

Update on United States Sanctions Against Russia

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On April 6, 2018, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") added 7 Russian oligarchs and 12 companies they own or control, 17 senior Russian government officials, and a state-owned Russian weapons trading company and its subsidiary, a Russian bank, to the Specially Designated Nationals and Blocked Persons ("SDN") List. These designations were made in response to what the U.S. Department of the Treasury described as "malign activity" by Russia in Syria, Crimea, eastern Ukraine, and the West, and mark the third time this year Russia/Ukraine-related individuals and entities have been added to the SDN List.

Under these sanctions, U.S. persons are generally prohibited from engaging in any dealings with an SDN or entities owned or controlled by an SDN. To minimize trading disruptions from the sanctions announced on April 6, OFAC issued two general licenses applicable to U.S. persons—General Licenses 12 and 13—to allow limited activities with certain of the Russian SDNs in the coming months.

In addition, the Russian SDNs designated on April 6 are subject to "secondary sanctions", a relatively new feature of the Russia sanctions regime, whereby non-U.S. persons and non-U.S. financial institutions may face penalties for knowingly engaging in "significant transactions" for or on behalf of any Russia-related SDN.

PRIMARY SANCTIONS

U.S. persons are not permitted to do business with individuals or entities on OFAC's SDN List, or with any entity that is 50 percent or more owned in the aggregate by one or more blocked persons. U.S. persons are also not permitted to engage in negotiations, enter into contracts, or process transactions involving a blocked person who is acting on behalf of a non-blocked entity. Appended to this memorandum is a full list of the Russia-related persons and entities that were added to the SDN List on April 6.

GENERAL LICENSE 12

OFAC's General License 12 permits U.S. persons to temporarily maintain or wind down existing operations, contracts, or other agreements (including relating to the importation of goods, services, or technology into the U.S.) that were in effect prior to April 6 and that involve any one of the following blocked entities, which include a subset of the entities designated on April 6:

- AgroHolding Kuban
- Basic Element Limited
- B-Finance Ltd.
- EN+ Group PLC
- JSC EuroSibEnerg

- GAZGroup
- Gazprom Burenie, OOO
- Ladoga Menedzhment, OOO
- NPV Engineering Open Joint Stock Company
- Renova Group
- Russian Machines
- United Company RUSAL PLC
- Any other entity in which one or more of the above persons own, directly or indirectly, a 50 percent or greater interest.

General License 12 does not authorize the provision of new services or exports. Payments received from blocked entities can be accepted until June 5, 2018. Payments made by U.S. persons directly or indirectly to the blocked entities listed in General License 12 must be deposited in a blocked account at a U.S. financial institution. General License 12 will expire on June 5, 2018. U.S. persons participating in transactions authorized by General License 12 must file a report of each transaction with OFAC within 10 business days of the expiration of the license.

GENERAL LICENSE 13

OFAC's General License 13 permits U.S. persons to divest or transfer to a non-U.S. person, or facilitate the transfer by a non-U.S. person to another non-U.S. person, of debt, equity, or other holdings in the following blocked entities:

- EN+ Group PLC
- GAZ Group
- United Company RUSAL PLC

General License 13 does not authorize U.S. persons to sell to, or invest in, blocked entities listed in General License 13 or any other blocked person. General License 13 will expire on May 7, 2018. U.S. persons participating in transactions authorized by General License 13 must file a report of each transaction with OFAC within 10 business days of the expiration of the license.

SECONDARY SANCTIONS

Non-U.S. persons must refrain from knowingly facilitating a "significant transaction" with any Russia-related person or entity on the SDN List or OFAC's Sectoral Sanctions Identifications ("SSI") List, as well as any entities owned or controlled by those listed persons or entities. These secondary sanctions apply to the Russia-related persons and entities listed on April 6 and any Russia-related persons listed prior to April 6. OFAC could impose a host of penalties against a non-U.S. person for violations of secondary sanctions, the most extreme being the addition of that non-U.S. person to the SDN List.

In the context of secondary sanctions, "significant transactions" are determined by reference to the totality of circumstances, including:

- the size, number, and frequency of the transaction(s);
- the nature of the transaction(s);
- the level of awareness of management and whether the transaction(s) are part of a pattern of conduct;
- the nexus between the transaction(s) and a blocked person;
- the impact of the transaction(s) on statutory objectives;
- whether the transaction(s) involve deceptive practices; and
- such other factors that the Secretary of the Treasury deems relevant on a case-by-case basis.

Thus, OFAC has broad discretion in determining whether an activity constitutes a "significant transaction". OFAC announced that a transaction is not significant if U.S. persons would not require specific licenses from OFAC to

participate in it. Therefore, activities engaged in by non-U.S. persons that comply with General License 12 or 13, and occur within the designated time period of those licenses, are not “significant”.¹

Foreign financial institutions (“FFIs”) must comply with certain additional secondary sanctions. FFIs are specifically prohibited from:

- knowingly engaging in “significant transactions” involving certain defense- and energy-related activities, or
- knowingly facilitating “significant financial transactions” on behalf of any Russian person added to OFAC’s SDN List.

For secondary sanctions involving FFIs, “financial transaction” is interpreted broadly to encompass any transfer of value involving a financial institution, including:

- the receipt or origination of wire transfers;
- the acceptance of commercial paper (both retail and wholesale), and the clearance of such paper (including checks and similar drafts);
- the receipt or origination of ACH or ATM transactions;
- the holding of nostro, vostro, or loro accounts;
- the provision of trade finance or letter of credit services;
- the provision of guarantees or similar instruments;
- the provision of investment products or instruments or participation in investments; and
- any other transactions for or on behalf of, directly or indirectly, a person serving as a correspondent, respondent, or beneficiary.

FFIs could face penalties—including losing the ability to maintain or open U.S. correspondent accounts or payable-through accounts—if the U.S. Secretary of the Treasury determines that the FFI has violated secondary sanctions.

In relation to secondary sanctions involving FFIs and other non-U.S. persons, “facilitated” is interpreted broadly and includes:

- the provision of assistance for certain efforts, activities, or transactions, including the provision of currency, financial instruments, securities, or any other transmission of value;
- purchasing, selling, transporting, swapping, brokering, financing, approving, guaranteeing; and
- the provision of other services of any kind, of personnel, or of software, technology, or goods of any kind.

Recent statements by the U.S. Department of the Treasury emphasize OFAC’s focus on enforcement of the secondary sanctions. For example, the Department has warned British banks to sever their relationships with the recently added Russian SDNs in order to maintain continued access to the U.S. financial system.

¹ For transactions with entities on the SSI List, a “significant transaction” encompasses a more limited set of conduct.

APPENDIX 1: APRIL 6, 2018 ADDITIONS TO OFAC'S SDN LIST

The following individuals have been added to OFAC's SDN List:

AKIMOV, Andrey Igorevich, Russia; DOB 1953; POB Leningrad, Russia; Gender Male; Chairman of the Management Board of Gazprombank (individual) [UKRAINE-EO13661].

BOGDANOV, Vladimir Leonidovich, Russia; DOB 28 May 1951; POB Suyerka, Uporovsky District, Tyumen Region, Russian Federation; Gender Male (individual) [UKRAINE-EO13662].

DERIPASKA, Oleg Vladimirovich, Moscow, Russia; 64 Severnaya Street, Oktyabrsky, Khutor, Ust-Labinsky District, Krasnodar Territory 352332, Russia; 5, Belgrave Square, Belgravia, London SW1X 8PH, United Kingdom; DOB 02 Jan 1968; POB Dzerzhinsk, Nizhny Novgorod Region, Russia; citizen Russia; alt. citizen Cyprus; Gender Male (individual) [UKRAINE-EO13661] [UKRAINE-EO13662].

DYUMIN, Alexey Gennadyevich (a.k.a. DYUMIN, Alexei), Russia; DOB 28 Aug 1972; POB Kursk, Russian Federation; Gender Male (individual) [UKRAINE-EO13661].

FRADKOV, Mikhail Efimovich (Cyrillic: ФРАДКОВ, Михаил Ефимович), Russia; DOB 01 Sep 1950; POB Kurumoch, Kuibyshev Region, Russia; Gender Male; Director of the Russian Institute for Strategic Studies (individual) [UKRAINE-EO13661].

FURSENKO, Sergei (a.k.a. FURSENKO, Sergey; a.k.a. FURSENKO, Sergey Aleksandrovich); DOB 11 Mar 1954; POB Saint-Petersburg (F.K.A. Leningrad), Russian Federation; citizen Russia; Gender Male (individual) [UKRAINE-EO13661].

GOVORUN, Oleg, Russia; DOB 15 Jan 1969; POB Bratsk, Irkutsk Region, Russia; Gender Male; Head of the Presidential Directorate for Social and Economic Cooperation with the Commonwealth of Independent States Member Countries, the Republic of Abkhazia, and the Republic of South Ossetia (individual) [UKRAINE-EO13661].

KERIMOV, Suleiman Abusaidovich (Cyrillic: КЕРИМОВ, Сулейман Абусаидович) (a.k.a. KERIMOV, Suleyman), Moscow, Russia; Antibes, France; DOB 12 Mar 1966; POB Derbent, Republic of Dagestan, Russia; citizen Russia; Gender Male (individual) [UKRAINE-EO13661].

KOLOKOLTSEV, Vladimir Alexandrovich, Russia; DOB 11 May 1961; POB Nizhny Lomov, Penza Region, Russia; Gender Male; Minister of Internal Affairs of the Russian Federation, General of the Police of the Russian Federation (individual) [UKRAINE-EO13661].

KOSACHEV, Konstantin, Russia; DOB 17 Sep 1962; POB Moscow, Russia; nationality Russia; Gender Male; Chairperson of the Council of the Federation Committee on Foreign Affairs (individual) [UKRAINE-EO13661].

KOSTIN, Andrey Leonidovich, Moscow, Russia; DOB 21 Sep 1956; POB Moscow, Russian Federation; Gender Male (individual) [UKRAINE-EO13661].

LEONE MARTINEZ, Miguel Jose (a.k.a. LEONE, Miguel), Severo Diaz 38, Col. Ladron de Guevara, Guadalajara, Jalisco 44600, Mexico; DOB 16 May 1980; citizen Italy; alt. citizen Venezuela; Website www.miguelleone.com; Gender Male; Passport YA1867648 (Italy) (individual) [SDNTK] (Linked To: LOS CUINIS).

MILLER, Alexey Borisovich, Moscow, Russia; DOB 31 Jan 1962; POB Saint-Petersburg, Russian Federation; Gender Male (individual) [UKRAINE-EO13661].

PATRUSHEV, Nikolai Platonovich, Russia; DOB 11 Jul 1951; POB Leningrad, Russian Federation; nationality Russia; Gender Male; Secretary of the Russian Federation Security Council (individual) [UKRAINE-EO13661].

PEREZ ALVEAR, Jesus (a.k.a. "Chucho Perez"), Guerrero, Mexico; DOB 12 Nov 1984; POB Distrito Federal, Mexico; nationality Mexico; Gender Male; R.F.C. PEAJ-841112-UD1 (Mexico); C.U.R.P. PEAJ841112HDFRLS06 (Mexico) (individual) [SDNTK] (Linked To: CARTEL DE JALISCO NUEVA GENERACION; Linked To: LOS CUINIS; Linked To: GALLISTICA DIAMANTE).

REZNIK, Vladislav Matusovich, Moscow, Russia; DOB 17 May 1954; Gender Male (individual) [UKRAINE-EO13661].

ROTENBERG, Igor Arkadyevich (a.k.a. ROTENBERG, Igor Arkadevich); DOB 09 May 1973; POB Leningrad, Russia; Gender Male (individual) [UKRAINE-EO13662].

SHAMALOV, Kirill Nikolaevich; DOB 22 Mar 1982; POB Leningrad, Russia; Gender Male (individual) [UKRAINE-EO13662].

SHKOLOV, Evgeniy Mikhailovich, Russia; DOB 31 Aug 1955; POB Dresden, Germany; nationality Russia; Gender Male; Aide to the President of the Russian Federation (individual) [UKRAINE-EO13661].

SKOCH, Andrei Vladimirovich (a.k.a. SKOCH, Andrey), Russia; DOB 30 Jan 1966; POB Nikolsky (Moscow), Russia; Gender Male; Deputy of State Duma (individual) [UKRAINE-EO13661].

TORSHIN, Alexander Porfiryevich, Moscow, Russia; DOB 27 Nov 1953; POB Mitoga village, Ust-Bolsheretsky district, Kamchatka region, Russian Federation; Gender Male (individual) [UKRAINE-EO13661].

USTINOV, Vladimir Vasilyevich, Russia; DOB 25 Feb 1953; POB Nikolayevsk-on-Amur, Russian Federation; Gender Male (individual) [UKRAINE-EO13661].

VALIULIN, Timur Samirovich, Russia; DOB 20 Dec 1962; POB Krasnozavodsk, Zagorsk District, Moscow Region, Russia; Gender Male; Chief of the General Administration for Combating Extremism of the Ministry of Internal Affairs of the Russian Federation (individual) [UKRAINE-EO13661].

VEKSELBERG, Viktor Feliksovich, Russia; DOB 14 Apr 1957; POB Drogobych, Lviv region, Ukraine; Gender Male (individual) [UKRAINE-EO13662].

ZHAROV, Alexander Alexandrovich (a.k.a. ZHAROV, Aleksandr), Russia; DOB 11 Aug 1964; POB Chelyabinsk, Russia; Gender Male; Head of the Federal Service for Supervision of Communications, Information Technology, and Mass Media (individual) [UKRAINE-EO13661].

ZOLOTOV, Viktor Vasiliyevich, Russia; DOB 27 Jan 1954; POB Ryazanskaya oblast, Russia; nationality Russia; Gender Male; Director of the Federal Service of National Guard Troops and Commander of the National Guard Troops of the Russian Federation (individual) [UKRAINE-EO13661].

The following entities have been added to OFAC's SDN List:

AGROHOLDING KUBAN (a.k.a. KUBAN AGRO; a.k.a. KUBAN AGROHOLDING), 77 Mira St., Ust-Labinsk, Krasnodar Territory 352330, Russia; 1 Montazhnaya St., Ust-Labinsk, Krasnodar Territory, Russia; 116 Mira St., Ust-Labinsk, Krasnodar Territory, Russia; 1 G. Konshinykh St., Krasnodar Territory, Russia; 2 Rabochaya St., Ust-Labinsk, Krasnodar Territory, Russia [UKRAINE-EO13661] [UKRAINE-EO13662] (Linked To: DERIPASKA, Oleg Vladimirovich; Linked To: BASIC ELEMENT LIMITED).

BASIC ELEMENT LIMITED (a.k.a. BAZOVY ELEMENT), Esplanade 44, Saint Helier JE4 9WG, Jersey; 30 Rochdelskaya Street, Moscow 123022, Russia; Registration ID 84039 [UKRAINE-EO13661] [UKRAINE-EO13662] (Linked To: DERIPASKA, Oleg Vladimirovich).

B-FINANCE LTD, Vanterpool Plaza, 2nd Floor, Wickhams Cay, Road Town, Tortola, Virgin Islands, British [UKRAINE-EO13661] [UKRAINE-EO13662] (Linked To: DERIPASKA, Oleg Vladimirovich).

EN+ GROUP PLC, Esplanade 44, Saint Helier JE4 9WG, Jersey; 8 Cleveland Row, London SW1A 1DH, United Kingdom; 1 Vasilisy Kozhinoy St., Moscow 121096, Russia; Registration ID 91061 [UKRAINE-EO13661] [UKRAINE-EO13662] (Linked To: DERIPASKA, Oleg Vladimirovich).

GALLISTICA DIAMANTE (a.k.a. GALLISTICA DIAMANTE S.A. DE C.V.; a.k.a. TICKET PREMIER), Aguascalientes, Aguascalientes, Mexico; Quinta Los Pirules Num. Ext. 182, Quinta Los Naranjos, Leon, Guanajuato 37210, Mexico; Website www.ticketpremier.mx [SDNTK].

GAZ GROUP, 88 Lenin Avenue, Nizhny Novgorod 603950, Russia; 15/1 Rochdelskaya Str., Moscow 123022, Russia [UKRAINE-EO13661] [UKRAINE-EO13662] (Linked To: DERIPASKA, Oleg Vladimirovich; Linked To: RUSSIAN MACHINES).

GAZPROM BURENIE, OOO (f.k.a. BUROVAYA KOMPANIYA OAO GAZPROM, DOCHERNEE OBSHCHESTVO S OGRANICHENNOI OTVETSTVENNOSTYU; a.k.a. GAZPROM BURENIYE LLC; a.k.a. GAZPROM DRILLING; a.k.a. LIMITED LIABILITY COMPANY GAZPROM BURENIYE; a.k.a. OBSHCHESTVO S OGRANICHENNOI OTVETSTVENNOSTYU GAZPROM BURENIE), 12A, ul. Nametkina, Moscow 117420, Russia; Website www.burgaz.ru; Email Address mail@burgaz.gazprom.ru; Registration ID 1028900620319; Tax ID No. 5003026493; Government Gazette Number 00156251 [UKRAINE-EO13662] (Linked To: ROTENBERG, Igor Arkadyevich).

JSC EUROSIBENERGO, 165 Chkalova Street, Divnogorsk, Krasnoyarsk Krai 663091, Russia; 1 Vasilisy Kozhinoy Street, Moscow 121096, Russia; Registration ID 5087746073817; Tax ID No. 7706697347; Identification Number 88303955 [UKRAINE-EO13661] [UKRAINE-EO13662] (Linked To: DERIPASKA, Oleg Vladimirovich; Linked To: EN+ GROUP PLC).

LADOGA MENEDZHMENT, OOO (a.k.a. OBSHCHESTVO S OGRANICHENNOI OTVETSTVENNOSTYU LADOGA MENEDZHMENT; a.k.a. OOO LADOGA MANAGEMENT), 10, naberezhnaya Presnenskaya, Moscow 123317, Russia; Registration ID 1147748143971; Tax ID No. 7729442761; Government Gazette Number 29437172 [UKRAINE-EO13662] (Linked To: SHAMALOV, Kirill Nikolaevich).

NPV ENGINEERING OPEN JOINT STOCK COMPANY (a.k.a. AKTSIONERNOE OBSHCHESTVO ENPIVI INZHINIRING; a.k.a. AO ENPIVI INZHINIRING; a.k.a. ENPIVI INZHINIRING, AO; a.k.a. NPV ENGINEERING JOINT STOCK COMPANY; a.k.a. OJSC NPV ENGINEERING), 5, per. Strochenovski B., Moscow 115054, Russia; PER. Strochenovskii B D.5, Moscow 115054, Russia; Website www.npve.narod.ru; Email Address npw@npv.su; Registration ID 106774653683; Tax ID No. 7707587805; Government Gazette Number 95533058 [UKRAINE-EO13662] (Linked To: ROTENBERG, Igor Arkadyevich).

RENOVA GROUP (a.k.a. JOINT-STOCK COMPANY RENOVA GROUP OF COMPANIES; a.k.a. JSC RENOVA GROUP OF COMPANIES), V, 28 Balaklavskiy Prospekt, Moscow 117452, Russia; 40, Malaya Ordynka, Moscow 115184, Russia; Registration ID 1047796880548; Tax ID No. 7727526670; Government Gazette Number 772701001 [UKRAINE-EO13662] (Linked To: VEKSELBERG, Viktor Feliksovich).

ROSOBORONEKSPORT OAO (a.k.a. OJSC ROSOBORONEXPORT; a.k.a. ROSOBORONEKSPORT OJSC; a.k.a. ROSOBORONEXPORT; a.k.a. ROSOBORONEXPORT JSC; a.k.a. RUSSIAN DEFENSE EXPORT ROSOBORONEXPORT), 27 Stromynka ul., Moscow 107076, Russia; Website www.roe.ru; Executive Order 13662 Directive Determination - Subject to Directive 3; Registration ID 1117746521452; Tax ID No. 7718852163; Government Gazette Number 56467052; for more information on directives, please visit the following link: <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/ukraine.aspx#directives> [SYRIA] [UKRAINE-EO13662] (Linked To: ROSTEC).

RUSSIAN FINANCIAL CORPORATION (a.k.a. AO RFK-BANK; a.k.a. BANK ROSSISKAYA FINANSOVAYA KORPORATSIYA AKTSIONERNOE OBSHCHESTVO; a.k.a. RFC-BANK; a.k.a. RUSSIAN FINANCIAL CORPORATION BANK JSC), St. George's Lane, D. 1, p. 1, Moscow 125009, Russia; d. 1 korp, 1 per. Georgievski, Moscow 125009, Russia; SWIFT/BIC RFCBRUMM; alt. SWIFT/BIC 044525257 [SYRIA].

RUSSIAN MACHINES (a.k.a. RUSSKIE MASHINY), Ul. Rochdelskaya 15, 8, Moscow 123022, Russia; Registration ID 1112373000596; Tax ID No. 2373000582; Identification Number 37100386 [UKRAINE-EO13661] [UKRAINE-EO13662] (Linked To: DERIPASKA, Oleg Vladimirovich; Linked To: BASIC ELEMENT LIMITED).

UNITED COMPANY RUSAL PLC, 44 Esplanade, St. Helier JE4 9WG, Jersey; 1 Vasilisy Kozhinoy Str., Moscow 121096, Russia; 11/F Central Twr., 28 Queen's Rd. C, Central District, Hong Kong; Registration ID 94939; Company Number F-17314 (Hong Kong); Business Number 51566843 (Hong Kong) [UKRAINE-EO13661] [UKRAINE-EO13662] (Linked To: EN+ GROUP PLC).

For the full SDN List, please see: <https://www.treasury.gov/ofac/downloads/sdnlist.pdf>

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