

CLIENT UPDATE

U.S. EXPANDS SANCTIONS; RUSSIA RESPONDS

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In our Client Updates of [March 7](#), [March 13](#) and [March 18](#), we reported that the United States and European Union had imposed asset freezes and visa bans on certain Russian, Crimean and former Ukrainian government officials in connection with the crisis in Ukraine. Today, the United States expanded its sanctions; additionally, the European Union is considering further sanctions, and Russia has imposed a visa ban on certain U.S. government officials. We discuss each of these developments below.

UNITED STATES EXPANDS SANCTIONS AGAINST RUSSIA

Today, the United States added 20 individuals and one entity to its list of blocked persons. According to a statement by President Barack Obama, the newly sanctioned persons are “individuals with substantial resources and influence who provide material support to the Russian leadership, as well as a bank that provides material support to these individuals.” The entity—Bank Rossiya, based in St. Petersburg—is the first entity to be designated for Ukraine-related sanctions.¹

¹ The newly designated individuals are Evgeni Viktorovich Bushmin, Vladimir Michailovich Dzhaharov, Andrei Alexandrovich Fursenko, Alexei Gromov, Sergei Ivanov, Victor Petrovich Ivanov, Vladimir Igorevich Kohzin, Yuri Valentinovich Kovalchuk, Sergei Mikhailovich Mironov, Sergey Yevgenyevich Naryshkin, Viktor Alekseevich Ozerov, Oleg Evgenevich Panteleev, Arkady Rotenberg, Boris Rotenberg, Nikolai Ivanovich Ryzhkov, Igor Dmitrievich Sergun, Gennady Timchenko, Aleksandr Borisovich Totoonov, Vladimir Yakunin and Sergei Vladimirovich Zheleznyak.

As discussed in our earlier Client Updates, U.S. law prohibits United States persons—including U.S. banks and other companies anywhere in the world—from engaging in business with the designated individuals and entity. Any of their assets in the United States or in the possession of United States persons must be frozen. A blocked financial institution such as Bank Rossiya will have its accounts in the United States frozen; in addition, its wire transfers in United States dollars are likely to be frozen because such transfers are typically routed through the United States, and no U.S. entity will be able to provide it any services. The same consequences will apply to any direct or indirect subsidiaries of the blocked company.

Also today, President Obama issued a new Executive Order authorizing the U.S. Secretary of the Treasury to impose sanctions on designated individuals in “such sectors of the Russian Federation economy as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State, such as financial services, energy, metals and mining, engineering, and defense and related materiel.” It remains to be seen which sectors of the Russian economy the U.S. will target.

EUROPEAN UNION CONSIDERS FURTHER SANCTIONS

The European Council, which is meeting in summit, is also considering a further expansion of sanctions. According to reports, regulators in the UK and US have been asking banks for information on their Russian exposure.

RUSSIA ADOPTS COUNTERMEASURES

The Russian Foreign Ministry recently announced Russia’s first countermeasures against Western sanctions by imposing a visa ban on nine U.S. government officials.² To date, Russia has not imposed any asset freezes or broader countermeasures, but the Russian Foreign Ministry’s announcement suggests that Russia will respond to further measures that the U.S. may take against it.

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Please do not hesitate to contact us with any questions.

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² The nine are Caroline Atkinson, Daniel Pfeiffer, Benjamin Rhodes, Harry Reid, John Boehner, Robert Menendez, Mary Landrieu, John McCain and Daniel Coats.