

European Subsidiary Incurs Liability Under U.S. Cuba Sanctions for Travel Services

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On April 18, 2014, the Office of Foreign Assets Control (“OFAC”) announced a settlement of nearly \$6 million with CWT B.V. (“CWT”) for violations of the Cuban Assets Control Regulations (“CACR”), 31 C.F.R. Part 515. CWT is a travel service company based in the Netherlands but majority owned by U.S. persons and consequently was subject to U.S. jurisdiction. CWT provided travel services to 44,430 persons traveling to and from Cuba in violation of the U.S. embargo.

The CACR prohibit persons subject to U.S. jurisdiction (including non-U.S. companies owned or controlled by U.S. persons) from entering transactions involving property in which Cuba or its nationals have an interest. This language is interpreted expansively to prohibit transactions or services relating to Cuba, including travel and tickets to or from that country. CWT has been majority-owned by U.S. persons since 2006 and thus is subject to U.S. jurisdiction under the CACR.

The United States has opened avenues for travel to Cuba under specified circumstances and authorized Travel Service Providers (TSPs) are permitted to provide services in support of such travel. This support includes reservations, ticketing, and payment for charter flights to Cuba and flights between a third country and Cuba operated by a third-country carrier. However, such activities are limited to travel authorized by U.S. general licenses or specific licenses issued under the CACR. Tourist travel is not authorized by the existing OFAC General Licenses.

This enforcement action serves as a reminder to U.S. companies and their subsidiaries in foreign countries that the United States continues to stringently enforce its Cuba embargo.

If you have any questions about the content of this alert, please contact the Pillsbury attorney with whom you regularly work, or the authors below.

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