

Locke Lord QuickStudy: BIS Designates Entities and OFAC Sanctions Belarusian Persons and Issues Related General License

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On December 5, 2023, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") added several persons to the List of Specially Designated Nationals and Blocked Persons ("SDNs") and issued General License ("GL") 10 in connection with the Belarus Sanctions Regulations, 31 CFR part 548. OFAC's sanctions are directed at Belarus due to its authoritarian regime and ongoing support for Russia's war against Ukraine. Simultaneously, the U.S. Department of Commerce's Bureau of Industry and Security ("BIS") added multiple companies to the Entity List from numerous countries for supporting Russia's military and defense industrial base.

SDN List

OFAC has designated eleven entities and eight individuals in Belarus as SDNs with the aim of further isolating Alyaksandr Lukashenka's authoritarian regime from the western world. This action is in response to the regime's harsh suppression of Belarus Democrats's civil society, allegations of corrupt financial transactions intended to benefit the Lukashenka family, and involvement in Russia's unjust war against Ukraine. The designations specifically target various members of President Lukashenka's inner circle, along with their companies that serve as revenue generators for the regime and have provided support to Russia's war against Ukraine. Notably, two of Belarus wealthiest oligarchs and their tobacco company, Tanaka Invest LLC, are among those sanctioned for their involvement in the tobacco sector of the Belarus economy. As a result of OFAC's actions, all property and interest of the designated persons or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly, individually or in the aggregate, 50% or more by one or more of these blocked persons are also blocked. Unless granted explicit authorization through a specific or general license, U.S. persons are generally restricted from engaging in transactions with any SDN.

Entity List

The BIS added 42 entities from Armenia, Belarus, Belgium, China, Cyprus, Germany, Kazakhstan, the Netherlands, Russia and the UAE to the Entity List for their involvement in illicit diversion of U.S.-origin goods and technology intended to support Russia's military, including co-production of drones with Iran. Specifically, eleven entities were directly linked or associated with collaborative Iranian–Russian initiatives aimed at establishing an unmanned aerial vehicle production facility, with the intention of manufacturing drones to support Russia's military operations against Ukraine. Additionally, two entities were included for their involvement in illicit activities to

acquire and divert high priority U.S.-origin electronic components with military applications. Among the 42 entities added to the Entity List, several are connected to a Belgian businessman recently indicted by the U.S. Department of Justice, who is accused of the unlawful export of sensitive military grade technology from the United States to end users in China and Russia.

GL

GL 10 authorizes through February 2, 2024, the wind-down of transactions involving Tabak Invest LLC (“Tabak Invest”), or any entity in which Tabak Invest owns, directly or indirectly, a 50% or greater interest (collectively, the “GL 10 Entities”), provided any payment to GL 10 Entities are made into a blocked account at a U.S. financial institution.

Conclusion

This paper is intended as a guide only and is not a substitute for specific legal or tax advice. Please reach out to the authors for any specific questions. We expect to continue to monitor the topics addressed in this paper and provide future client updates when useful.

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