate sanctions compliance in light of those challenges, OFAC will, on a case-by-case basis, “evaluate this as a factor in determining the appropriate administrative response to an apparent violation that occurs during this period.” In our view, this does not mean that the business will have a free pass, particularly if the sanctions compliance failures are egregious, but this statement does signal an openness by OFAC to considering business and compliance practicalities.

If your business is experiencing sanctions reporting delays or other compliance challenges during this pandemic, we encourage you to consult the statement and reach out to your SRZ contact.

¹ The statement is available [here](#).

² For a discussion of OFAC’s general expectations regarding sanctions compliance programs and its risk-based approach, see “OFAC Update: A Framework for Compliance and Recent Settlements,” *SRZ Alert*, July 12, 2019, available [here](#).

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This is a fast-moving topic and the information contained in this *Alert* is current as of the date it was published.

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