

Russia and Belarus Sanctions Update – March 11, 2022

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Key Takeaways:

- The Biden administration announces ban on import of Russian energy commodities and prohibition on new investment in the Russian energy sector
- New General License provides wind-down period until April 22, 2022 for certain energy imports from Russia pursuant to agreements entered into before March 8, 2022
- EU and UK expand their sanctions programs against Russia and Belarus, including additional sanctions on oligarchs
- FinCEN issued an [alert](#) to all financial institutions to be vigilant against efforts to evade the expansive sanctions and other restrictions imposed in connection with the invasion of Ukraine

I. Biden Administration Import and Investment Ban Related to Russian Energy

On March 8, 2022, the Biden administration [announced](#) its widely anticipated ban on the import of Russian oil and other energy-related commodities, a further escalation of the extensive sanctions and export controls implemented by the administration in response to the Russian invasion of Ukraine. [Executive Order \(“E.O.”\) 14066](#) prohibits:

1. the import of “crude oil; petroleum; petroleum fuels, oils and products of their distillation; liquefied natural gas; coal; and coal products” originating in the Russian Federation.
2. new investment by U.S. persons in the energy sector in the Russian Federation. The U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) provided [guidance](#) that the “energy sector” includes “the procurement, exploration, extraction, drilling, mining, harvesting, production, refinement, liquefaction, gasification, regasification, conversion, enrichment, fabrication, or transport of petroleum, natural gas, liquified natural gas, natural gas liquids, or petroleum products or other products capable of producing energy, such as coal or wood or agricultural products used to manufacture biofuels, the development, production, generation, transmission or exchange of power, through any means, including nuclear, electrical, thermal, and renewable.”
3. 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 if performed by a U.S. person or within the U.S.

OFAC has published [FAQ guidance](#) clarifying that the prohibitions on new investment in the Russian energy sector under E.O. 14066 do not apply to energy sector activities initiated before March 8, 2022. Further, OFAC has also [clarified](#) that transactions undertaken to unwind existing commitments in order to comply with E.O. 14066 or redirect shipments-in-process are not prohibited. Moreover, OFAC has issued a new [General License 16](#), which authorizes, through April 22, 2022, all transactions ordinarily incident and necessary to the importation from Russia of crude oil, petroleum, petroleum fuels, oils, and products of their distillation, liquefied natural gas, coal, and coal products pursuant to written contracts or agreements entered into prior to March 8, 2022.

In addition, [General License 8A](#) which authorizes certain transactions “related to energy” involving specified sanctioned Russian financial institutions, including State Corporation Bank for Development and Foreign Economic Affairs Vnesheconombank, Public Joint Stock Company Bank Financial Corporation Otkritie, Sovcombank Open Joint Stock Company, Public Joint Stock Company Sberbank of Russia, VTB Bank Public Joint Stock Company, and the Central Bank of the Russian Federation, remains in effect until June 24, 2022. However,

this general license does not authorize any transactions prohibited by E.O. 14066.

II. Expansion of EU and UK Sanctions

The UK and EU have also announced new restrictions targeting Russian oligarchs and expanding existing sanctions programs. On March 9, 2022, the EU announced expansive new sanctions targeting the [financial sector of Belarus](#), as well as export controls directed towards the Russian maritime and shipping industry, and a new round of sanctions on Russian individuals.

In addition to 146 members of the Russian Federation Council, the following fourteen oligarchs and prominent businesspeople [were sanctioned](#) by the EU:

- Alexander Pumpyansky;
- Alexander Vinokurov;
- Andrey Melnichenko;
- Dmitry Pumpyansky;
- Dmitry Mazepin;
- Galina Pumpyanskaya;
- Mikhail Oseevsky;
- Mikhail Poluboyarinov;
- Sergey Kulikov;
- Vadim Moshkovich;
- Vladimir Kiriyyenko;
- Andrey Guryev;
- Dmitry Konov; and
- Nikita Dmitrievich.

Similarly, on March 10, 2022 the [UK announced](#) a freeze of UK-based assets and a ban on transactions with seven oligarchs:

- Roman Abramovich;
- Oleg Deripaska;
- Igor Sechin;
- Andrey Kostin,
- Alexi Miller;
- Nikolai Tokarev; and
- Dmitri Lebedev.

III. New FinCEN Alert Calls for Increased Vigilance Against Russian Sanctions Evasion Attempts

On March 7, 2022 the Financial Crimes Enforcement Network (“FinCEN”) issued an [alert](#) to all financial institutions to be vigilant against efforts to evade the expansive sanctions and other restrictions imposed in connection with the invasion of Ukraine. FinCEN stressed that financial institutions have an obligation to quickly report any suspicious activity that may be associated with potential sanctions evasion and highlighted various red flags (including the use of shell companies or third parties to obscure ownership). The alert included reminders describing good due diligence practices, and noted reporting expectations across multiple agencies with overlapping jurisdiction. FinCEN emphasized the heightened risks posed by virtual currency transactions as a mechanism for sanctions evasion, and underscored prior guidance concerning Russian ransomware attacks and other cybercrime.

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 7](#), [March 1](#), [February 28](#), and [February 17](#).

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