

OFAC Targets Russian Support for Maduro Regime with New Sanctions Designations

February 20, 2020 | Client Update | 3-minute read

On February 18, 2020, the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") imposed [blocking sanctions](#) pursuant to Executive Order ("E.O.") 13850 against Rosneft Trading, S.A. ("RTSA") and its president and board chairman, Didier Casimiro. According to the [press release](#) announcing the designation, RTSA is a Swiss-incorporated oil brokerage firm and subsidiary of the Russian state-controlled global energy giant Open Joint-Stock Company Rosneft Oil Company ("Rosneft"). OFAC designated RTSA and Casimiro for operating in the energy sector of the Venezuelan economy by facilitating shipments of oil for Venezuela's sanctioned state-owned oil company, including as recently as January of this year. The designations reflect a significant escalation of U.S. efforts to counter Russian support for the Maduro regime in Venezuela, which has helped the regime to endure increasingly severe U.S. sanctions aimed at forcing a political transition in Venezuela. In a [press briefing](#) concerning the designations, U.S. Special Representative for Venezuela Elliot Abrams also noted that the U.S. government intends to conduct outreach to Chinese and Indian customers that currently purchase Venezuelan oil, suggesting a potential broader campaign by the United States to target Venezuela's remaining oil exports.

As a result of the designations, U.S. persons are generally prohibited from engaging in transactions with or involving RTSA, Casimiro, or their respective property and interests in property, including entities in which either has a 50 percent or greater ownership interest. Any property of the foregoing in the United States or possession or control of a U.S. person is blocked and must be reported to OFAC.

The designation of RTSA only applies to RTSA and entities in which it has a 50 percent or greater ownership interest. It does not apply to Rosneft or to Rosneft subsidiaries other than RTSA and entities owned by RTSA. However, Rosneft was separately sanctioned in 2014 pursuant to E.O. 13662 for operating in the energy sector of the Russian economy, and it and its subsidiaries (including RTSA) remain subject to prohibitions on certain debt transactions and transactions related to certain tight oil projects, as described in [Directive 2](#) and [Directive 4](#) under E.O. 13662, respectively. OFAC issued a new answer to Frequently Asked Questions ("FAQ"), [FAQ 817](#), clarifying the scope and interaction of the sanctions applied to Rosneft and RTSA.

To mitigate the impact of RTSA's designation, OFAC issued a new general license ("GL"), [GL 36](#), authorizing until **May 20, 2020** transactions prohibited by E.O. 13850 that are ordinarily incident and necessary to the wind down of transactions involving RTSA or any entity in which RTSA owns directly or indirectly, a 50 percent or greater interest. GL 36 does not authorize any debits to a blocked account, any transactions otherwise prohibited by Venezuela-related sanctions or that involve a blocked person other than RTSA or its subsidiaries, or any transactions involving RTSA or its subsidiaries that would be prohibited by Directive 2 or Directive 4. In [FAQ 818](#), OFAC notes that non-U.S. persons may also wind down transactions and activities with RTSA until May 20, 2020 without risking the imposition of sanctions under E.O. 13850, but cautions that entering into new business involving RTSA will not be considered wind-down activity.

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If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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