

MEMBER ALERT



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NEW DEVELOPMENTS CONCERNING UNITED STATES SANCTIONS ON RUSSIA AND VENEZUELA

As Members may already be aware in consequence of recent press reports, the United States has imposed further sanctions on certain additional entities and individuals in Russia, and also in regard to transactions involving Venezuela.

Further detail in respect of each is provided below.

Russia

The US Department of the Treasury's Office of Foreign Assets Control (OFAC), recently announced the imposition of sanctions against more Russian entities and individuals (Sanctions Targets). This action is in addition to similar steps taken a few weeks ago and communicated to Members in [Circular No. 13/18](#) of March 16, 2018.

These Sanctions Targets are now included on OFAC's SDN and Blocked Persons List which is searchable at:

<https://sanctionssearch.ofac.treas.gov/>

The new sanctions prohibit transactions by US persons or transactions with a US-nexus involving the Sanctions Targets. The American Club, as a US person, is prohibited from providing insurance cover for voyages or vessels involving the new Sanctions Targets, and payments through the US involving these persons along with their property are blocked.

The web notice published by the US Department of the Treasury dealing with this recent action can be found at:

<https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20180406.aspx>

Venezuela

In summary, current US economic sanctions against Venezuela block the property of persons determined to be responsible for, or complicit in, or responsible for ordering,

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controlling, or otherwise directing, or to have participated in, directly or indirectly, a range of politically-related activity: These sanctions targets appear on OFAC's SDN List, which is searchable at:

<https://sanctionssearch.ofac.treas.gov/>

Their property within US jurisdiction (including funds associated with wire transfers) are frozen, and US persons are prohibited from dealing with them.

Moreover, all transactions related to, provision of financing for, and other dealings in the following by a United States person or within the United States: (i) new debt with a maturity of greater than 90 days of Petroleos de Venezuela, S.A. (PdVSA); (ii) new debt with a maturity of greater than 30 days, or new equity, of the Government of Venezuela, other than debt of PdVSA; (iii) bonds issued by the Government of Venezuela prior to the effective date of this order; or (iv) dividend payments or other distributions of profits to the Government of Venezuela from any entity owned or controlled, directly or indirectly, by the Government of Venezuela; (v) the purchase, directly or indirectly, by a United States person or within the United States, of securities from the Government of Venezuela, other than securities qualifying as new debt with a maturity of less than or equal to 90 or 30 days are prohibited.

Four general licenses have been issued to make exceptions to the foregoing prohibitions:

- [General License 1](#) - Authorizing Certain Activities Necessary to Wind Down Existing Contracts
- [General License 2](#) - Authorizing Certain Transactions Involving CITGO Holding, Inc.
- [General License 3](#) - Authorizing Transactions Related to, Provision of Financing for, and Other Dealings in Certain Bonds
- [Annex to General License 3](#)
- [General License 4](#) - Authorizing New Debt Transactions Related to the Exportation or Reexportation of Agricultural Commodities, Medicine, Medical Devices, or Replacement Parts and Components.

Pursuant to Executive Order 13827 of March 19, 2018, in response to actions by the Maduro regime to attempt to circumvent US sanctions by issuing a digital currency, the following became prohibited: All transactions related to, provision of financing for, and other dealings in, by a United States person or within the United States, any digital

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currency, digital coin, or digital token, that was issued by, for, or on behalf of the Government of Venezuela on or after January 9, 2018.

Questions and further guidance

Members are reminded that pursuant to American Club rules there is no cover for voyages where the extension of cover would violate or pose a risk of violating sanctions prohibitions and also that causing a violation could entail the imposition of sanctions or penalties. Members are accordingly reminded to proceed with extreme caution in dealing with or involving Venezuela and Venezuelan entities and to conduct additional sanctions compliance due diligence to ensure their own and the American Club's compliance with sanctions prohibitions.

Should Members wish to discuss any questions or need additional guidance regarding any aspect of the foregoing or other sanctions in general or for confirmations as to the availability of cover for voyages involving countries (Iran, Syria, Cuba, North Korea, Russia, the Crimea region of Ukraine, Venezuela) or entities or individuals subject to U.S. economic sanctions (e.g., OFAC SDN List), they are asked to contact: Charles J. Cuccia, Senior Vice President - Compliance & Enterprise Risk Management, ph +1 212 847 4539, mob +1 917 215 2883, charles.cuccia@american-club.com.