

## **Notice to Remittance Forwarding Service Providers Concerning Cuban Convertible Pesos**

August 2006

The Office of Foreign Assets Control's ("OFAC") *Circular 2006* for Travel, Carrier and Remittance Forwarding Service Providers ("RFs") issued in March 2006 informs RFs that they must ensure any remittance transferred to Cuba is delivered to the intended recipient in Cuba in one of the following five currencies: U.S. dollars, Canadian dollars, Swiss francs, British pounds, or Euros.<sup>1</sup>

It has come to OFAC's attention as the result of audits as well as ongoing monitoring that certain RFs are forwarding remittances to Cuba that are being paid out to the recipient in Cuban convertible pesos ("CUC"), also known as *chavitos*. Payments delivered in CUC are clearly outside the parameters of payments permitted under *Circular 2006*. Furthermore, OFAC has consulted with the Department of State and recently received guidance confirming that it is contrary to U.S. foreign policy for persons subject to U.S. jurisdiction to send remittances to Cuba paid to the recipients in CUC.

Any RF transferring funds to Cuba paid out in CUC is in violation of its OFAC authorization and must cease remittance forwarding immediately until such time as the RF has assurances from the Cuban payout agent that the funds will be distributed to the recipient only in U.S. dollars, Canadian dollars, Swiss francs, British pounds, or Euros. Failure to comply with this action may result in the imposition of a fine, other penalty, suspension or loss of RF operating authority.

Criminal penalties for violation of The Cuban Assets Control Regulations, 31 C.F.R. Part 515 (the "Regulations") range up to 10 years in prison, and \$1 million in corporate and \$250,000 in individual fines. OFAC may impose civil penalties at \$65,000 per violation under the Regulations.

---

<sup>1</sup> See "Transferring Funds in which Cuba has an Interest by Proper Means" beginning on page 8 of *Circular 2006* and "International Transfer of Funds" on page 8 in Appendix I –Service Provider Operational Guidelines of *Circular 2006*.