

## CLIENT ALERT

### Round Three: New Russian Sanctions, Including Against Companies and Businessmen, Announced

Mar.20.2014

On Thursday, March 20, 2014, in response to the ongoing developments in Ukraine and the Crimea, the United States escalated its sanctions against the Russian Federation, [sanctioning](#) 20 individuals and 1 company, and issuing a new [Executive Order](#) authorizing potential sanctions against entire sectors of the Russian economy. These actions are in addition to the U.S.'s two earlier Executive Orders, summarized [here](#) and [here](#), and its previous designations of 11 individuals.

#### United States

##### New Designations Against Politicians, Businessmen, and One Company

First, the United States expanded the scope of its sanctions against Russia in two ways. Acting under Executive Order 13661 (EO) (Mar. 17, 2014), entitled *Blocking Property of Additional Persons Contributing to the Situation in Ukraine*, the United States added 20 new individuals to its sanctions lists. According to OFAC, the following 16 individuals were designated for their roles as part of the Russian Government:

1. BUSHMIN, Evgeni Viktorovich – Deputy Speaker of the Federation Council of the Russian Federation; Chairman of the Council of the Federation Budget and Financial Markets Committee [NOTE: Designated by the EU on Mar. 17 and Canada on Mar. 19].
2. DZHABAROV, Vladimir Michailovich – First Deputy Chairman of the International Affairs Committee of the Federation Council of the Russian Federation [NOTE: Designated by the EU on Mar. 17 and Canada on Mar. 19].
3. FURSENKO, Andrei Alexandrovich – Aide to the President of the Russian Federation.
4. GROMOV, Alexei – First Deputy Chief of Staff of the Presidential Executive Office; First Deputy Head of Presidential Administration; First Deputy Presidential Chief of Staff.
5. IVANOV, Sergei – Chief of Staff of the Presidential Executive Office.
6. IVANOV, Victor Petrovich – Director of the Federal Narcotics Service and Chairman of the Board of Directors of JSC Aeroflot.
7. KOHZIN, Vladimir Igorevich – Head of the Presidential Property Management Department.
8. MIRONOV, Sergei Mikhailovich – Member of the Council of the State Duma; Leader of A Just Russia Party; Member of the State Duma Committee on Housing Policy and Housing and Communal Services [NOTE: Already designated by the EU on Mar. 17].
9. NARYSHKIN, Sergey Yevgenyevich – Chairman of the Russian State Duma.
10. OZEROV, Viktor Alekseevich – Chairman of the Security and Defense Federation Council of the Russian Federation [NOTE: Designated by the EU on Mar. 17 and Canada on Mar. 19].
11. PANTELEEV, Oleg Evgenevich – First Deputy Chairman of the Committee on Parliamentary Issues [NOTE: Designated by the EU on Mar. 17 and Canada on Mar. 19].

12. RYZHKOV, Nikolai Ivanovich – Senator in the Russian Upper House of Parliament; Member of the Committee for Federal Issues, Regional Politics and the North of the Federation Council of the Russian Federation [NOTE: Already designated by the EU on Mar. 17].
13. SERGUN, Igor Dmitrievich – Lieutenant General; Chief of the Main Directorate of the General Staff (GRU); Deputy Chief of the General Staff.
14. TOTOONOV, Aleksandr Borisovich – Member of the Committee on Culture, Science, and Information, Federation Council of the Russian Federation [NOTE: Designated by the EU on Mar. 17 and Canada on Mar. 19].
15. YAKUNIN, Vladimir – Chairman of the Russian Railways.
16. ZHELEZNYAK, Sergei Vladimirovich – Deputy Speaker of the State Duma of the Russian Federation [NOTE: Designated by the EU on Mar. 17 and Canada on Mar. 19].

Additionally, the following four individuals were designated for providing material support to Russian government officials. Importantly, for the first time these designations include Russian businessmen.

1. KOVALCHUK, Yuri Valentinovich – Head of the Board of Directors of the Rossiya bank and its largest shareholder.
2. ROTENBERG, Arkady – Chairman of the SMP Bank, and Co-Owner of SMP Bank and SGM Group.
3. ROTENBERG, Boris – Co-owner of SMP Bank and SGM Group.
4. TIMCHENKO, Gennady (nationality Finland; alt. nationality Russia; alt. nationality Armenia) – Founder of Gunvor, one of the world's largest commodity trading companies involved in the oil and energy markets.

Taking into account OFAC's February 14, 2008 [guidance](#), OFAC may well be treating entities owned or controlled by these businessmen as designated and their property as blocked. Until OFAC clarifies whether these owned or controlled entities are also "shadow" SDNs, these entities should be flagged for manual review and clarification from OFAC should be received before transactions involving these entities proceed.

Finally, for the first time under the new Ukraine sanctions, the United States sanctioned a Russian company. Specifically, the United States designated Bank Rossiya (formerly known as Aktsionerny Bank Russian Federation) located in Moscow. According to the United States, Bank Rossiya provides "material support" to Russian officials.

The EO blocks all property subject to the jurisdiction of the United States, or of U.S. persons, of each of the aforementioned persons designated under the EO. U.S. persons are prohibited from providing or receiving any funds, goods, or services to any person designated under the order.

### **New Executive Order Targeting Sectors of the Russian Economy**

Second, the United States issued its third Executive Order (EO) in two weeks in relation to the crisis in Ukraine. This EO authorizes the Secretary of the Treasury to designate persons operating in sectors of the Russian economy identified by the Secretary of the Treasury, potentially including "financial services, energy, metals and mining, engineering, and defense and related material." The EO authorizes (a) the blocking of all assets of persons designated pursuant to this authority, as well as for those (b) who materially assist designated persons and (c) those who are owned or controlled by (or acting on behalf of) designated persons.

At a press conference announcing the new sanctions, President Obama warned the United States was willing to impose these additional sanctions on "key sectors" of the Russian economy even if such measures could be "disruptive to the global economy."

### **EU Additional Designations Anticipated**

The EU also is expected to add additional names to its list of sanctioned persons, supplementing the 39 individuals identified as subject to EU sanctions on March 6 and March 17, 2014.

### **Canada Action**

Additionally, on March 19, 2014, Canada also added 18 additional individuals to its list of designations [see here](#) and [here](#). These additions include each of the names that the EU added on March 17, 2014 as well as eight of those designated by the United States today.

### **Russian Response**

In response to the U.S. actions, Russia has announced its own set of asset freezes and travel bans on U.S. politicians. These bipartisan designations include: Senators Reid (D-NV), Menendez (D-NJ), McCain (R-AZ), Landrieu (D-LA), and Coats (R-IN), Speaker of the House John Boehner (R), and White House aides Dan Pfeiffer, Ben Rhodes, and Caroline Atkinson, amongst others. Russia has also imposed a blockade on imports from the Ukraine.

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Please contact the authors or your regular Crowell & Moring contact for questions regarding this alert or the implication of ongoing developments in the Ukraine.

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