

## CLIENT ALERT

### Escalating Tensions: Crimea Votes and the EU, U.S., and Canada Issue Sanctions in Response

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As they had warned on Friday, the United States, Canada, and the European Union announced additional sanctions on Russian and Ukrainian officials on Monday, March 17, 2014, in response to the vote on Sunday, in which the residents of the semi-autonomous region of Crimea in Ukraine reportedly voted overwhelmingly to join Russia.

#### Overview

On Sunday, March 16, 2014, the residents of Ukraine's Crimea region held a vote to determine their future in Ukraine. The United States and the EU had warned that they each considered the referendum to be illegal under both international law and the Ukrainian constitution. The vote was held anyway and initial accounts indicate that 96.7 percent of those voting elected to join Russia. Crimea declared itself independent on Monday morning and Russian President Putin has issued a decree recognizing Crimea as a sovereign state. In response, both the United States and the EU have expressed that they will not recognize the referendum's results and called on Russia to withdraw its troops from Crimea. The United States, Canada, and the EU are now implementing additional sanctions and have threatened to issue more sanctions if Russia proceeds with a formal annexation of Crimea.

#### United States Sanctions

The United States took two immediate actions in response to the vote in Ukraine. First, it issued a new Executive Order which expanded the scope of the President's previous Executive Order from March 6, 2014. Second, the United States designated 11 Russian and Ukrainian individuals under either Executive Order 13660 or the new Executive Order.

The new Executive Order substantially broadens the scope of existing sanctions, providing authority to target the entire Russian government as well as any individual or entity involved in the Russian arms sector. Specifically, it permits the Secretary of the Treasury, in consultation with the Secretary of State, to designate individuals or entities they determine:

- (A) To be an official of the Government of the Russian Federation.
- (B) To operate in the arms or related materiel sector in the Russian Federation.
- (C) To be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly:
  - (1) a senior official of the Government of the Russian Federation; or
  - (2) a person whose property and interests in property are blocked pursuant to this order.
- (D) To have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of:
  - (1) a senior official of the Government of the Russian Federation; or
  - (2) a person whose property and interests in property are blocked pursuant to this order.

Simultaneously, the United States issued its first designations under both its pre-existing authority and its new authority. These designations targeted the following 11 Russian and Ukrainian government officials:

- Vladislav Surkov: Presidential Aide to Russian President Vladimir Putin.
- Sergey Glazyev: Presidential Adviser to Russian President Vladimir Putin.
- Leonid Slutsky: State Duma deputy, where he is Chairman of the Duma Committee on CIS Affairs, Eurasian Integration, and Relations with Compatriots [NOTE: Also sanctioned by the EU in its action].
- Andrei Klishas: Member of the Council of Federation of the Federal Assembly of the Russian Federation and as Chairman of the Federation Council Committee of Constitutional Law, Judicial, and Legal Affairs, and the Development of Civil Society [NOTE: Also sanctioned by the EU in its action].
- Valentina Matviyenko: Head of the Federation Council.
- Dmitry Rogozin: Deputy Prime Minister of the Russian Federation.
- Yelena Mizulina: State Duma Deputy.
- Sergey Aksyonov: Claims to be the Prime Minister of Crimea and has rejected the authority of the legitimate government in Kyiv [NOTE: Also sanctioned by the EU in its action].
- Vladimir Konstantinov: Speaker of the Crimean parliament, which on March 11, 2014, declared independence from Ukraine [NOTE: Also sanctioned by the EU in its action].
- Viktor Medvedchuk: Leader of Ukrainian Choice.
- Viktor Yanukovich: Former Ukrainian President [NOTE: Already designated by EU on March 6, 2014].

The United States has made clear that these designations are simply a first step and additional designations will ensue if the situation does not de-escalate: "Today's actions also serve as notice to Russia that unless it abides by its international obligations and returns its military forces to their original bases and respects Ukraine's sovereignty and territorial integrity, the United States is prepared to take additional steps to impose further political and economic costs."

## European Union

Simultaneously, a meeting of the EU Council's Ministers of Foreign Affairs announced an [agreement](#) to impose travel bans and asset freezes on 21 Russian and Ukrainian officials in addition to the 18 it had designated earlier. These designations were announced in the EU's official journal on the afternoon of Monday, March 17. The EU designated four of the same individuals as the United States (as noted above). In addition, it designated the following 17 individuals including Ukrainian and Russian politicians as well as three Russian military commanders:

- Rustam Ilmirovich Temirgaliev: Deputy Chairman of the Council of Ministers of Crimea.
- Deniz Valentinovich Berezovskiy: Commander of the Ukrainian Navy.
- Aleksei Mikhailovich Chaliy: "Mayor of Sevastopol."
- Pyotr Anatoliyovych Zima: Head of the Crimean Security Service (SBU).
- Yuriy Zherebtsov: Counsellor of the Speaker of the Verkhovna Rada of Crimea.
- Sergey Pavlovykh Tsekov: Vice Speaker of the Verkhovna Rada.

- Ozerov, Viktor Alekseevich: Chairman of the Security and Defense Committee of the Federation Council of the Russian Federation.
- Dzhabarov, Vladimir Michailovich: First Deputy-Chairman of the International Affairs Committee of the Federation Council of the Russian Federation.
- Ryzhkov, Nikolai Ivanovich: Member of the Committee for federal issues, regional politics and the North of the Federation Council of the Russian Federation.
- Bushmin, Evgeni Viktorovich: Deputy Speaker of the Federation Council of the Russian Federation.
- Totoonov, Aleksandr Borisovich: Member of the Committee on culture, science, and information of the Federation Council of the Russian Federation.
- Panteleev, Oleg Evgenevich: First Deputy Chairman of the Committee on Parliamentary Issues.
- Mironov, Sergei Mikhailovich: Member of the Council of the State Duma; Leader of Fair Russia faction in the Duma of the Russian Federation.
- Zheleznyak, Sergei Vladimirovich: Deputy Speaker of the State Duma of the Russian Federation.
- Vitko, Aleksandr Viktorovich: Commander of the Black Sea Fleet, Vice-Admiral.
- Sidorov, Anatoliy Alekseevich: Commander, Russia's Western Military District.
- Galkin, Aleksandr: Russia's Southern Military District.

The EU is considering additional designations as well. The 21 initial names were taken from a draft list of more than 100 names on which the EU Ministers were deliberating. Further action is likely to be announced following the EU's Summit on Thursday, March 20, 2014.

## Canada

Finally, Canada followed suit and issued its own additional sanctions. Specifically, Canada added each of the 10 individuals designated by the United States to its own sanctions list; Canada had already designated former Ukrainian President Yanukovich on March 5, 2014. These sanctions freeze the assets subject to Canadian jurisdiction and impose travel bans for the identified individuals.

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The situation in Ukraine remains quite fluid and additional developments, including supplemental sanctions, are likely. Please contact the authors or your regular Crowell & Moring contacts for additional details and guidance.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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