

ECONOMIC SANCTIONS - LEGAL FRAMEWORK FOR RUSSIA SANCTIONS

Executive Orders

[Executive Order](#) - Authorizing the Implementation of Certain Sanctions Set Forth in the Countering America's Adversaries Through Sanctions Act (September 20, 2018)

[13685](#) - Blocking Property of Certain Persons and Prohibiting Certain Transactions with Respect to the Crimea Region of Ukraine (December 19, 2014)

[13662](#) - Blocking Property of Additional Persons Contributing to the Situation in Ukraine (March 20, 2014)

[13661](#) - Blocking Property of Additional Persons Contributing to the Situation in Ukraine (March 17, 2014)

[13660](#) - Blocking Property of Certain Persons Contributing to the Situation in Ukraine (March 6, 2014)

Statutes

[Countering America's Adversaries Through Sanctions Act \(CAATSA\), PL 115-44](#)

[Ukraine Freedom Support Act of 2014 \(UFSA\)](#)

[Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014 \(SSIDES\)](#)

[International Emergency Economic Powers Act \(IEEPA\), 50 U.S.C. §§ 1701-1706](#)

[National Emergencies Act \(NEA\), 50 U.S.C. §§ 1601-1651](#)

Code of Federal Regulations

[31 CFR Part 589](#) - Ukraine-Related Sanctions Regulations

Federal Register Notices

[79 FR 26365-14](#) - Issuance of regulations to implement Executive Order 13660, Executive Order 13661, and Executive Order 13662

ECONOMIC SANCTIONS - LEGAL FRAMEWORK FOR RUSSIA SANCTIONS

Economic Sanctions

International Emergency Economic Powers Act (IEEPA), 50 U.S.C. §§ 1701-1706

“The President may ... investigate, block ..., regulate, ... void, ... prohibit, any acquisition, ... transfer, ... importation or exportation of, or dealing in, ... any property in which any foreign country or a national thereof has any interest by any person, or with respect to any property, subject to the jurisdiction of the United States”

- Department of the Treasury – Office of Foreign Assets Control (OFAC)

Money Laundering (often connected with economic sanctions and has an extraterritorial effect)

Bank Secrecy Act - **Section 311 of the USA PATRIOT Act** – Secretary of the Treasury requires US banks to take “special measures” regarding **foreign banks** which are of “primary money laundering concern”

Federal Racketeering statute - 18 U.S.C.A. § 1956 – “**Laundering of monetary instruments**” – prohibits transferring or attempting to transfer funds **through the US** with intent to promote unlawful activity [such as *violation of the IEEPA regarding economic sanctions*]

- Department of the Treasury – Financial Crimes Enforcement Network (FinCEN)

ECONOMIC SANCTIONS - LEGAL FRAMEWORK FOR RUSSIA SANCTIONS - IEEPA

Sanctions

International Emergency Economic Powers Act (IEEPA), 50 U.S.C. §§ 1701-1706

Applies to:

- Transactions occurring within the US (without a license and otherwise not exempt under statute)
- US persons (nationals and companies)
- Foreign subsidiaries of US persons

- Non-US persons operating outside of the US (extraterritorial, but indirect legal and practical effect) who facilitate prohibited transactions (cause a US person to perform an otherwise prohibited transaction, or provide other prohibited services) or attempt or conspire to violate the IEEPA

Exceptions:

“except to the extent provided by law or unless licensed or otherwise authorized by the Office of Foreign Assets Control”

ECONOMIC SANCTIONS – RUSSIA-RELATED SANCTIONS

Groups of Economic Sanctions

- Ukraine/Russia-related Sanctions – March 2014 through September 2018
- Magnitsky Sanctions – December 2012
- Countering America’s Adversaries Through Sanctions Act (CAATSA) – August 2017 (new sanctions on Russia, Iran and North Korea)
 - Individuals, entities, and sectors of the economy
 - Usually, the 50% or more rule applies (the property is directly or indirectly owned (*different than controlled*) 50% or more in the aggregate by blocked person(s))
 - Aggregate persons and aggregate programs
 - 25% ownership by one blocked person in one program + 25% ownership by blocked person in another program = 50% ownership and is blocked

ECONOMIC SANCTIONS – EXAMPLES

Economic Sanctions

Specially Designated Nationals (SDNs) and Blocked Persons List (all)

<https://www.treasury.gov/ofac/downloads/sdnlist.pdf>

Nationals – individuals

Persons – entities

(1,159-page document)

(2,885 references to Russia)



OFFICE OF FOREIGN ASSETS CONTROL
Specially Designated Nationals and Blocked Persons List

September 25, 2018

ALPHABETICAL LISTING OF SPECIALLY DESIGNATED NATIONALS AND BLOCKED PERSONS (SDN List):

This publication of Treasury's Office of Foreign Assets Control (OFAC) is designed as a reference tool providing actual notice of actions by OFAC with respect to Specially Designated Nationals and other persons (which term includes both individuals and entities) whose property is blocked, to assist the public in complying with the various sanctions programs administered by OFAC. The latest changes to the SDN List may appear here prior to their publication in the Federal Register, and it is intended that users rely on changes indicated in this document. Such changes reflect official actions of OFAC, and will be reflected as soon as practicable in the Federal Register under the index heading "Foreign Assets Control." New Federal Register notices with regard to Specially Designated Nationals or blocked persons may be published at any time. Users are advised to check the Federal Register and this electronic publication routinely for additional names or other changes to the SDN List.

2ND ACADEMY OF NATURAL SCIENCES (a.k.a. ACADEMY OF NATURAL SCIENCES; a.k.a. АКАДЕМИЯ НАТУРАЛЬНЫХ НАУК); a.k.a. MOJTAMAE SANATE HAFTOME TIR; a.k.a. SANAYE HAFTOME TIR; a.k.a. SEVENTH OF TIR; Mobarakeh Road Km 45, Isfahan, Iran; P.O. Box 8 1465-478, Isfahan, Iran; Additional Sanctions Information - Subject to Secondary Sanctions [NPWMD] [FSR]; 7TH OF TIR COMPLEX (a.k.a. 7TH OF TIR; a.k.a. 7TH OF TIR INDUSTRIAL COMPLEX; a.k.a. 7TH OF TIR INDUSTRIES; a.k.a. 7TH OF TIR INDUSTRIES OF ISFAHANESFAHAN; a.k.a. MOJTAMAE SANATE HAFTOME TIR; a.k.a. SANAYE HAFTOME TIR; a.k.a. SEVENTH OF TIR); Mobarakeh Road Km 45, Isfahan, Iran; P.O. Box 8 1465-478, Isfahan, Iran; Additional Sanctions Information - Subject to Secondary Sanctions [NPWMD] [FSR]; 7TH OF TIR INDUSTRIAL COMPLEX (a.k.a. 7TH OF TIR; a.k.a. 7TH OF TIR COMPLEX; a.k.a. 7TH OF TIR INDUSTRIES; a.k.a. 7TH OF TIR INDUSTRIES OF ISFAHANESFAHAN; a.k.a. MOJTAMAE SANATE HAFTOME TIR; a.k.a. SANAYE HAFTOME TIR; a.k.a. SEVENTH OF TIR); Mobarakeh Road Km 45, Isfahan, Iran; P.O. Box 8 1465-478, Isfahan, Iran; Additional Sanctions Information - Subject to Secondary Sanctions [NPWMD] [FSR]; 7TH OF TIR INDUSTRIES (a.k.a. 7TH OF TIR; a.k.a. 7TH OF TIR COMPLEX; a.k.a. 7TH OF TIR INDUSTRIAL COMPLEX; a.k.a. 7TH OF TIR INDUSTRIES OF ISFAHANESFAHAN; a.k.a. MOJTAMAE SANATE HAFTOME TIR; a.k.a. SANAYE HAFTOME TIR; a.k.a. SEVENTH OF TIR); Mobarakeh Road Km 45, Isfahan, Iran; P.O. Box 8 1465-478, Isfahan, Iran; Additional Sanctions Information - Subject to Secondary Sanctions [NPWMD] [FSR]; 32 COUNTY SOVEREIGNTY COMMITTEE (a.k.a. 32 COUNTY SOVEREIGNTY MOVEMENT; a.k.a. IRISH REPUBLICAN PRISONERS WELFARE ASSOCIATION; a.k.a. REAL IRA; a.k.a. REAL IRISH REPUBLICAN ARMY; a.k.a. REAL OGLAIGH NA HEIREANN; a.k.a. RIRA) [FTQ] [SDGT]; 32 COUNTY SOVEREIGNTY MOVEMENT (a.k.a. 32 COUNTY SOVEREIGNTY COMMITTEE; a.k.a. IRISH REPUBLICAN PRISONERS WELFARE ASSOCIATION; a.k.a. REAL IRA; a.k.a. REAL IRISH REPUBLICAN ARMY; a.k.a. REAL OGLAIGH NA HEIREANN; a.k.a. RIRA) [FTQ] [SDGT]; 33RD LIGHT INFANTRY DIVISION OF THE BURMESE ARMY, Sapaing, Burma [GLOMAG]; 99TH LIGHT INFANTRY DIVISION OF THE BURMESE ARMY, Meikila, Burma [GLOMAG]; 101 DAYS CAMPAIGN (a.k.a. CHARITY COALITION; a.k.a. COALITION OF GOOD; a.k.a. ETILAF AL-KHAIR; a.k.a. ETILAFU EL-KHAIR; a.k.a. ITILAF AL-KHAIR; a.k.a. ITILAF AL-KHAYR; a.k.a. UNION OF GOOD), P.O. Box 136301, Jeddah 21313, Saudi Arabia [FTQ]

ECONOMIC SANCTIONS – EXAMPLES

Economic Sanctions

98 individuals located in Russia within all programs

394 entities, including banks, oil and gas companies, investment management companies, etc.

[Download the SDN List](#)

[Visit The OFAC Website](#)

[Download the Consolidated Non-SDN List](#)

[Program Code Key](#)

Lookup

Type:

Name:

ID #:

Program:
561List
BALKANS
BELARUS

Minimum Name Score:

Address:

City:

State/Province:

Country:

List:

Lookup Results: 98 Found

Name	Address	Type	Program(s)	List	Score
LEONTYEV, Vladislav Vladimirovich	Al Fattan Marina Tower, #901, Dubai Marina	Individual	TCO	SDN	
RAKHIMOV, Gafur-Arslanbek Akhmedovich	The Meadows, Villa Number 64, Sheikh Zayed Road, near Emirates Hills	Individual	TCO	SDN	
KHRISTOFOROV, Vasily Aleksandrovich	Murjan 6 Sector, Tower D01-T03.1, Apartment 401	Individual	TCO	SDN	
SHUSHANASHVILI, Kakhaber Pavlovich	8 Rukavishnikov Street	Individual	TCO	SDN	
KALASHOV, Zakhary Knyazevich	General Tyulenev Street, 7, Building 2, Apartment 277	Individual	TCO	SDN	
SKOCH, Andrei Vladimirovich		Individual	UKRAINE-EO13661	SDN	
GIRKIN, Igor Vsevolodovich	Shenkurskiy Passage (Proyezd), House 8-6, Apartment 136	Individual	UKRAINE-EO13660	SDN	

ECONOMIC SANCTIONS – EXAMPLES

Economic Sanctions

Sectoral Sanctions

<https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>

- Financial services/banks,
- Energy (oil) - exploration or production for deepwater, Arctic offshore, or shale projects,
- Mining,
- Defense

(131-page document)

(2,433 references to Russia)



OFFICE OF FOREIGN ASSETS CONTROL
 Sectoral Sanctions Identifications List
August 15, 2018

The Sectoral Sanctions Identifications List (the "SSI List")

The publication of Treasury's Office of Foreign Assets Control ("OFAC") is a reference tool providing actual notice of actions by OFAC with respect to persons that are identified pursuant to Executive Order 13662. The latest changes may appear here prior to their publication in the Federal Register and it is intended that users rely on changes indicated in this document. Such changes reflected official actions of OFAC, and will be reflected as soon as practicable in the Federal Register under the index heading "Foreign Assets Control." New Federal Register notices with regard to identifications made under Executive Order 13662 may be published at any time. Users are advised to check the Federal Register and this electronic publication routinely for additional names or other changes to the listings. Entities and individuals on the list are occasionally licensed by OFAC to transact business with U.S. persons in anticipation of removal from the list or because of foreign policy considerations in unique circumstances.

Listing in an identification of official Federal Register publication of a notice of removal based on the unblocking of an entity's or individual's property is reflected in this publication by the removal of an identified name from the list.

Description of the SSI List:

The Sectoral Sanctions Identifications List includes persons determined by OFAC to be whose property and interests in property are blocked under E.O. 13662 or other authorities will appear on OFAC's SDN list with program tags for relevant blocking authorities.

Directive 1 (as amended on September 29, 2017)

The following activities by a U.S. person or within the United States are prohibited, except to the extent provided by law or unless license or otherwise authorized by the Office of Foreign Assets Control: (1) For new debt or new equity issued on or after July 16, 2014 and before September 12, 2014, all transactions in, provision of financing for, and other dealings in new debt of longer than 90 days maturity or new equity of persons determined to be subject to this Directive or any earlier version thereof, their property, or their interests in property. (2) For new debt or new equity issued on or after September 12, 2014 and before November 28, 2017, all transactions in, provision of financing for, and other dealings in new debt of longer than 30 days maturity or new equity of persons determined to be subject to this Directive or any earlier version thereof, their property, or their interests in property. (3) For new debt or new equity issued on or after November 28, 2017, all transactions in, provision of financing for, and other dealings in new debt of longer than 14 days maturity or new equity of persons determined to be subject to this Directive or any earlier version thereof, their property, or their interests in property. All

ACTIVEBUSINESSCOLLECTION LIMITED LIABILITY COMPANY (a.k.a. AKTYBIZNESKOLEKSHIN, OOO; a.k.a. LIMITED LIABILITY COMPANY ACTIVEBUSINESSCOLLECTION; a.k.a. LLC OBSHCHESTVO S OGRANICHENNOI OTVETSTVENNOSTYU AKTYBIZNESKOLEKSHIN), d.19 ul. Vavilova, Moscow 117997, Russia; Executive Order 13662 Directive Determination - Subject to Directive 1; Registration ID 1137746390572 (Russia); For more information on directives, please visit the following link: <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/ukraine.aspx#directives> [UKRAINE-EO13662] (Linked To: SBERBANK OF RUSSIA); AGROKREDIT-INFORM, AO (a.k.a. AKTSIONERNOE OBSHCHESTVO "AGROKREDIT-INFORM"; a.k.a. CLOSED JOINT-STOCK COMPANY "AGROKREDIT-INFORM"), 3 pr. Gagarinsk, Moscow 119034, Russia; 3 Gagarinsky Pereulki, Moscow, Russia; Executive Order 13662 Directive Determination - Subject to Directive 1; Registration ID 1087746334400; Tax ID No. 7704681172; Government of Gazette Number 85651516; For more information on directives, please visit the following link: <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/ukraine.aspx#directives> [UKRAINE-EO13662] (Linked To: RUSSIAN AGRICULTURAL BANK)

ECONOMIC SANCTIONS – EXAMPLES

This Sanctions List Search application ("Sanctions List Search") is designed to facilitate the use of the Specially Designated Nationals and Blocked Persons List ("SDN List") and all other sanctions lists administered by OFAC, including the Foreign Sanctions Evaders List, the List of Persons Identified as Blocked Solely Pursuant to E.O. 13599, the Non-SDN Iran Sanctions Act List, the Part 561 list, the Sectoral Sanctions Identifications List and the Non-SDN Palestinian Legislative Council List. Given the number of lists that now reside in the Sanctions List Search tool, it is strongly recommended that users pay close attention to the program codes associated with each returned record. These program codes indicate how a true hit on a returned value should be treated. The Sanctions List Search tool uses approximate string matching to identify possible matches between word or character strings as entered into Sanctions List Search, and any name or name component as it appears on the SDN List and/or the various other sanctions lists. Sanctions List Search has a slider-bar that may be used to set a threshold (i.e., a confidence rating) for the closeness of any potential match returned as a result of a user's search. Sanctions List Search will detect certain misspellings or other incorrectly entered text, and will return near, or proximate, matches, based on the confidence rating set by the user via the slider-bar. OFAC does not provide recommendations with regard to the appropriateness of any specific confidence rating. Sanctions List Search is one tool offered to assist users in utilizing the SDN List and/or the various other sanctions lists; use of Sanctions List Search is not a substitute for undertaking appropriate due diligence. The use of Sanctions List Search does not limit any criminal or civil liability for any act undertaken as a result of, or in reliance on, such use.

[Download the SDN List](#)

[Visit The OFAC Website](#)

[Download the Consolidated Non-SDN List](#)

[Program Code Key](#)

Details:

Type:	Entity	List:	SDN
Entity Name:	BELNEFTEKHIM	Program:	BELARUS
		Remarks:	

Aliases:

Type	Category	Name
a.k.a.	strong	BELNEFTEKHIM CONCERN
a.k.a.	strong	CONCERN BELNEFTEKHIM
a.k.a.	strong	BELARUSIAN STATE PETROLEUM AND CHEMICALS CONCERN
a.k.a.	strong	BELARUSIAN STATE CONCERN FOR OIL AND CHEMISTRY

Addresses:

Address	City	State/Province	Postal Code	Country
73 Dzerzhinskogo Avenue ul Trovskaya, 20/1 Room 536	Minsk Moscow		220116 103789	Belarus Russia
ul Pavlovskaya, 29 Oederweg 43 Tower B 19-B Oriental Kenzo	Kiev Frankfurt-am-Main Beijing		01135 D-60318 100027	Ukraine Germany China
48 Dongzhimenwai Street Dongcheng District GP 1 Apes Street	Riga		LV-1039	Latvia

ECONOMIC SANCTIONS – LICENSES

General Licenses

- ✓ authorizes a **type of transaction** for a **class of persons**
- ✓ limited in time and/or in transactional amount
- ✓ usually contains a reporting requirement
- ✓ applies to US and non-US persons equally

Example: winding down or maintaining business with Russian entity United Company RUSAL PLC (RUSAL) and its subsidiaries until October 23, 2018 (largest aluminum company)

Specific Licenses

- ✓ written permission from OFAC specific to a **particular person or entity**, authorizing that person or entity to perform a **particular transaction** in response to a written license **application**

Example: release blocked funds, export agricultural commodities, medical supplies and medicine,

ECONOMIC SANCTIONS – RISKS FOR BUSINESSES

Transactions and Dealings with SDN/Blocked Persons/Sectors of the Economy

- Blocking / freezing of funds within correspondent or payable-through bank accounts within the US
- Attachment of real property located within the US involved in prohibited transactions
- Forfeiture of blocked funds pursuant to federal civil procedure (18 U.S.C. § 981(a)(1)(A) and (C))
- Appearing on Foreign Sanctions Evaders (FSEs) List or the SDN and Blocked Persons Lists – cuts off access to the US business and financial market (US persons are prohibited from doing business with FSEs and SDNs)
- (If subject to general or specific personal jurisdiction in the US, civil and criminal penalties within the statutes apply)

Example in Latvia: Public Procurement

July 2018 - Latvian law on international and national sanctions (Starptautisko un (LR) nacionālo sankciju likumā), Section 11.1:

- authorities must comply with sanctions imposed by NATO Members
- must vet candidates, authorized representatives, sub-contractors, and business partners
- basis to reject proposal or rescind contract
- “domestic application” of US law

ECONOMIC SANCTIONS – RISKS TO LATVIAN FINANCIAL INSTITUTIONS

Facilitating transactions on behalf of SDNs/Blocked Persons/Sectors of the Economy

- Blocking / freezing of funds within correspondent or payable-through accounts within the US
- Forfeiture of blocked funds pursuant to federal civil procedure
- Appearing on Foreign Sanctions Evaders (FSEs) List or the SDN and Blocked Persons Lists
- FinCEN special measures and findings of “Primary Money Laundering Concern” - cuts off access to the US financial market [money laundering due to a 18 U.S.C. § 1956 violation]

Example in Latvia: ABLV Bank (also: AS Multibanka, 2006, FinCEN investigation and 2005, 2006 and 2011, VEF Banka, FinCEN investigation and findings)

Section 311 of the USA PATRIOT Act - ... Secretary of the Treasury may require domestic financial institutions ... to take 1 or more of the **special measures** ... if the Secretary finds ... reasonable grounds ... for concluding that a jurisdiction outside of the United States, 1 or more financial institutions operating outside of the United States, ... is of **primary money laundering concern**.

Special measures: 4 informational, recordkeeping and reporting requirements; **1 severe requirement:** “**prohibitions or conditions on opening or maintaining certain correspondent or payable-through accounts.**”

ECONOMIC SANCTIONS – PRECAUTIONS AND COMPLIANCE

- Due diligence – partners, customers, transactions, ownership structures (50% or more rule)
- Draft contract language – rescission, termination, liability, etc.
- Check sanctions lists and general licenses on a regular basis as sanctions and licenses are amended, added, removed, and extended from time to time (<https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement>)
- Seek legal advice
- Apply for a specific license if necessary (OFAC)
- Review whether a general license applies to you (OFAC)



Paldies!
Thank you!



For more information, please contact:

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