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New US Law Doubles Statute of Limitations for Sanctions Violations

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On April 24, 2024, President Joe Biden signed into law HR 815, which primarily provides supplemental emergency appropriations relating to ongoing conflicts in Ukraine, Israel and Taiwan. Although principally focused on an emergency foreign aid package, HR 815 also extends the statute of limitations for civil and criminal violations of sanctions regulations from five to 10 years – a notable change that is likely to be profoundly impactful in the investigations, transactional and compliance contexts.

The primary statutory authorities for most US sanctions programs are the International Emergency Economic Powers Act (IEEPA) and the Trading With the Enemy Act. Previously, violations of regulations based on these authorities were subject to a five-year statute of limitations period. HR 815 doubles that statute of limitations to 10 years going forward, which is likely to significantly expand the number of violations that can be enforced and – because penalties are assessed **per violation** – increase penalty exposure.

Other notable implications of this change may include:

- Broader – and likely more time-, cost- and resource-intensive – diligence in connection with certain corporate transactions, including mergers and acquisitions and private equity investments.
- Revisions to representations and warranties in various transactional, commercial, and financing documents.
- Expansion of internal record-keeping requirements.
- Adjustments to internal compliance programs and best practices, including with respect to internal investigations and voluntary self-disclosures.

Importantly, these changes may impact other IEEPA-based regulations, such as the US Office of Foreign Assets Control's forthcoming outbound investment program and the US Department of Commerce's information and communications technology and services program.

Cooley closely monitors enforcement-related and other regulatory developments. If you have any questions, please reach out to your Cooley contact or one of the lawyers below.

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