

CLIENT UPDATE

UNITED STATES AUTHORIZES AID TO UKRAINE AND ADOPTS NEW SANCTIONS

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On April 3, 2014, President Obama signed into law two separate bills in response to the Ukraine crisis. These follow a recent Executive Order that authorizes the U.S. government to impose sector-based sanctions on the Russian economy, which we discussed in our [March 20 Client Update](#). These actions come on the heels of other U.S. government activities in response to events in Ukraine, including the issuance of advisories to financial institutions from the Treasury Department's Financial Crimes Enforcement Network ("FinCEN").

The first bill signed by President Obama, the Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014 ("Ukraine Act"), provides for the issuance of loan guarantees to Ukraine, directs the Secretary of State to provide certain technical assistance to Ukraine and other states in Central and Eastern Europe and authorizes enhanced security cooperation with Ukraine and other countries in the region.¹

The Ukraine Act also authorizes new blocking sanctions on certain persons.² Specifically, the Ukraine Act authorizes the President to impose blocking sanctions and visa bans on any person he determines:

¹ Pub. L. No. 113-95 (Apr. 3, 2014).

² "Blocking" of property means that the individual's or entity's assets will be frozen if they are in the U.S. or in the possession of a U.S. person. Blocking effectively amounts to a complete ban on transactions with the United States or with U.S. persons.

- Is responsible for significant acts of violence or gross human rights abuses in Ukraine associated with the anti-government protests in Ukraine that began on November 21, 2013;
- Is responsible for significant acts that are intended to undermine the peace, security, stability, sovereignty or territorial integrity of Ukraine, including acts of economic extortion;
- Is an official of the Russian Federation, or close associate or family member, who is responsible for acts of significant corruption in either Ukraine or Russia; or
- Materially assisted, sponsored or provided financial, material or technological support for, or goods or services in support of, (i) the commission of gross human rights abuses in Ukraine, (ii) acts that are intended to undermine the peace, security, stability, sovereignty or territorial integrity of Ukraine or (iii) acts of significant corruption in either Ukraine or Russia.

These sanctions largely overlap with those established in previous Executive Orders.

The second bill signed by President Obama, S. 2183, authorizes funds for the United States to enhance news and information programming to the people of Ukraine and the neighboring regions.³ S. 2183 directs Radio Free Europe/Radio Liberty (RFE/RL) to prioritize programming for Ukraine and the broader region that highlights inconsistencies and inaccuracies presented in Russian media, especially in regions where uncensored sources of information are limited or non-existent.

As we discussed in our [March 20 Client Update](#), the United States has so far designated 31 individuals and one entity, Bank Rossiya, under sanctions authorized in response to events in Ukraine. In addition, FinCEN has issued advisories to financial institutions to remind them of their obligation to monitor transactions and report suspicious activities with respect to these persons designated under the Ukraine-related sanctions.⁴ FinCEN notes that financial institutions should apply enhanced scrutiny to private banking accounts held by or on behalf of senior foreign political figures and monitor transactions that could potentially represent misappropriated or diverted state assets, the proceeds of bribery or other illegal payments or other public corruption proceeds.

³ Pub. L. No. 113-96 (Apr. 3, 2014).

⁴ FinCEN, FIN-2014-A002, Updated Guidance to Financial Institutions on Recent Events related to the Departure of Victor Yanukovich and Other Ukrainian Officials (Mar. 6, 2014).

For updates on Ukraine-related sanctions and other sanctions developments, please subscribe to the Debevoise & Plimpton LLP *Sanctions Alert*. The *Sanctions Alert* is a free, semi-monthly e-mail summary of developments in the area of economic and trade sanctions in the United States, the European Union and around the world. If you would like to subscribe, please e-mail sanctions@debevoise.com with a request to be added to the *Sanctions Alert* mailing list or sign up [here](#).

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Please do not hesitate to contact us with any questions.

April 11, 2014