

U.S. imposes sanctions on Russian individuals, their companies, and Russian government officials

6 April 2018

Today, the [Trump Administration designated multiple Russian targets](#), including several wealthy individuals and their companies, as Specially Designated Nationals (SDNs). These designations of major companies represent the strongest action to date by the Trump Administration against Russia and will have both symbolic and economic impact. Considering that these newly-designated individuals and entities have extensive business holdings, companies, universities, and other organizations should review the nature and extent of their dealings with them. While certain general licenses for wind down activities were issued, they are limited and have a number of conditions and restrictions.

As of today, the designated individuals and entities have been added to the SDN and Blocked Persons List, administered by the Office of Foreign Asset Control (OFAC) at the Department of the Treasury. Under primary U.S. sanctions, U.S. persons (including U.S. entities) are prohibited from transacting with these individuals and entities, as well as any entity of which they own 50 percent or more, directly or indirectly, even if such entity is not identified on OFAC's SDN list (the same is true if that non-listed entity is owned 50 percent or more in the aggregate by two or more SDNs). All property of any such designated individuals or entities (or non-listed entities who are owned by SDNs as noted above) that is located within the United States or within the possession or control of U.S. persons is blocked and such blocking has to be reported to OFAC within 10 business days.

While the primary prohibitions apply to U.S. persons or activities that have a U.S. nexus (such as USD payments clearing through the U.S. financial system), non-U.S. persons could also face exposure under so-called "secondary" U.S. sanctions if they engage in transactions with these SDNs. Specifically, non-U.S. persons can be targeted for sanctions under relevant executive orders if they are determined by OFAC to have provided "material assistance" to a newly-designated SDN. Non-U.S. persons could also face sanctions exposure, pursuant to Section 228 of the Countering America's Adversaries Through Sanctions Act, (PL 115-44), for facilitating a "significant transaction" with any of these individuals or entities. However, per [OFAC FAQ 574](#) (and as described in FAQs 542 and 545), a transaction would not be considered "significant" and therefore not meet the statutory requirements for the imposition of sanctions, if a U.S. person would not need a specific license from OFAC to engage in it – e.g., if a U.S. person could engage in the activity pursuant to either of the two general licenses issued today by OFAC for certain limited activities, as described below.

OFAC has issued two time-limited General Licenses (“[GL 12](#)” and “[GL 13](#)”) in conjunction with the announced designations to permit certain divestment and wind-down activities in relation to limited subsets of the newly-designated entities. [OFAC also issued Frequently Asked Questions](#) (the FAQs) providing guidance on the new sanctions and General Licenses.

Any transactions with the newly-designated entities, or entities of which they control 50 percent or more, which involve U.S. persons, should be reviewed immediately and stopped unless authorized pursuant to GL 12 and 13. U.S. persons also should consider whether they are in possession of any property interests of these SDNs that require blocking and associated filing of blocked property reports to OFAC. Non-U.S. persons should similarly consider whether transactions with the new SDNs create risk of exposure under secondary U.S. sanctions noted above.

Under GL 12, OFAC has authorized most transactions and activities ordinarily incident and necessary to the maintenance of wind down operations, contracts, or other agreements by **5 June 2018 with:**

- AgroHolding Kuban
- Basic Element Limited
- B-Finance Ltd.
- EN+ Group PLC
- JSC EuroSibEnerg
- GAZ Group
- Gazprom Burenie, 000
- Ladoga Menedzhment, 000
- NPV Engineering Open Joint Stock Company
- Renova Group
- Russian Machines
- United Company RUSAL PLC
- Any other entity in which one or more of the above persons own, directly or indirectly, a 50 percent or greater interest

GL 12 does **not** authorize the export of goods from the United States or divestment of debt, equity, or other holdings for an SDN, nor does it authorize payments, directly or indirectly, to these SDNs. Instead, any payments owed to these SDNs can be made under GL 12 by depositing funds in a blocked account at a U.S. financial institution.

Under GL 13, OFAC has licensed all transactions and activities ordinarily incident and necessary to divesting or transferring debt, equity, or other holdings of the following blocked persons to a non-U.S. person by **7 May 2018:**

- EN+ Group PLC
- GAZ Group
- United Company RUSAL PLC

U.S. businesses or individuals that participate in transactions authorized under either GL 12 or 13 are required to file a detailed report with OFAC within 10 business days of the expiration of each license (please note that this reporting obligation is separate from the requirement to file a blocked

property report with OFAC, as noted above). These reports under GL 12 or 13 must contain the names and addresses of parties involved in transactions authorized under the GLs, the type and scope of activities conducted, and the dates of each transaction.

Please contact any member of our global sanctions team if you have any questions about these new U.S. sanctions.

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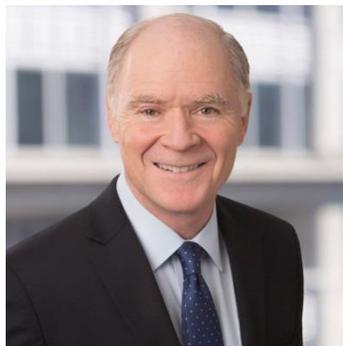
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