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Venezuela Sanctions Complicate Compliance for Companies

Law360

June 25, 2018

On May 21, 2018, in response to recent activities of the Maduro regime, President Trump issued a new Executive Order, "Prohibiting Certain Additional Transactions with Respect to Venezuela." Previous sanctions under Executive Order 13808, issued Aug. 24, 2017, had prohibited transactions related to, provisions of financing for, or other dealings in, among other things, "new debt" of certain maturities and new equity of the Government of Venezuela, bonds issued by the Government of Venezuela, dividend payments or other distributions of profits to the Government of Venezuela from any entity owned or controlled by the Government of Venezuela, as well as the purchase of securities from the Government of Venezuela. The new sanctions prohibit, among other things, transactions involving the purchase of any debt owed to the Government of Venezuela, as well as transactions involving any debt owed to the Government of Venezuela that is pledged as collateral. The new sanctions also prohibit transactions related to, financing for or other dealings relating to the sale, transfer, assignment or pledging as collateral by the Government of Venezuela of any equity interests involving entities in which the Government of Venezuela has a 50 percent or greater ownership interest. By targeting debt owed to the Government of Venezuela, the new sanctions limit the Government of Venezuela's ability to liquidate assets into usable capital. In this article, Betty Santangelo, Gary Stein and former Schulte lawyers Mari Dopp, Nicole Geoglis, Jennifer Opheim and Seetha Ramachandran discuss these sanctions.

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