

CLIENT ALERT

# OFAC Announces Broad New Designations Targeting Russian Officials, Oligarchs, and Companies

April 10, 2018

## AUTHORS

David Mortlock | Priya R. Aiyar | Nikki M. Cronin

On April 6, 2018, the U.S. Department of the Treasury, Office of Foreign Assets Control (“OFAC”), under the authority provided by Executive Order (“E.O.”) 13661 and E.O. 13662, as well as Syria-related E.O. 13582, designated seven Russian oligarchs, 12 companies owned or controlled by the newly designated oligarchs, 17 Russian government officials, and a Russian state-owned weapons firm and its subsidiary, a Russian bank. OFAC has added these individuals and entities to the List of Specially Designated Nationals and Blocked Persons (“SDN List”).

The announcement also was accompanied by the release of General Licenses 12 and 13, which authorize certain transactions related to the wind-down of operations or existing contracts with certain designated entities and the divestment or transfer of debt, equity, or other holdings in certain designated entities. These designations include several individuals identified in the Department of the Treasury’s report to Congress pursuant to Section 241 of the Countering America’s Adversaries Through Sanctions Act (“CAATSA”), as well as major commercial actors with broad interests in and outside of Russia. OFAC’s press release announcing the new actions is available [here](#).

### I. General Prohibitions and Risk of Secondary Sanctions

U.S. persons are generally prohibited from engaging in any transaction in which an SDN, or any entity owned 50 percent or more, directly or indirectly, by an SDN, has any interest. All assets of the designated individuals and entities that are subject to U.S. jurisdiction, and of any subsidiary owned 50 percent or more, must also be blocked.

---

## OFAC Announces Broad New Designations Targeting Russian Officials, Oligarchs, and Companies

In addition, non-U.S. persons could face sanctions for knowingly facilitating significant transactions for or on behalf of an SDN. Section 228 of CAATSA requires the president, and by delegation the Secretary of the Treasury, to impose sanctions with respect to a foreign person he determines to have knowingly facilitated a significant transaction for or on behalf of any person subject to sanctions imposed by the United States with respect to Russia. OFAC has provided guidance on whether it would consider any particular transaction to be “specific” within the meaning of CAATSA, available [here](#).

### II. General License 12

General License 12, available [here](#), authorizes, until June 5, 2018, activities necessary to maintain or wind down operations, contracts, or other agreements in effect prior to April 6, 2018 involving specifically listed blocked persons. Such activities may include the importation of goods, services, or technology into the United States. The general license requires that payments made to blocked persons pursuant to the license be made into blocked accounts located in the United States. Furthermore, the general license specifies that it does not authorize the divestiture or transfer of debt, equity, or other holdings in the blocked persons listed in the license, or the exportation of any goods from the United States.

U.S. persons participating in transactions authorized by the license are required to file by June 19, 2018 a comprehensive, detailed report of each transaction with OFAC.

### III. General License 13

General License 13, available [here](#), authorizes certain transactions necessary to divest or transfer debt, equity, or other holdings in certain blocked persons identified in the general license to a non-U.S. person, or to facilitate the transfer of such holdings by a non-U.S. person to another non-U.S. person, prior to May 7, 2018. The license applies only to holdings in EN+ N Group PLC, GAZ Group, and United Company RUSAL PLC. The authorized transactions include facilitating, clearing, and settling transactions to divest debt, equity, or other holdings in those blocked persons, to a non-U.S. person, including on behalf of a U.S. person.

The license explicitly does not authorize U.S. persons to sell debt, equity, or other holdings to any person blocked pursuant to the Russia and Ukraine-related sanctions, including the blocked persons identified in the license.

U.S. persons participating in transactions authorized by the license are required to file with OFAC, by May 21, 2018, a comprehensive, detailed report of each transaction.

---

## OFAC Announces Broad New Designations Targeting Russian Officials, Oligarchs, and Companies

### IV. Conclusion

Companies should continue to routinely screen transactions against OFAC's sanctions lists, including the SDN List and the Sectoral Sanctions Identification List. Given the broad business interests of the newly blocked Russian individuals and entities, companies may wish to closely review any business activities that may involve interests of those blocked persons and consider whether they need to take advantage of the authorizations in the general licenses.

If you have any questions regarding this client alert, please contact the following attorneys or the attorney with whom you regularly work.

---

**David Mortlock**

202 303 1136

dmortlock@willkie.com

**Priya R. Aiyar**

202 303 1189

paiyar@willkie.com

**Nikki M. Cronin**

202 303 1203

ncronin@willkie.com

Copyright © 2018 Willkie Farr & Gallagher LLP.

This alert is provided by Willkie Farr & Gallagher LLP and its affiliates for educational and informational purposes only and is not intended and should not be construed as legal advice. This alert may be considered advertising under applicable state laws.

Willkie Farr & Gallagher LLP is an international law firm with offices in New York, Washington, Houston, Paris, London, Frankfurt, Brussels, Milan and Rome. The firm is headquartered at 787 Seventh Avenue, New York, NY 10019-6099. Our telephone number is (212) 728-8000 and our fax number is (212) 728-8111. Our website is located at [www.willkie.com](http://www.willkie.com).