

Locke Lord QuickStudy: OFAC Russia Related Sanctions ?Update: August 4, 2023? ?

Locke Lord LLP

WRITTEN BY

Ryan Last

On July 20, 2023 the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) [added](#) nearly 120 individuals, entities, and vessels to the Specially Designated Nationals (“SDN”) List pursuant to [Executive Order \(“EO”\) 14024](#) in an effort to (i) restrain Russia’s access to products and technology that support its military and war efforts against Ukraine, (ii) reduce Russia’s revenue from the metals and mining sector, (iii) weaken Russia’s future energy capabilities, (iv) degrade Russia’s access to the international financial system, and (v) enforce these measures against persons and entities that assist Russia; to evade and circumvent U.S. sanctions.

Simultaneously, OFAC issued [General License \(“GL”\) 70](#) (“*Authorizing the Wind Down of Transactions Involving Joint Stock Company Ural Mining and Metallurgical Company*”) and [GL 71](#) (“*Authorizing the Wind Down and Rejection of Transactions Involving Certain Entities Blocked on July 20, 2023*”) related to the [Russian Harmful Foreign Activities Sanctions ?Regulations](#), 31 CFR part 587 (the “RuHSR”).

GLs

[GL 70](#) authorizes U.S. persons through October 18, 2023, to complete transactions that are ordinarily incident and necessary to the wind down of business involving Joint Stock Company Ural Mining and Metallurgical Company (“UMMC”), or any entity in which UMMC owns, directly or indirectly, a 50% or greater interest (collectively, the “UMMC Entities”). Any payment to a UMMC Entity must be made into a blocked account. UMMC was added to the SDN List on July 20, 2023, pursuant to EO 14024.

[GL 71](#) authorizes U.S. persons through October 18, 2023, to complete transactions that are ordinarily incident and necessary to the wind down of business involving one or more of the following entities: (1) Joint Stock Company Petersburg Social Commercial Bank; (2) Joint Stock Company Locko Bank; (3) Unistream Commercial Bank JSC; (4) Joint Stock Company Commercial Bank Solidarnost; (5) JSC Tinkoff Bank; or any entity in which one or more of the above persons own, directly or indirectly, individually or in the aggregate, a 50% or greater interest (collectively, “GL 71 Entities”). GL 71 Entities were designated as SDNs on July 20, 2023, pursuant to EO 14024. Any payment made to GL 71 Entities must be made into a blocked account. Additionally, U.S. persons (e.g., banks) are authorized to reject all transactions that are ordinarily incident and necessary to the processing of funds involving any of the GL 71 Entities, rather than block the transactions.

SDN Designations

OFAC has [designated](#) numerous additional (i) Russia-based banks and entities that have been complicit in the imported dual-use technology, (ii) Russia-based banks and entities that operate in Russia's defense sector, financial services sector, technology sector, metals and mining sector, energy sector, manufacturing sector, and defense sector, and (iii) Kyrgyz Republic-based entities for exporting controlled electronics components and other technology to Russia, including sensitive dual-use goods to entities in Russia's defense sector.

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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