

OFAC License Authorizes Transactions Under Settlement Negotiations with Venezuelan Government

By **Holland & Knight**

The Office of Foreign Assets Control (OFAC) on May 1, 2023, issued General License 42, which has important implications for transactions related to Venezuela. This license authorizes specific transactions that are necessary and ordinarily incidental to the negotiation of settlement agreements with the IV National Assembly of Venezuela and other designated individuals.

Under this license, transactions related to the negotiation of settlement agreements involving the IV National Assembly of Venezuela, its Delegate Commission, any entity established by or under the direction of such Assembly, as well as any individuals designated by these entities, are permitted. These transactions may be related to debts of the Venezuelan government.

Importantly, this license also covers the negotiation of settlement agreements with individuals appointed by entities of the IV National Assembly to serve on boards of directors, including ad hoc boards of directors, or as executive officers of entities of the government of Venezuela, including those owned or controlled directly or indirectly by the government.

However, this license has certain restrictions. No transactions are authorized involving the National Constituent Assembly of Venezuela convened by President Nicolás Maduro or the National Assembly installed on Jan. 5, 2021, including their respective members and staff. In addition, any transaction prohibited by the Venezuela Sanctions Regulations (VSR) is not authorized, unless a separate authorization is obtained.

It is important to note that this license does not cover transactions involving persons blocked under the VSR, except for those blocked persons specifically described in Paragraph (a) of this general license.

It is critical that all interested parties consult the VSR and the latest OFAC updates to fully understand the implications and limitations of this license.

In a press release issued on May 3, 2023, the Bolivarian government of Venezuela expressed its denunciation and rejection of General License 42 issued by OFAC. Foreign Minister Yvan Gil considers that this license goes against international legislation and the Bolivarian Constitution. Furthermore, the Venezuelan government interprets this license as an obstacle to the progress achieved in the international conference on the political situation in Venezuela called by the president of Colombia. Likewise, it sees it as an attempt to steal the Venezuelan oil industry in the United States. The Venezuelan government affirms that it will continue to inform international chancelleries about this situation and the perceived sanctions by the United States.

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