

NICARAGUA ALERT - CANADA IMPOSES SANCTIONS ON CERTAIN NICARAGUAN OFFICIALS

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On June 21, 2019, Global Affairs Canada ("GAC") imposed targeted sanctions against nine Nicaraguan senior public officials in response to the Government of Nicaragua's systemic campaign of repression and state-sponsored violence to crack down on anti-government protests.^[1]

The list of designated persons targets President Daniel Ortega's inner circle who are deemed responsible for numerous human rights violations, including the torture, extrajudicial killings and mistreatment of protestors. These measures occurred in tandem with the US *Office of Foreign Assets Control's* ("OFAC") ^[2] decision to designate the head of Nicaragua's National Assembly, Gustavo Porras Cortes; the chief of the state-owned telecommunications agency, Orlando Castillo Castillo; the Minister of Health, Sonia Castro Gonzalez; and the Minister of Transportation, Oscar Mojica Obregon^[3], all of which are also listed by GAC.

Similar to other sanctions regulations issued by GAC, the newly issued *Special Economic Measures (Nicaragua) Regulations* ("Regulations")^[4] impose a dealings prohibition, a travel ban and an asset freeze on listed persons. More specifically, Canadian companies in Canada or abroad with business ties to Nicaragua should conduct appropriate due diligence to ensure that they are not engaging in any prohibited activities, which include:

- dealing in property, wherever situated, that is owned, held or controlled by listed persons or a person acting on behalf of a listed person;
- entering into or facilitating any transaction related to a dealing prohibited by the Regulations;
- providing any financial or related services in respect of a dealing prohibited by the Regulations;
- making available any goods, wherever situated, to a listed person or a person acting on behalf of a listed person; and
- providing any financial or other related services to or for the benefit of a listed person.

The Regulations further impose specific reporting requirements on every person in Canada and every Canadian abroad. Anyone who has reason to believe they are in possession or control of a listed person's property must disclose this to the RCMP or CSIS. Additionally, the mere knowledge of a transaction that

involves a listed person's property must be shared with the RCMP or CSIS. The Regulations also require certain enumerated financial services businesses (e.g. authorized foreign banks, trust and loan companies, credit unions, etc.) to determine on a continuing basis whether they are in possession or control of a listed person's property.

Companies with ties to Nicaragua should be mindful of these new restrictions when assessing current or new business relationships. In accordance with industry best practice, companies that are active in Nicaragua should conduct appropriate due diligence on their Nicaraguan business partners, use automated screening services, and when in doubt, consult with their lawyer to ensure compliance with these new sanctions measures.

by Chris Scheitterlein and Geoffrey Kubrick

[1] [Listing of Canadian Sanctions Related to Nicaragua](#)

[2] [US Department of the Treasury Nicaragua Designations](#)

[3] [Reuters Article - U.S. imposes sanctions on four high-ranking Nicaraguan officials](#)

[4] [Government of Canada - Special Economic Measures \(Nicaragua\) Regulations](#)

A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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