



CLIENT ALERT:
U.S. EXPANDS SANCTIONS RELATED TO UKRAINE

July 17, 2014

Sectoral Sanctions Targeting Russian Companies

On July 16, 2014, the Office of Foreign Asset Control (“OFAC”) of the U.S. Department of the Treasury announced the expansion of sanctions relating to the Ukraine under Executive Order 13662. These expanded sanctions are sectoral sanctions which prohibit U.S. persons from supplying certain financing to two key Russian banks and energy companies.

Russian banks Gazprombank OAO and VEB, and Russian energy companies OAO Novatek and Rosneft, have all been listed on a new Sectoral Sanctions Identification (“SSI”) list. Under Directive 1 issued in implementation of Executive Order 13662, U.S. persons are prohibited from July 16 forward from providing new financing for, or otherwise dealing in new debt of longer than 90 days in maturity or new equity for either Gazprombank OAO or VEB. This restriction also applies to any entity more than 50% owned by either bank.

Directive 2 under E.O. 13622 imposes a similar prohibition on U.S. person providing new financing, or otherwise dealing in new debt of longer than 90 days in maturity, for either OAO Novatek and Rosneft, or any company more than 50% owned by them.

These Directives do not add any of these four companies to the U.S. Specially Designated Nationals (“SDN”) list or block their property and interest in property in the U.S. The Directives also do not prohibit other transactions with those companies by U.S. persons. Under E.O. 13662 a “U.S. person” is defined as any United States citizen, a permanent resident alien, an entity organized under the laws of the United States or any jurisdiction within the U.S., and any person located in the United States.

Additions to the SDN List

Also on July 16, OFAC added an additional group of companies and individuals to the U.S. SDN list pursuant to Executive Orders 13660 and 13661. The following eight companies associated with the Russian defense industry have been designated as SDNs under E.O. 13661:

Almaz-Antey
Federal State Unitary Enterprise State Research and Production Enterprise Bazalt
JSC Concern Sozvezdie
JSC MIC NPO Mashinostroyenia
Kalashnikov
KBP Instrument Design Bureau

Radio-Electronic Technologies
Uralvagonzavod

The SDN designation of these companies means that their property and interest in property in the U.S. is blocked and that U.S. persons generally cannot transact any business with them.

Four individual Russian government officials were also added to the SDN list under E.O. 13661 and three entities and one person were named SDNs under E.O. 13660. One of the entities is Feodosiya Enterprise, which OFAC describes as operating a key shipping facility in the Crimean peninsula for oil imports and exports. The assets of these individuals and companies located in the U.S. are now blocked and U.S. persons are prohibited from dealing with them.

To review the Department of the Treasury Press Center announcement of these expanded sanctions, click [here](#).

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