

## CLIENT ALERT

### OFAC Limits Cuba “U-Turn” Payments and Remittances

September 13, 2019

On September 9, 2019, the U.S. Department of Treasury’s Office of Foreign Assets Control (OFAC) published amendments to the Cuban Assets Control Regulations (the Cuba Sanctions) to limit “U-turn” transactions and remittances.

“U-turn” transaction is a reference to a Cuba Sanctions authorization (31 CFR § 515.584(d)) for banking institutions subject to U.S. jurisdiction to process transactions prohibited by the Cuba Sanctions if the transaction originated and terminated outside the United States, and the originator and the beneficiary of the funds transfer are not persons subject to U.S. jurisdiction. This “U-turn” authorization had the net effect of enabling non-U.S. persons to conduct U.S. dollar denominated transactions with Cuban persons or involving a benefit in Cuba, even though those transactions were processed or cleared through a U.S. financial institution (USFI). Now, pursuant to the amended Cuba Sanctions, USFIs will be required to reject and report such transactions to OFAC. These Cuba Sanctions changes will take effect on October 9, 2019.

#### Practical Points for Consideration

As a reminder, on June 21, 2019 OFAC expanded its reporting requirements (31 CFR § 501.604(a)) to now require any “U.S. person (or person subject to U.S. jurisdiction)” to file an OFAC reject report within 10 business days of rejecting any transaction that would be prohibited by U.S. sanctions. OFAC has not provided new industries now captured by the rejecting reporting requirements with guidance on the type of activity OFAC is expecting such industries to report as rejected.

If you have any questions on how to interpret your company’s potential new reject requirements under the revised Cuba Sanctions, the attorneys below would be happy to assist.

For additional information on other Cuba Sanctions changes effective October 9, 2019, including remittances, OFAC updated its *Frequently Asked Questions Related to Cuba* which may be found here: [https://www.treasury.gov/resource-center/sanctions/Programs/Documents/cuba\\_faqs\\_new.pdf](https://www.treasury.gov/resource-center/sanctions/Programs/Documents/cuba_faqs_new.pdf)

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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