

## Russia and Belarus Sanctions Update – March 15, 2022

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### Key Takeaways:

- New Executive Order prohibits certain imports and exports, and authorizes the Department of the Treasury to impose significant restrictions on U.S. investment in Russia
- Additional wave of sanctions targeting Russian “elites” close to President Vladimir Putin
- OFAC guidance clarifies that Russia-related sanctions prohibitions apply to cryptocurrency transactions

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On March 11, 2022, President Biden signed a new [Russia-related Executive Order](#), Prohibiting Certain Imports, Exports, and New Investment with Respect to Continued Russian Federation Aggression (“March 11 E.O.”).

The March 11 E.O. includes import prohibitions on fish, seafood, and preparations thereof, alcoholic beverages, and non-industrial diamonds from Russia, as well as export restrictions on luxury goods from the U.S. to Russia and Belarus. The Department of Commerce’s Bureau of Industry and Security published a [list of items](#) subject to the export restriction, which encompasses both high-end goods such as gemstones, antiques, and furs, as well as more typical consumer products such as make-up, carpets, and blankets.

In addition to restricting trade, the March 11 E.O. also imposes significant restrictions on U.S. investment in Russia by prohibiting:

- New investment in any sector of the Russian Federation economy as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State, by a U.S. person, wherever located.
- The exportation, reexportation, sale, or supply, directly or indirectly, from the U.S., or by a U.S. person, wherever located, of U.S. dollar-denominated banknotes to the Government of the Russian Federation or any person located in the Russian Federation.
- Any approval, financing, facilitation, or guarantee by a U.S. person, wherever located, of a transaction by a foreign person, where the transaction by that foreign person would be prohibited by this section if performed by a U.S. person or within the U.S.

On the same day, the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) issued several new general licenses to authorize certain transactions otherwise prohibited by the March 11 E.O. Note that the below general licenses do not authorize any transactions otherwise prohibited by the [Russian Harmful Foreign Activities Sanctions Regulations](#) (31 CFR 587).

- [General License 17](#): authorizing transactions through March 25, 2022 ordinarily incident and necessary to the importation into the U.S. of fish, seafood, and preparations thereof; alcoholic beverages; or non-industrial diamonds of Russian Federation origin pursuant to written contracts or written agreements entered into prior to March 11, 2022.
- [General License 18](#): authorizing transactions that are ordinarily incident and necessary to the transfer of U.S. dollar-denominated banknote noncommercial, personal remittances from: (i) the U.S. or a U.S. person, wherever located, to an individual located in the Russian Federation; or (ii) a U.S. person who is an individual located in the Russian Federation.
- [General License 19](#): authorizing transactions that are ordinarily incident and necessary to their personal maintenance within the Russian Federation, including payment of housing expenses, acquisition of goods or services for personal use, payment of taxes or fees, and purchase or receipt of permits, licenses, or public utility services.

Additionally, OFAC published [General License 23](#), which authorizes non-governmental organizations to engage in certain humanitarian, democracy-building, educational, non-commercial development, and environmental protection activities in the Donetsk People's Republic or Luhansk People's Republic regions of Ukraine, which otherwise would be prohibited by [Executive Order 14065 of February 21, 2022](#).

On the same day as the actions related to the new executive order, OFAC also launched an [additional wave of sanctions](#) targeting Russian "regime elites and business executives" pursuant to [Executive Order 14024](#) ("E.O. 14024"). Those designated include:

- Three immediate family members of President Putin's spokesperson, Dmitry Sergeevich Peskov, who has already been sanctioned by the U.S., Australia, Canada, and EU;
- Russian tycoon and Kremlin insider Viktor Vekselberg, who was earlier designated pursuant to [Executive Order 13662](#). OFAC also identified two of Vekselberg's luxury assets — an aircraft with tail number P4-MIS and a yacht titled Tango— as blocked property. Both P4-MIS and Tango are valued at approximately \$90 million each.
- Ten individuals comprising the entire management board of VTB Bank, which was earlier sanctioned pursuant to E.O. 14024.
- Twelve members of the Russian State Duma (the legislature), including Vyacheslav Victorovich Volodin, who is also a permanent member of Russia's Security Council. Volodin was previously sanctioned pursuant to [Executive Order 13661](#). All 12 individuals were previously designated by the EU and Canada, and three were also designated by the UK, including Volodin.

The above have been added by OFAC to the Specially Designated Nationals and Blocked Persons List ("SDN List"). U.S. persons are generally prohibited from engaging in most transactions with SDNs, absent a specific or general license, and all U.S. assets of SDNs are "blocked" and must be reported to OFAC. Designated natural persons are also subject to a travel ban, and all entities 50% or more owned by an SDN are generally treated as if they were also on the SDN List (known as the "50% Rule").

In addition, any person, including a non-U.S. person, may be designated for materially assisting, sponsoring, or providing financial, material, or technological support for, or goods or services to or in support of these SDNs.

OFAC has also clarified in [new guidance](#) that all sanctions imposed pursuant to E.O. 14024 apply regardless of whether a transaction is made using traditional currency or virtual currency, including cryptocurrency. In this guidance, OFAC warns that "U.S. persons, wherever located, including firms that process virtual currency transactions, must be vigilant against attempts to circumvent OFAC regulations and must take risk-based steps to ensure they do not engage in prohibited transactions." For additional information regarding sanctions compliance and virtual currency, please see [OFAC's Sanctions Compliance Guidance for the Virtual Currency Industry](#) and [Foley Hoag's Client Alert](#).

Foley Hoag will continue to provide updates as the situation with respect to Ukraine develops. Companies with questions about these actions or how to ensure compliance with U.S. sanctions and export control regulations should contact a member of [Foley Hoag's Trade Sanctions & Export Controls practice](#). For information on earlier Russia-related actions, see our prior Client Alerts issued on [March 11](#), [March 7](#), [March 1](#), [February 28](#), and [February 17](#).

#### RELATED PRACTICES

- [Trade Sanctions & Export Controls](#)

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