



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MAR - 4 1994

FAC No. C-138526

Dear Mr. Kavulich:

This is in response to your letter of December 27, 1993 concerning the application of the Cuban Assets Control Regulations, 31 C.F.R. Part 515 (the "Regulations"), to certain investments by persons subject to the jurisdiction of the United States.

The Regulations prohibit any transaction on the part of a person subject to the jurisdiction of the United States in which Cuba or a Cuban national has an interest of any kind. 31 C.F.R. §§ 515.201 & 515.311. In your letter, you pose a series of questions that appear to be designed to determine the extent of Cuban interest that must exist before the prohibition contained in the Regulations comes in to play. As Serena Moe of the Office of Chief Counsel indicated to you in a phone conversation, only broad parameters can be drawn in the absence of specific factual scenarios. We recommend that you write to us again when you have more specific and detailed information concerning possible investments.

In your letter you ask whether a U.S. company may invest in a third-country company that has commercial dealings with Cuba. Injecting capital into a company in a manner supporting its Cuban transactions is prohibited to persons subject to the jurisdiction of the United States unless those transactions are authorized by the Office of Foreign Assets Control ("FAC") or are exempt from regulation. A U.S. company or individual may make a secondary market investment in such a company provided that the investment does not result in control in fact of the third-country company by the U.S. investor. Acquiring control of a company which has ongoing business dealings with Cuba would require a license from the FAC which typically would involve a plan to discontinue such business dealings. Secondary market investment that falls short of a controlling interest in such a company is not prohibited.

If you have any further questions concerning this matter,
please call me (202/622-2510) or Ms. Moe (202/622-2410).

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard Newcomb".

R. Richard Newcomb
Director
Office of Foreign Assets Control