

OFAC Amends Cuba Sanctions to Prohibit U-turn Transactions and Restrict Remittances

September 17, 2019

On September 9, 2019, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") issued a [final rule](#) (the "Rule") amending the Cuban Asset Control Regulations ("CACR") and updated its "[Frequently Asked Questions Related to Cuba](#)."

The Rule makes two changes. First, the Rule eliminates the previous authorization for U.S. financial institutions to process so-called "U-turn" transactions involving Cuba. Second, the Rule adds further restrictions to remittances from U.S. persons to Cuban nationals permitted under the CACR. These changes will be effective as of October 9, 2019.

"U-turn" transactions are prohibited (again). OFAC continues to roll back Obama-era relaxations of the U.S. sanctions against Cuba, including the general license, issued in March 2016, allowing U.S. financial institutions to process so-called "U-turn" transactions involving Cuba. This general license essentially authorized U.S. financial institutions to process many types of Cuba-related transactions between non-U.S. parties, provided certain prohibited parties or activities were not involved, enabling non-U.S. businesses and individuals to engage in transactions with Cuba in U.S. dollars.

The Rule revokes that general license for U-turn transactions, providing instead for an authorization for U.S. financial institutions to reject, but not block, such transactions. The Rule also amends the CACR to make conforming edits by removing related unblocking authorizations.

Permitted remittances are restricted. The Rule places further restrictions on authorized remittances. First, regarding family remittances, the Rule (1) places a cap of \$1,000 per quarter as the maximum amount one remitter can send to one Cuban national under the general license and (2) expands the existing prohibition on family remittances to prohibited officials of the Government of Cuba or prohibited members of the Cuban Communist Party to further encompass the "close relatives" of such persons.

Second, the Rule eliminates the general license authorizing donative remittances to Cuban nationals.

Lastly, the Rule expands the general license to now include remittances to certain additional Cuban “self-employed individuals,” which term is newly defined in the CACR as:

- An owner or employee of a small private business or a sole proprietorship, including restaurants (*paladares*), taxis, and bed-and-breakfasts (*casas particulares*);
- An independent contractor or consultant;
- A small farmer who owns his or her own land; or
- A small usufruct farmer who cultivates state-owned land to sell products on the open market.

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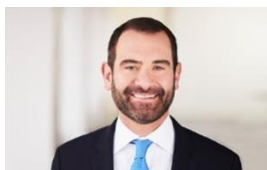


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