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Sanctions, Sovereign Risk and Distressed Opportunities in LATAM and VEN

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Sanctions, Sovereign Risk, and Distressed Opportunities in Venezuela and Latin America

Panel discussion briefing: sanctions architecture, sovereign risk, and where the two collide

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Sanctions Architecture

IEEPA Gives the President Emergency Power; OFAC Runs the Sanctions Machinery

- **IEEPA: the trigger**

The International Emergency Economic Powers Act (1977) lets a president declare a foreign situation an “unusual and extraordinary threat” to US national security or foreign policy. That declaration is what gives the president the power to block property and prohibit transactions. Its outer limits have been the subject of significant litigation over the years.

- **OFAC: the machinery**

Treasury’s Office of Foreign Assets Control administers what IEEPA authorizes day to day. It maintains the Specially Designated Nationals (SDN) list, writes the regulations spelling out what US persons can and cannot do, issues general licenses (standing authorizations) and specific licenses (one-off grants), and pursues penalties against violators.

- **The reversibility asymmetry**

A president can create or unwind IEEPA sanctions unilaterally, which is exactly what the 2026 Venezuela license cascade shows. Cuba is different, as the next slide covers: core elements of its embargo were written into statute and cannot be lifted by executive action alone.

Source: Congress.gov CRS R45618 and IF10715; OFAC ofac.treasury.gov; panel briefing materials, Aug. 2026.

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Sanctions Architecture

Cuba's Embargo Is Comprehensive by Default; Venezuela's Sanctions Are Targeted

Venezuela: targeted sanctions

Built on IEEPA-based executive orders (EO 13850, 13857, 13884)

Prohibitions attach to specific designated persons and entities on the SDN list; everything else is presumptively permitted

Purely executive: a president can create or unwind these sanctions unilaterally

Cuba: comprehensive embargo

Layers a new IEEPA order (EO 14404, 2026) on an older statutory base: the Trading with the Enemy Act (1977), the Cuban Democracy Act (1992), the Helms-Burton/LIBERTAD Act (1996), and the Trade Sanctions Reform and Export Enhancement Act (2000)

Governed by the Cuban Assets Control Regulations (31 C.F.R. Part 515): virtually all trade and financial dealings are prohibited by default, not just dealings with specific designated persons

Because Congress wrote the embargo into statute, a president cannot lift it simply by revoking an executive order

Source: 31 C.F.R. Part 515; Congress.gov CRS; Wikipedia, "Helms-Burton Act"; panel briefing materials, Aug. 2026.

Sanctions Architecture

Six Live Sanctions Programs Show Venezuela Easing While Cuba Escalates

Sanctions program	Country	What it does	Status / lift outlook
VZ base sanctions (EO 13850/13857/13884)	Venezuela	Gold sector designation, PDVSA on the SDN list, full government asset freeze	Still in force, not proposed for repeal; 2026 licenses carve out activity around them
2026 oil & gas licenses (GL 49/49A, 50/50A, 52)	Venezuela	Authorize Chevron, Shell, BP, Eni, and Repsol operations plus broad PDVSA transactions	Active and expanding; Treasury signaled further easing within days of the Jan. 2026 announcement
Shadow-fleet and oil-trader designations	Venezuela	Sanctions on tankers and intermediaries moving Venezuelan oil outside licensed channels	Active; new designations continued through Jul. 2026, no lift proposed
Cuba secondary sanctions (EO 14404)	Cuba	Extends US sanctions risk to foreign parties dealing with five Cuban sectors	Imposed May 2026; actively expanding, no lift proposed
GAESA SDN designation	Cuba	Blocks the Cuban military conglomerate controlling an estimated 40%+ of the economy	Active since May 2026; no lift proposed
Cuba oil/fuel embargo (Jan. 2026 EO)	Cuba	Effective blockade on oil imports to Cuba, with tariff threats on suppliers	Active; only narrow one-off exceptions granted, no formal easing proposed

Source: OFAC recent actions, 2026; Federal Register; Greenberg Traurig, Cleary Gottlieb, and Holland & Knight client alerts, 2026.

Sanctions Architecture

Treasury and State Have Signaled Different Timelines and Conditions for Sanctions Relief

Treasury: transactional pace

"We're de-sanctioning the oil that's going to be sold."

Treasury Secretary Scott Bessent, Reuters interview, reported by Bloomberg, Jan. 10, 2026

On Jan. 10, 2026, signaled additional sanctions could lift within the week, by roughly Jan. 17, so Venezuelan oil could be sold

Reported plans to engage IMF and World Bank leadership directly on Venezuela re-engagement

State: conditions-based pace

"...until we see changes that do not just further the national interest of the United States, which is number one, but also that lead to a better future for the people of Venezuela."

Secretary of State Marco Rubio, 2026

"This is about ensuring that no sanctioned oil can come in and out until they make changes to the governance of that entire industry."

Source: Bloomberg/CNBC/Newsweek, Jan. 10, 2026; Yahoo Finance and ABC News, 2026.

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Venezuela Debt & Creditors

Venezuela's Debt Stack Now Totals More Than \$240 Billion Across Five Layers

Total claims exceed \$240B; Citi estimates a haircut near 50 percent may be needed to restore sustainability

Debt layer	Approx. size	Key feature
Sovereign bonds (Republic)	~\$60B, in default since 2017	Eurobonds issued by the Republic itself; secondary-market trading authorized under GL 3I/9H for pre-Aug. 2017 issues
PDVSA bonds, incl. the 2020 8.5% bond	2020 bond alone: ~\$3.4B	Legally distinct from sovereign bonds; the 2020 bond is uniquely collateralized by 50.1% of CITGO Holding shares, the most litigated instrument in the structure
Bilateral debt	China: at least \$10B; Russia: ~\$2B	China has often been repaid through oil shipments; Russia previously restructured part of its loans. Both are structurally separate from the bond track
Arbitration & commercial judgment awards	More than \$20B, excluding past-due interest, across 50+ companies	Crystallex, ConocoPhillips, Gold Reserve, Tidewater, O-I Glass, Koch, and others chasing recovery through the CITGO auction
Multilaterals, trade creditors & other	Not separately sized	Commercial suppliers, holders of blocked or frozen payments, and promissory noteholders, plus distressed funds that bought post-default paper at a discount

Source: Panel briefing materials, Aug. 2026; Reuters and Bloomberg CITGO/PDVSA reporting, 2025–2026; Cleary Gottlieb; Paul, Weiss.

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Venezuela Debt & Creditors

Five Creditor Constituencies Are Competing for Recovery, With No Mechanism to Bind Them

Creditor class	Who they are	Dynamics
Sovereign bondholders	The Venezuela Creditor Committee (VCC) represents institutional investors holding more than \$10B of Republic Eurobonds	Signaled readiness to negotiate once authorized, but sanctions have restricted direct engagement
PDVSA bondholders	Legally distinct pool, issued by the state oil company rather than the Republic	Recovery prospects tied specifically to oil assets, including the CITGO sale proceeds
Arbitration & litigation award holders	More than 50 companies, including Crystallex, ConocoPhillips, Gold Reserve, Tidewater, O-I Glass, and Koch	Legally enforceable claims held by diverse creditors, with no collective mechanism to bind them into a negotiated deal
Bilateral creditors (China, Russia)	State lenders whose claims are politically weighty and structurally different from commercial debt	China has often been repaid through oil shipments; Russia previously restructured part of its loans
Multilaterals, trade creditors & holdout funds	Commercial suppliers, blocked-payment holders, promissory noteholders, and distressed funds that bought post-default paper at a discount	Each pursuing recovery on a different timeline and through a different mechanism

Source: Panel briefing materials, Aug. 2026; Venezuela Creditor Committee public statements; PIIE, 2026.

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Venezuela Debt & Creditors

Centerview Is Sizing Venezuela's Restructuring Without an IMF Stamp on the Numbers



Centerview, an investment bank, was hired by Venezuela to engage the various creditor groups and propose a reorganization plan

A debt sustainability analysis (DSA) is the standard backbone of any sovereign restructuring: it projects revenue, spending, growth, and debt service forward to answer how much debt a country can actually service on a durable basis

The gap between what is owed and what is sustainable defines the size of the reduction creditors are being asked to accept

This GDP estimate lacks an IMF stamp, leaving open questions about its validity and its effect on the outcome

Source: Panel briefing materials, Aug. 2026; IMF debt sustainability methodology.

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Venezuela Debt & Creditors

The CITGO Sale Still Faces a License, an Appeal, and a Collateral Fight

- **The sale**

A court-ordered auction has run in Delaware federal court since 2022 to satisfy roughly \$21B in creditor claims. On Nov. 25, 2025, Judge Leonard Stark approved a \$5.9B bid from Amber Energy, an Elliott Investment Management affiliate, for PDV Holding, plus a ~\$2.1B settlement for PDVSA 2020 bondholders, for a package totaling roughly \$8B.

- **The license**

Because this is a Venezuela-linked, sanctioned-entity transaction, it cannot close without a specific OFAC license. As of an April 2026 account, Treasury was still sitting on it, with critics characterizing the delay as a stall.

- **The appeal**

PDVSA and the Venezuelan government filed an appeal in mid-January 2026 asking the Third Circuit to halt the sale to Amber, citing an alleged conflict of interest the district court had already rejected.

- **The collateral fight**

PDVSA 2020 bondholders have separately litigated a claim attached to CITGO shares, a question that remains unresolved and complicates how any proceeds ultimately get distributed.

Source: PGJ Online and BIC Magazine, Dec. 2025; Steptoe; Businesswire, 2025–2026; Forbes, Apr. 2, 2026; panel briefing materials, Aug. 2026.

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Venezuela Debt & Creditors

The IMF Has Resumed Technical Engagement but Is Not a Party to the Restructuring

Where things stand

Venezuela resumed relations with the IMF in April 2026, after years without formal contact

Engagement so far is technical: rebuilding statistical and macroeconomic capacity, not a lending program

No Article IV consultation has been completed as of mid-2026

What that means for creditors

The IMF has indicated it will not be a formal party to the restructuring negotiations

A debt sustainability analysis or macro framework carrying IMF credibility would typically require a program, which does not yet exist

Some creditor groups may prefer proceeding without a program if they see room to negotiate more favorable terms absent an independent sustainability constraint; others, reportedly including Bessent, want the Fund involved

Source: Global Finance Magazine, 2026; IMF Venezuela re-engagement FAQs, 2026; Atlantic Council, 2026; panel briefing materials, Aug. 2026.

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Venezuela Debt & Creditors

Cuba Has Been Locked Out of the IMF by Statute Since 1964

- 1 **1958**
Cuba drew \$25M from the IMF, expected to repay within six months, but repeatedly asked to defer
- 2 **1964**
Facing compulsory-withdrawal procedures, Cuba voluntarily withdrew from the IMF in April 1964 while signaling it would repay what it owed; the Castro government did so in full, with accumulated interest, over the following five years
- 3 **1996 to present**
The Helms-Burton Act requires the US Treasury Secretary to direct US representatives at international financial institutions to oppose Cuba's admission until a democratically elected government is in power; Cuba has stayed out of the IMF ever since

Source: Panel briefing materials, Aug. 2026; IMF historical archives; Helms-Burton/LIBERTAD Act, 1996.

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Venezuela Debt & Creditors

Sanctions Touch Every Stage of a Venezuela Restructuring, From Talks to Distributions

Stage of the process	Practical effect of sanctions
Negotiations	OFAC licensing constrains who US persons and advisers can engage with, given SDN-listed officials and government entities
Financing	Interim or new financing runs through licensed channels: GL 49/49A (contingent oil, gas, petrochemical, and electricity contracts), GL 50/50A (named foreign operators), and GL 52 (the broadest PDVSA authorization, issued Mar. 18, 2026); none of them lift the underlying sanctions
Claims trading	Funds need OFAC comfort before trading defaulted paper; blocked-persons issues complicate settlement and clearing
Asset sales	The CITGO share sale is the marquee example of sanctions colliding with judgment enforcement, still awaiting its own specific license
Enforcement	FSIA sovereign-immunity questions intersect with OFAC blocking rules
Distributions	Because PDVSA and the Venezuelan government are blocked persons, a paying agent with any US nexus cannot process their payments, and funds touching US jurisdiction are frozen rather than passed through

Source: OFAC general licenses and FAQs, 2026; 31 C.F.R. Part 591; panel briefing materials, Aug. 2026.

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Venezuela Debt & Creditors

The Earthquake Creates Additional Claims in Venezuela that need to be addressed

5,000+

confirmed dead, ~17,000 injured, June 24, 2026 earthquake and 7.5-magnitude aftershock

\$11B+

in Venezuelan assets Venezuela says are frozen abroad

UN estimates direct physical damage exceeds a third of GDP; US response includes \$300M pledged and OFAC General License 60 (expires Oct. 23, 2026), which authorizes relief transactions involving the Venezuelan government and SDNs and clarifies that US financial institutions may process related third-country payments

Because that window closes Oct. 23, 2026, sustained reconstruction financing would need a fresh or extended authorization

The disaster has shifted near-term attention away from the restructuring and toward humanitarian aid

Reconstruction financing, creditor distributions under the CITGO waterfall, and sanctions relief are now competing claims on the same limited pool of resources, not three separate conversations

Source: US Dept. of State; OFAC recent actions, Jun. 25, 2026; panel briefing materials, Aug. 2026.

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Cuba, Region & Mexico

Treasury and State Are Pursuing Three Distinct Goals in Cuba

- **Division of labor**

The State Department, under Secretary Marco Rubio, drives strategic and diplomatic decisions on Cuba. The Treasury Department, under Secretary Scott Bessent, is the financial instrument: it administers the secondary-sanctions machinery through OFAC and works to cut the regime off from the US and global financial systems.

- **Countering a national security threat**

A June 2025 National Security Presidential Memorandum (NSPM-5) directed agencies to tighten transactions, travel, and remittances to deny revenue to the Cuban military and government, while channeling humanitarian aid through NGOs to reach the Cuban people directly.

- **Human rights accountability and behavior change**

Sanctions target officials tied to political repression and to labor-export programs the US characterizes as forced labor. The State Department frames the ultimate goal as changing behavior rather than punishment; others describe the practical effect as pushing toward regime change.

Source: NSPM-5, Jun. 2025; State Department public statements; panel briefing materials, Aug. 2026.

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Cuba, Region & Mexico

A Fuel Embargo Turned Cuba Sanctions Into a Regional Shipping Crisis

40%

of Cuba's fuel is produced domestically; the rest was imported, historically from Venezuela and Mexico

Jan. 29, 2026 EO created an effective oil embargo on Cuba

Venezuela halted shipments Dec. 2025; Mexico slashed its own under US tariff threat

March 2026: US allowed a sanctioned Russian tanker (730,000 barrels) to dock as a one-off exception

Venezuela's planned PetroCaribe relaunch faces the same dollar-clearing and maritime-transport constraints as the direct embargo

Rubio has since warned sanctions will re-tighten if Cuba violates the "spirit" of any easing

"The U.S. executive order imposing a fuel blockade on Cuba is a serious violation of international law and a grave threat to a democratic and equitable international order."

UN human rights experts, OHCHR statement, Feb. 2026

Source: OHCHR press release, Feb. 2026; CNBC, Mar. 20, 2026; Gulf News, 2026.

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Cuba, Region & Mexico

Mexico Cut Pemex Shipments to Cuba by 96 Percent to Avoid US Tariffs

**15,000 → 900
bpd**

Pemex crude shipments to Cuba, 2025 vs. Q1 2026

Mexico had become one of Cuba's most important oil suppliers as Venezuelan flows declined, providing crude and refined products through Pemex and a Pemex-controlled entity set up to manage the cooperation

EO 14380 (Jan. 2026) authorized additional duties on countries found to have purchased, received, or otherwise provided oil to Cuba, prompting Mexico's pivot

Sheinbaum is now routing resumed shipments through private companies with commercial permits rather than Pemex directly

Cuba now risks a broader collapse of its energy supply, since it depends on private Mexican firms willing to accept US sanctions risk

"When there is an extreme blockade, people are living through hardship, so Mexico has always been supportive."

President Claudia Sheinbaum, reported by Anadolu Agency and UPI, March 2026

Sits alongside migration cooperation and the 2026 USMCA review as a bargaining chip in the broader US-Mexico relationship

Source: Cuba Headlines, 2026; Anadolu Agency, Mar. 30, 2026; UPI, Mar. 30, 2026; panel briefing materials, Aug. 2026.

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Outlook

Sector-Specific Licenses Now Define Who Can Re-Enter Venezuela, and How

Sector	Key licenses	Practical effect
Oil & gas	GL 46/46A/46B/46C (lift, sell, export, refine, and transport Venezuelan-origin oil), GL 47/47A (sell US-origin diluents to Venezuela), GL 48 (maintain and repair oil/gas equipment); petrochemicals and electricity folded in	Chevron, Shell, BP, Eni, and Repsol licensed re-entry; temporary because it is licensed, not legislated
Minerals & mining	GL 51 through 51B (Venezuelan-origin minerals, including gold); GL 54A (exploration, development, mining, extraction, processing, refining, and production of minerals, including gold)	A newly authorized sector, distinct from oil and gas
Shipping & maritime insurance	No dedicated general license regime; exposure is assessed case by case	Shadow-fleet unwind for Venezuela; ad hoc tanker exceptions for Cuba, as with the Russian tanker precedent
Financial services & correspondent banking	GL 56 and 57 (Apr. 14, 2026): commercial negotiations with the Venezuelan government and ordinary-course financial services involving the central bank and three state-controlled banks	PDVSA and the government remain blocked; payments route through the Foreign Government Deposit Funds (EO 14373); reporting requirements and SDN exclusions discourage some firms from participating
Regional energy & utilities	No dedicated license regime	Cuba, Curaçao, Trinidad, and Mexico's Pemex all sit downstream of decisions made in Washington and Caracas

Source: OFAC general licenses, 31 C.F.R. Part 591, 2026; panel briefing materials, Aug. 2026.

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Argentina Playbook

Argentina's Distressed Opportunity Now Runs Through the Curve, the Courts, and the Calendar

● The curve

Corporates and provinces reopened market access first: eight energy names (including YPF, Pampa Energía, and TGS) raised \$4.2B, and Buenos Aires City, Chubut, and Mendoza raised roughly \$2.3–3.4B. The sovereign itself is still avoiding global bond markets, repaying \$4.3B in 2026 without tapping them. That gap between quasi-sovereign access and sovereign absence is the relative-value trade to watch.

● The courts

The Second Circuit voided the \$16.1B YPF judgment in March 2026 and vacated the order to turn over YPF shares; litigation funder Burford Capital lost roughly 41 percent of its market value in a day. Petersen and Eton Park are expected to appeal, possibly to the Supreme Court, or pursue arbitration, which keeps a narrower claims-and-optionality trade alive even as the main overhang lifts.

● The calendar

A 2027 IMF repayment wall (Argentina owes the Fund roughly \$58B) lines up with Milei's expected re-election bid, and Morgan Stanley has flagged a 10–15 percent peso overvaluation. Position sizing and duration should underwrite a currency-adjustment scenario around that window, not extrapolate the current disinflation trend indefinitely.

Source: Buenos Aires Times; Rio Times; Sullivan & Cromwell client memo, Apr. 2026; Stockopedia/AJ Bell, Mar. 2026; Morgan Stanley research, 2026.

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Outlook

The Midterms Will Set the Pace, Not the Direction, of Venezuela Policy

November 2026 midterms are already shaping the pace of Venezuela policy

Sentiment against further intervention ahead of the vote is reportedly slowing follow-through on regime-change-adjacent action

A Democrat-controlled Congress would likely mean more war-powers votes and closer scrutiny of oil-revenue handling, but is unlikely to reverse the sanctions-easing direction

Realistic policy delta: oversight and noise, or an actual course change?

Source: Americas Quarterly, 2026; CEPR Sanctions Watch, Jul. 2026.

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Panel Outline: Sanctions, Sovereign Risk & Distressed Opportunities in Venezuela and Latin America

Total runtime: 75 minutes

Opening Frame (3 min) — Moderator solo 2026 has been the most consequential year for LatAm sanctions in a decade: Maduro captured Jan 3 and facing narco-terrorism charges in New York; a live \$240B Venezuelan debt restructuring; an actual fuel blockade squeezing Cuba; a magnitude-7+ earthquake reshaping the sanctions debate; and Mexico caught in the middle of both.

- **Moderator asks (to open the panel):** "To open this up, Mariaelena, can you give some background on how the sanctions regime works in the US?"

Segment 1 — Sanctions Architecture: Authority and Implementation (10–15 min)

- OFAC is the Office of Foreign Assets Control, a bureau within the U.S. Department of the Treasury. It's the agency that administers and enforces most U.S. economic and trade sanctions programs. In practice, OFAC does things like maintain lists of sanctioned individuals and entities (most notably the Specially Designated Nationals, or SDN, list), issue regulations spelling out what U.S. persons can and can't do, grant licenses that authorize otherwise-prohibited transactions, and pursue penalties against those who violate sanctions. When you hear that someone's assets have been "frozen" or that a company was fined for dealing with a sanctioned country, OFAC is usually the agency behind it.
- IEEPA is the International Emergency Economic Powers Act, a federal statute passed in 1977. It's one of the main sources of legal authority that lets the President regulate international commerce in response to an unusual and extraordinary threat that originates substantially outside the United States. To use IEEPA, the President first declares a national emergency (under the National Emergencies Act) with respect to that threat, and then can block transactions, freeze assets, and impose other economic restrictions to address it.
- The relationship between them is essentially authority and execution. IEEPA is the law that grants the power; OFAC is the agency that carries it out. A typical sequence looks like this: the President issues an executive order invoking IEEPA to declare an emergency and impose sanctions, and OFAC then writes the detailed regulations, designates the specific targets, and enforces the program day to day. Most modern U.S. sanctions programs administered by OFAC rest on IEEPA as their legal foundation, though some rely on other statutes.

- One nuance worth knowing: IEEPA grants broad power to regulate or block property and transactions, but courts and commentators have long debated its outer limits. It's been the subject of significant litigation over the years about how far the President's authority under it actually extends.
- IEEPA is the trigger: a president declares a foreign situation an "unusual and extraordinary threat," unlocking OFAC's blocking/licensing authority. Underlies Venezuela's EO 13850/13857/13884 stack.
- Venezuela's sanctions are pure EO/IEEPA and can be unwound unilaterally, which is what the 2026 license cascade shows.
- **Moderator asks:** "Odette, how do the sanctions in Cuba work differently than those in Venezuela?"
- Critical distinction: Cuba's embargo also rests on the Trading with the Enemy Act (1977) layered with statutes that codified the embargo into law—the Cuban Democracy Act (1992) and the Cuban Liberty and Democratic Solidarity (LIBERTAD/Helms-Burton) Act (1996), plus the Trade Sanctions Reform and Export Enhancement Act (2000).
- Because Congress wrote the embargo into statute, a President can't simply lift it by revoking an executive order the way IEEPA programs can be unwound.
- Cuba remains one of only a handful of countries under comprehensive OFAC sanctions, governed by the Cuban Assets Control Regulations (CACR) at 31 C.F.R. Part 515. Under a comprehensive embargo, virtually all trade, financial transactions, and dealings are prohibited without a specific OFAC license, as the actions are designated against all citizens of Cuba, not specific ones.
- Because the baseline is prohibition, activity flows through two license types. General licenses are standing authorizations written into the CACR that permit categories of activity without asking OFAC first and specific licenses on a case-by-case authorization basis
- That said, the administration has layered an IEEPA on top, with Cuba having a new EO (14404) to put further pressure on the country(May 1, 2026)
- Implementation mechanics: OFAC's SDN list, general vs. specific licenses, secondary sanctions (live for Cuba, not yet Venezuela).
- **Moderator asks:** "Jill, let's focus on Venezuela first. Can you provide some background on the debt claims outstanding?"

Segment 2 — Venezuela's Sovereign and PDVSA Debt, the Creditor Landscape, the IMF Question, and the Earthquake (22 min)

A. The debt stack and claim types (~6 min)

- Defaulted sovereign bonds (~\$60B, in default since 2017) vs. PDVSA bonds — including the PDVSA 2020 8.5% bond, secured by a pledge of 50.1% of CITGO Holding shares.
- Unpaid bilateral/commercial loans, separate from the bond stack.
- Arbitration awards (ICSID and other tribunals — Crystallex, ConocoPhillips, and others) from historical expropriations, pursued against CITGO shares through the Delaware federal court process.
- Total claims: More than \$240 Billion; Citi estimates a ~50% haircut may be needed.
- **Moderator asks:** "With more than \$240 billion outstanding, that would make this one of the largest debt restructurings in history. Jill, who owns these claims?"

B. The creditor landscape (~4 min)

- The creditor landscape is diverse
 - Sovereign bondholders (Republic of Venezuela). Holders of Eurobonds issued by the Republic itself, in default since 2017. A key organized group, the Venezuela Creditor Committee (VCC), represents institutional investors holding over \$10 billion in these bonds and has signaled readiness to negotiate, though sanctions have restricted direct engagement.
 - PDVSA bondholders. These are legally distinct—issued by the state oil company, not the Republic—which creates a separate creditor pool with its own recovery prospects tied to oil assets. Within this class sits the single most litigated instrument in the whole structure: the PDVSA 2020 bond, which was uniquely collateralized by a 50.1% stake in CITGO Holding.
 - Arbitration and litigation award holders. More than 50 companies have pursued claims following expropriations under Hugo Chávez, and arbitration awards and court judgments total more than \$20 billion excluding past-due interest. These are legally enforceable claims held by diverse creditors with no collective mechanism to bind them into a negotiated deal. These creditors—Crystallex, ConocoPhillips, Gold Reserve, Tidewater, O-I Glass, Koch, and others— are chasing recovery through the CITGO auction

- Bilateral creditors—China and Russia. State lenders whose claims are politically weighty and structurally different from commercial debt. China is owed at least \$10 billion, much of it historically repaid through oil shipments, and Russia has outstanding ties estimated near \$2 billion, having previously restructured part of its loans to Caracas.
- Multilaterals, trade creditors, and others. These are commercial suppliers, holders of blocked/frozen payments, and promissory noteholders.
- Venezuela Creditor Committee (Fidelity, Morgan Stanley Investment Management, Greylock Capital) — ready to negotiate once authorized.
- There are also distressed/holdout funds that bought post-default paper at deep discounts that are looking to maximize recoveries.
- Arbitral award holders and judgment creditors pursuing enforcement against blocked assets.
- **Moderator asks:** "Jill, with four or five distinct creditor constituencies here, each with different leverage and different incentives, where do you expect the hardest fight to actually be — and what is getting the most attention right now?"
- Sovereign vs. PDVSA creditor class distinctions and potential inter-creditor conflict.
- Centerview, an investment bank, has been hired by Venezuela to interact with the various creditor groups and to attempt to provide a plan to reorganize.
- There is a question of the right path forward. Centerview is coming up with its own assessment of the operating needs of Venezuela, and what it can pay, but question of whether this is sized correctly.
- **Moderator asks:** "Jill, wouldn't the IMF usually help to assess the size of the discount required? What is currently happening in the Venezuela restructuring?"

C. The IMF question (~4 min)

- An IMF Debt Sustainability Analysis normally anchors a restructuring, with financing and conditionality that gives bondholders confidence in repayment.
 - A DSA is the standard analytical backbone of any sovereign restructuring. It projects the government's revenues, spending, growth, and existing debt service forward over time to answer one question: how much debt can this country actually service on a durable basis?

- The gap between what's owed and what's sustainable is what defines the size of the "debt relief" ask—how much creditors will be expected to give up in reduced principal, lower coupons, or stretched maturities
- Venezuela GDP estimate, produced with the help of centerview, shows roughly \$100 billion of GDP, implying a debt-to-GDP ratio greater than 200%. This has shrunk substantially from the \$370 billion under Hugo Chavez in 2012.
- This GDP estimate lacks the stamp of the IMF, leaving questions around its validity and the potential impact on the country
- The live tension: some creditor groups may prefer proceeding without an IMF program if they see room to negotiate more favorable terms absent an independent sustainability constraint; others (and reportedly Bessent) want the Fund involved.
- **Moderator asks:** "Odette, how about in Cuba. Why is the IMF not currently involved in their restructuring?"
- Cuba's exclusion from the IMF:
 - Cuba had drawn \$25 million from the Fund in 1958 and was supposed to repay within six months, but it repeatedly asked to defer
 - Faced with the prospect that the IMF would initiate compulsory-withdrawal procedures, Cuba withdrew voluntarily from the IMF in April 1964—while signalling it would repay what it owed, which the Castro government then did in full, with accumulated interest, over the following five years
 - Cuba has stayed out of the IMF since. The Helms-Burton Act of 1996 requires the U.S. Treasury Secretary to instruct the U.S. executive director at each international financial institution to use the U.S. voice and vote to oppose Cuba's admission—until the President determines that a democratically elected government is in power in Cuba
- **Moderator asks:** "Let me ask our panelists: how does the complication of the sanctions impact the overall restructuring that is trying to be accomplished?" (Open to Jill, Odette or Mariaelena to respond)

D. Practical effects of sanctions on the restructuring itself (~5 min)

- Negotiations: OFAC licensing constrains who US persons/advisers can engage with, given SDN-listed officials and government entities.

- Financing: interim or new financing runs through licensed channels (GL 49/49A, 50/50A, 52).
 - These are all General Licenses under OFAC's Venezuela Sanctions Regulations (31 C.F.R. Part 591), issued in 2026 as part of a wave of authorizations that reopened narrow, tightly conditioned channels for U.S. persons to re-engage with Venezuela's oil, gas, petrochemical, and electricity sectors. Importantly, none of them lift sanctions—PdVSA, PdVSA-owned entities, and the Government of Venezuela remain blocked under Executive Orders 13850 and 13884; the GLs just carve out permitted activity.
 - GL 49 / 49A — contingent contracts. GL 49 authorized U.S. persons to negotiate and enter into contingent contracts for certain new investments in Venezuelan oil and gas operations, even where the underlying activity would otherwise be prohibited. The key limitation is that these are forward-looking arrangements only—performance must be expressly conditioned on getting separate OFAC authorization later. GL 49A expanded that contingent-contract authorization beyond oil and gas to also cover the petrochemical products and electricity sectors, but still does not authorize actually performing the contracts.
 - GL 50 / 50A — named foreign operators. This license authorizes specific, named foreign companies to conduct oil or gas operations in Venezuela. GL 50A added a sixth named operator—a French company—to the list of foreign operators authorized to conduct oil or gas operations in Venezuela, superseding the original GL 50.
 - GL 52 — the broadest PdVSA authorization. Issued March 18, 2026, this is the most significant of the three. GL 52 authorizes all transactions prohibited by EO 13884 or EO 13850 involving PdVSA or PdVSA-owned entities by an established U.S. entity, provided certain conditions are met. It's the broadest PdVSA-related authorization OFAC has issued under the Venezuela Sanctions Regulations, but it does not lift sanctions. The catch is structural: the choice-of-law condition, the payment-routing mechanism, and the counterparty exclusions impose a contractual architecture that has to be built into any commercial deal from the start rather than added at execution.
- Claims trading: funds need OFAC comfort before trading defaulted paper; blocked-persons issues complicate settlement/clearing.

- Asset sales: the CITGO share sale process as the marquee example of sanctions colliding with judgment enforcement.
 - The backdrop is a court-ordered auction running in Delaware federal court since 2022, selling the shares of PDV Holding—CITGO's U.S. parent, ultimately owned by Venezuela's state oil company PDVSA—to satisfy roughly \$21 billion in creditor claims against Venezuela and PDVSA.
 - In late November 2025, the process reached what looked like its final major step: Judge Leonard Stark approved a \$5.9 billion bid from Amber Energy, an affiliate of Elliott Investment Management, clearing the way to sell PDV Holding. (With a roughly \$2.1 billion settlement earmarked for holders of the defaulted PDVSA 2020 bond, the total package runs to about \$8 billion.)
 - But approval and closing are two different things, and the proceeds are held up by several interlocking obstacles:
 - The biggest one is the OFAC license. Because this is a Venezuela-linked, sanctioned-entity transaction, it can't close without a specific Treasury license. As of an April 2026 account, Treasury was still sitting on it, with critics characterizing the delay as a stall.
 - Second, Venezuela and PDVSA are actively fighting it. PDVSA and the Venezuelan government filed an appeal in mid-January 2026, asking the Third Circuit Court of Appeals to halt the sale to Amber, citing an alleged conflict of interest that the district court had rejected.
 - Third, there's an unresolved collateral fight over the PDVSA 2020 bonds, whose holders have separately litigated a claim attached to CITGO shares—a question that continues to be litigated and complicates how proceeds get distributed.
- Enforcement: FSIA sovereign-immunity questions intersect with OFAC blocking.
- Distributions: getting recovery proceeds to bondholders typically requires specific licenses, raising waterfall questions across claimant classes.
 - U.S. sanctions severed the pipeline: because PDVSA and the Government of Venezuela are blocked persons, a paying agent with any U.S. nexus can't process their payments, and any funds touching U.S. jurisdiction would be frozen rather than passed through.

- **Moderator asks:** "Jill, how has the earthquake shifted to calculus for debt restructuring in Venezuela?"

E. The earthquake, folded in (~3 min)

- June 24, 2026 earthquake plus a 7.5-magnitude aftershock: 5,000+ confirmed dead, ~17,000 injured; UN estimates direct physical damage exceeds a third of GDP.
- US response: \$300M pledged, disaster relief teams, OFAC General License 60 (expires Oct 23, 2026).
 - Authorized relief transactions include those involving the Government of Venezuela and Specially Designated Nationals sanctioned under the executive orders
 - OFAC also clarified that U.S. financial institutions may process payments from third countries related to the relief
- Because the window closes October 23, 2026, anything resembling sustained reconstruction financing would need a fresh or extended authorization
- Reconstruction-financing tension:
 - Shifted focus away from restructuring to humanitarian aid
 - Rebuilding costs now compete directly with creditor recovery for the same scarce pool of assets and oil revenue; growing calls to unfreeze state assets abroad specifically for reconstruction.
- **Moderator asks:** "Odette, let's transition to Cuba. What is the US trying to accomplish in the country, and how has it affected other countries in the region?"

Segment 3 — Cuba, Regional Spillover, and Mexico: What Treasury and State Are Trying to Achieve (14 min)

A. What Treasury/State are trying to accomplish (~5 min)

- The State Department (under Secretary Marco Rubio, whose Cuban-American exile background is often noted as shaping his approach) is driving strategic and diplomatic decisions in Cuba.
- The Treasury Department (under Secretary Scott Bessent, through OFAC) is the financial instrument—it does the blocking, administers the secondary-sanctions machinery, and works to cut the regime off from the U.S. and global financial systems

- **Counter Cuba as a National Security Threat:** A June 2025 National Security Presidential Memorandum (NSPM-5) directed agencies to tighten regulations on transactions, travel, and remittances to deny revenue to the Cuban military and government, while channeling humanitarian aid through NGOs to reach the Cuban people while bypassing the regime
- **Provide Human Rights Accountability:** improve human rights and encourage the rule of law, with sanctions targeting officials tied to political repression and to the labor-export programs the U.S. characterizes as forced labor
- **Change Behavior:** As one summary of the State Department's own framing put it, the stated ultimate goal of the sanctions is not to punish but to bring about a positive change in behavior. Some characterizes the campaign as pushing instead for regime change in Cuba
- **Moderator asks:** "Odette/Jill, how has the approach the US has taken spilled over into the region?"

B. Regional spillover — shipping and oil prices (~5 min)

- Global oil price impact has been limited: Venezuela's ~1.1M bpd mostly flows to China and India, not the Atlantic Basin.
- Regional shipping impact is real and acute in dependent markets — Cuba, Curaçao, Trinidad; Venezuela's PetroCaribe relaunch faces the same dollar-clearing and maritime-transport constraints.
- Cuba's fuel embargo: the Jan 29, 2026 EO created an effective oil embargo; Venezuela halted shipments in Dec. 2025, Mexico slashed its own; a one-off March 2026 exception let a sanctioned Russian tanker dock.
- **Moderator asks:** "Odette, what has been the specific impact to Mexico"

C. Mexico deep dive (~4 min)

- Mexico had become one of Cuba's most important oil suppliers as Venezuelan flows declined, providing crude and refined products through Pemex and a Pemex-controlled entity set up to manage the energy cooperation
- After the January 2026 U.S. intervention in Venezuela and the capture of Maduro, Washington turned to Cuba's oil lifeline: Executive Order 14380 in January 2026 authorized additional duties on goods imported from countries determined to have directly or indirectly purchased, received, or otherwise provided oil to Cuba. Mexico quickly pivoted from the pressure

- Pemex's Cuba shipments fell from ~15,000 bpd (2025) to 900 bpd in Q1 2026 — a 96% cut, driven by Sheinbaum's effort to avoid US tariff retaliation.
- Sheinbaum is routing resumed shipments through private companies with commercial permits rather than Pemex directly.
- Sits alongside migration cooperation and the 2026 USMCA review as a bargaining chip in the broader US-Mexico relationship.
- Cuba now risks a total collapse of its energy supply, as it is reliant on private Mexican firms willing to brave US sanctions
- **Moderator asks:** "Mariaelena, what industries have benefited from the sanctions lifting in Venezuela, and what specific licenses were granted?"

Segment 4 — Industries in the Crosshairs (6 min)

- Oil & gas majors/oilfield services — licensed re-entry (Chevron, Shell, BP, Eni, Repsol); temporary because it's licensed, not legislated.
 - The core authorizations let established U.S. entities deal in Venezuelan-origin oil (GL 46 and its amendments 46A/46B/46C—lifting, sale, export, refining, transport), authorize the sale of U.S.-origin diluents to Venezuela (GL 47/47A), and cover the maintenance of oil and gas operations, including the refurbishment or repair of items used for oil or gas exploration, development, or production (GL 48)
 - Also folded in relief for Petrochemicals and electricity
- Minerals & mining - GL 51 (through 51B) authorized dealings in Venezuelan-origin minerals including gold, and OFAC then went further: GL 54A authorizes transactions for the exploration, development, mining, extraction, processing, refining, or production of minerals, including gold
- Shipping, maritime insurance & trade finance — shadow-fleet unwind for Venezuela; the Cuba blockade's tanker-by-tanker exception process.
- Financial services/correspondent banking & compliance — managing Venezuela easing and Cuba secondary-sanctions expansion at once.
 - On April 14, 2026, OFAC issued GLs 56 and 57, authorizing commercial negotiations with the Government of Venezuela and the provision of a broad range of ordinary-course financial services involving the Venezuelan central bank and three state-controlled banks,

- None of these specific licenses relieved the fact that the PDVSA and the Venezuela Government remain blocked parties
 - Payments to blocked parties generally must route into the Treasury-controlled Foreign Government Deposit Funds under EO 14373,
 - There are reporting requirements and exclusions for SDNs and many companies do not want to participate in this process
- Regional energy & utilities (Caribbean/Mexico) — downstream of decisions made in Washington and Caracas.
- **Moderator asks:** "Jill, what are the opportunities for a distressed investor?"

Segment 5 — Distressed Opportunities: Playbook & Risk, Including Argentina (8 min)

- Distressed debt, claims trading & restructuring advisory — direct beneficiaries of the Venezuela overhaul.
- Venezuelan bonds jumped up to 30% after Jan 3; early positioners cited as winners.
- The hard part: monetizing marks amid partial sanctions architecture, competing arbitration-award creditors, an unresolved IMF question, and post-earthquake reconstruction financing layered on top.
- Argentina comparison: corporates/provinces reopened market access first while the sovereign still avoids global bond markets; the Second Circuit's March 2026 reversal of the \$16.1B YPF judgment; a 2027 IMF repayment wall lining up with Milei's re-election bid.
- **Moderator asks:** "Odette, what impact do you potentially see from the upcoming midterm elections"

Forward Look — The Midterms and What Could Change Policy (4 min)

- November 2026 midterms are already shaping the pace of Venezuela policy.
- A Democrat-controlled Congress would likely mean more war-powers votes and closer scrutiny of oil-revenue handling, but is unlikely to reverse the sanctions-easing direction.

Audience Q&A (4 min)

Closing (2 min) — 60-second takeaway from each panelist + moderator wrap

Faculty

Jill Dauchy is a senior advisor in the Public Policy Practice of Potomac Group in Washington, D.C., where she specializes in sovereign balance-sheet management. With more than 25 years of experience, she has advised governments and institutions, including the World Bank, United Nations and African Development Bank, on debt-management issues, financing strategies, market access and structuring innovative transactions to support development agendas. Ms. Dauchy has been a trusted advisor to sovereign governments and public entities for more than 25 years in a dozen countries throughout Europe, Asia, Africa and Latin America. As the founder and CEO of Potomac Group, she focuses on issues of debt sustainability and restructuring, as well as strategies for stimulating growth, ensuring market access and infrastructure financing. Ms. Dauchy provides support to a multitude of sovereigns, international institutions and public and private sector businesses. She began her career in finance on the emerging markets fixed-income trading floor of a Swiss investment bank and financial services company in New York. Following the bank's subsequent merger, she moved to London, joining its sovereign advisory team. She continued working with that team for more than 15 years, advising governments worldwide before returning to the U.S. in 2015. Prior to founding Potomac Group, Ms. Dauchy was a managing director at Millstein & Co. In addition to her advisory work, she is the host of the globally recognized podcast, *Sovereign Debt*, which has been downloaded in more than 159 countries. She also serves as an external expert to the IMF and is an active member of the Institute of International Finance (IIF), where she contributes to the Principles Consultative Group, the Committee for Sovereign Risk Management and the Committee for Debt Transparency. Ms. Dauchy received her B.A. in Soviet/Russian studies from Barnard College, Columbia University, and is fluent in French and Russian. She also holds an M.B.A. from the Wharton School of Business and an M.A. in international studies from the Lauder Institute at the University of Pennsylvania.

Mariaelena Gayo-Guitian is a partner with Venable LLP in Miami, where she focuses on complex commercial bankruptcy, financial restructuring, insolvency matters, business reorganization and creditors' rights. She regularly represents chapter 11 debtors in possession (DIPs), trustees and restructuring professionals in large complex cases throughout Florida. Ms. Gayo-Guitian has experience handling adversary matters involving bankruptcy claims, fraud claims, professional negligence and bankruptcy avoidance actions. She also has represented trustees and creditors in bankruptcy cases under chapters 7 and 11. As a complement to her bankruptcy practice, Ms. Gayo-Guitian also has experience in representing both assignors and assignees in assignments for the benefit of creditors in state court proceedings. She is a frequent lecturer and presenter on bankruptcy, restructuring, and related issues at conferences and seminars sponsored by the American Bar Association (ABA), The Florida Bar, and the Southern District of Florida Bankruptcy Bar Association. Ms. Gayo-Guitian is an active member of the Southern District of Florida Bankruptcy Bar Association and ABI, an advisory board member and a past co-chair of the ABI's International Caribbean Insolvency Symposium, and a member and past president of the Broward County Hispanic Bar Association. She also is a member of the International Women's Insolvency & Restructuring Confederation (IWIRC) and the American Bankruptcy Association. Ms. Gayo-Guitian received her B.B.A. and political science degree *cum laude* from the University of Miami in 1985 and her J.D. in 1988 from the University of Miami School of Law, after which she clerked for former Chief Bankruptcy Judge Sidney M. Weaver in the Southern District of Florida.

Odette Ponce is an associate in the Government Strategies and Cuba Practice Groups of Akerman LLP in Miami, where she focuses on export controls, economic sanctions, foreign investment and international trade compliance, and provides clients with strategic guidance on complex U.S. and international regulatory frameworks. She also advises clients on compliance with regulations administered by federal agencies such as the U.S. Department of Commerce's Bureau of Industry and Security (BIS), the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), the U.S. Department of State's Directorate of Defense Trade Controls (DDTC) and the Committee on Foreign Investment in the United States (CFIUS). Ms. Ponce's work includes representing clients before these agencies, advising on enforcement risks and compliance strategies, conducting national security reviews, preparing licensing applications, and negotiating violations settlements with government authorities. She counsels clients on evaluating and structuring business transactions to ensure compliance with U.S. sanctions and export control laws, including those involving sensitive jurisdictions and emerging markets. She also is active in counseling nonprofit organizations on compliance issues related to their activities in Cuba and other sanctioned jurisdictions. Prior to joining Akerman, Ms. Ponce gained extensive experience in international development, philanthropy, human rights and global health. She received her B.A. in 2013 from Florida International University, her M.P.H. in 2016 from Boston University and her J.D. in 2022 from the University of Miami School of Law.

Stephen A. Spitzer is a director with AlixPartners, LLP in New York and has nearly 20 years of management and consulting experience, navigating both debtors and creditors through restructurings. His operational experience includes acting as the senior financial executive for a division of a multibillion-dollar direct-marketing and media company, interim treasurer for a publicly traded manufacturing company, and CFO for a private-equity-backed magazine publishing company. Mr. Spitzer has experience in establishing financial control policies and procedures, developing long-range business plans, designing management reporting tools, and creating liquidity forecasts. He has spent the last 10 years as a consultant providing restructuring leadership and investment banking services for companies in the media, direct marketing, entertainment, manufacturing and telecommunications industries. Mr. Spitzer received his Bachelor's degree in economics from the University of Pennsylvania in 1995.