

Locke Lord QuickStudy: OFAC Russia Related Sanctions Update: ?November 18, 2022?

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On November 14, 2022 the U.S. Department of the Treasury’s Office of Foreign Assets ?Control (“OFAC”) issued General License (“GL”) 40C related to the Russian Harmful Foreign Activities Sanctions Regulations, 31 CFR Part 587 (the ???“RuHSR”).? GL 40C, which replaces GL 40B, authorizes certain transactions to ensure the safety of civilian aircraft registered outside of the Russian Federation. GL 40C is identical to GL 40B, but adds Emperor Aviation LTD as a blocked entity. This means that U.S. persons may transact with Emperor Aviation LTD and other “Blocked entities” as long as the transactions relate to the provision, exportation or reexportation of goods, technology or services for the safety of civilian aircraft registered outside of the Russian Federation.

On November 16, 2022, OFAC issued GL 21 and FAQ 1097 related to the Global Terrorism Sanctions Regulations, 31 CFR Part 594 (“GTSR”).

- GL 21 authorizes through December 15, 2022, all transactions that are ordinarily incident and necessary to one of the following activities involving blocked persons and vessels (defined below), provided that any payment to a blocked person must be made into a blocked account in accordance with the GTSR: (1) The safe docking and anchoring of any of any blocked vessels in port; (2) The Preservation of the health or safety of the crew of any of the blocked vessels; and (3) Emergency repairs of any of the blocked vessels or environmental mitigation or protection activities relating to any of the blocked vessels. GL 21 authorizes transactions with the SDN listed blocked vessels and persons, and any entity that any of the following persons own, directly or indirectly, a 50% or greater interest: (1) Artemov, Victor Sergioyovich; (2) Azul Vista Shipping Corp.; (3) Blue Berri Shipping Inc.; (4) Harbour Ship Management Limited; (5) Pontus Navigation Corp.; (6) Technology Bright International Ltd.; (7) Triton Navigation Corp.; and (8) Vista Clara Shipping Corp. (collectively, “blocked persons and blocked vessels”).
- FAQ 1097 clarifies that GL 21 authorizes all activities otherwise prohibited by the GTSR that are ordinarily incident and necessary to the limited safety and environmental activities described in GL 21 involving the blocked persons and vessels through December 15, 2022. GL 21 does not authorize the offloading of any cargo onboard any of the blocked vessels. Payment of claims to or for the benefit of a blocked person or vessel would require a specific license from OFAC. After the expiration of GL 21, U.S. persons will be prohibited from engaging in any transactions with the blocked persons or blocked vessels listed in GL 21, unless otherwise exempt or authorized by OFAC. U.S. persons unable to conclude transactions authorized by GL 21 before December 15, 2022, are encouraged to seek guidance from OFAC.

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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