

CLIENT ALERT

In First Response to Russian Intervention in Ukraine, President Biden Imposes Comprehensive Sanctions on the Donetsk and Luhansk Regions of Ukraine

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In a significant escalation of the crisis in Ukraine, Russia's President Putin announced his recognition of the Donetsk and Luhansk People's Republics ("DNR" and "LNR", respectively) as "independent" states. As an initial response, President Biden has signed an [Executive Order](#) ("E.O.") imposing comprehensive sanctions on the DNR and LNR regions and potentially other regions in Ukraine (collectively, the "Covered Regions").

The new E.O. closely mirrors E.O. 13685, which was signed by President Obama in 2014 and imposed comprehensive sanctions on the Crimea region of Ukraine following Russia's occupation of Crimea. The new E.O. prohibits:

- (i) new investment in the Covered Regions, by a U.S. person,¹ wherever located;
- (ii) the importation into the United States, directly or indirectly, of any goods, services, or technology from the Covered Regions;

¹ 'U.S. person' is defined as any United States citizen, lawful permanent resident, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person resident in the United States.

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- (iii) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a U.S. person, wherever located, of any goods, services, or technology to the Covered Regions; and
- (iv) 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.

The E.O. also provides the authority for the U.S. Department of the Treasury to designate any person it has determined to be operating in, or to be a leader, official, senior executive officer, or member of the board of directors of an entity operating in, the Covered Regions or to be owned or controlled by a person blocked pursuant to this E.O. or to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of such person. While the sanctions set forth in the E.O. currently prohibit certain transactions involving the DNR and LNR regions, the U.S. Department of the Treasury also has the authority to extend the prohibitions to additional jurisdictions as the situation in Ukraine evolves.

Along with the release of the E.O., the Treasury Department's Office of Foreign Assets Control issued six general licenses, available [here](#), authorizing certain transactions otherwise prohibited by the E.O., including a wind-down of certain activity defined in the general license through March 23, 2022, and certain activity designed to support civilians in the region, including general licenses that will authorize the export of food, medicine, and medical devices, as well as COVID-19-related transactions to the Covered Regions. In addition, certain transactions ordinarily incident to personal remittances, telecommunication and internet services and mail, and the activities of international organizations providing humanitarian aid to the regions, are also generally authorized.

In order to comply with the new E.O., companies operating in the region should prepare to implement compliance procedures designed to ensure that U.S. persons do not engage in, or facilitate, any exports or imports to or from the Covered Regions by screening names and addresses against cities, towns, and/or zip codes located in the DNR and LNR. We anticipate additional sanctions involving Russia and Ukraine in the coming days and weeks by the United States, EU, and other allied governments unless a significant de-escalation of hostilities takes place. We therefore advise companies to continue to stay up to date on the developments and to remain vigilant by identifying the locations of counterparties in Ukraine and screening counterparties located in Russia and Ukraine against the [List of Specially Designated Nationals and Blocked Persons](#), the [Entity List](#), and all other applicable sanctions lists. We will issue further alerts as additional restrictions are imposed.

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