

Client Alert

February 2016

Despite Thawing of US-Cuba Relations, Violations of Applicable Regulations Can Result in Enforcement Action

Despite the recent changes to the Office of Foreign Assets Control's ("OFAC") Cuban Assets Control Regulations ("CACR") and the Bureau of Industry and Security's ("BIS") Export Administration Regulations ("EAR") as a result of the policy change announced by President Obama on December 17, 2014 to engage and empower the Cuban people, it is important to remember that the Cuban embargo remains in effect until repealed by an act of Congress and that various regulators will continue to enforce the applicable laws and regulations.

Recent Enforcement Actions

In an enforcement information report published by OFAC on February 22, 2016, it was announced that CGG Services S.A. ("CGG France") has agreed to pay on its behalf and on behalf of its affiliates, CGG Services Inc. ("CGG US") and Veritas Geoservices Ltd. S.A. ("Veritas Geoservices"), the amount of \$614,250 to settle potential civil liability for alleged violations of the CACR.

According to OFAC's enforcement information, CGG France and CGG US allegedly violated certain provisions of the CACR in 2010 and 2011 when they exported spare parts and other equipment from the United States to the motored vessels *Amadeus* and *Veritas Vantage* while the vessels operated in Cuba's territorial waters.

Additionally, CGG France allegedly violated certain provisions of the CACR in 2011 when it exported US-origin goods from companies unaffiliated with CGG France to the motored vessels *Veritas Vantage* and *Princess* while the vessels operated in Cuba's territorial waters.

Finally, Veritas Geoservices, a Venezuelan subsidiary of CGG US, allegedly violated certain provisions of the CACR in 2011 when it engaged in five transactions at the request of CGG France involving the processing of data from seismic surveys conducted in Cuba's Exclusive Economic Zone benefiting a Cuban company.

The Applicability of US Laws and Regulations Governing US-Cuba Relations

As this recent enforcement information report shows, US regulators have continued to prosecute violations of the CACR, the EAR and other applicable regulations relating to Cuba, despite the thawing of relations between the two countries.

More specifically, violations of regulations relating to the exportation of items not authorized under the EAR and the CACR to be exported to Cuba and engaging in unauthorized business with or performing unauthorized services for the benefit of Cuba and Cuban nationals are being scrutinized by regulators.

The Latin America Group at Hunton & Williams LLP will continue to closely monitor related developments. Please contact us if you have any questions or would like further information regarding the normalization of US-Cuba relations or any regulation or sanction governing the Cuban embargo.

Contacts

Gustavo J. Membiela
gmembiela@hunton.com

Rail Seoane
rseoane@hunton.com

Uriel A. Mendieta
mendietau@hunton.com