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An Update on Economic Sanctions Related to Events in Ukraine

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In the wake of Sunday's referendum in Crimea to secede from Ukraine, the United States and the European Union imposed economic sanctions on several high-level public officials in Ukraine and Russia. Please see our alert dated March 8, 2014,¹ for background on the U.S. and EU sanction regimes and prior actions taken by President Obama and European leaders.

New U.S. Sanctions Target Russian Officials

On March 6, 2014, President Obama signed Executive Order 13660 authorizing the Secretary of the Treasury or his delegate to impose targeted economic sanctions against individuals or entities deemed responsible for, or complicit in, certain conduct in Ukraine. The March 6 executive order only authorized sanctions against individuals or entities. On March 17, the U.S. government actually imposed sanctions on four individuals, pursuant to the March 6 executive order, including on former Ukrainian president Viktor Yanukovich.

Separately, President Obama signed another executive order imposing economic sanctions on seven additional individuals. The new executive order targeted relatively high-ranking officials of Russia's executive and legislative branches, including a deputy prime minister, members of the State Duma and the Federation Council, and close aides to Russian President Vladimir Putin. President Obama did not name President Putin. The executive order also authorizes the Secretary of the Treasury or his delegate to designate other individuals or entities that fall within certain categories. These categories are:

- officials of the Government of the Russian Federation;
- any individual or entity that operates in the Russian arms industry;
- any person owned or controlled by, or having acted or purported to act for or on behalf of, a senior official of the Government of the Russian Federation or a person designated under the order; or
- materially assisting, sponsoring or providing support for a senior official of the Government of the Russian Federation or a person designated under the order.

Each of the individuals designated has been added to the Office of Foreign Assets Control's List of Specially Designated Nationals and Blocked Persons. Any property or interests in property of these individuals that are in the United States or come within the possession or control of a U.S. person must be "blocked." The provision or receipt of funds, goods or services to, from or for the benefit of any designated person also is prohibited. Designated individuals will be denied visas to enter the United States.

Essentially, these individuals are completely prevented from entering the United States, conducting transactions in U.S. dollars or otherwise accessing the U.S. financial

¹ See our previous mailing, "[Economic Sanctions Related to Events in Ukraine.](#)"

system. The restrictions similarly apply to any entities they own or control. Designation also will severely impact these individual's ability to conduct international business and financial transactions, as many non-U.S. financial institutions voluntarily use U.S. sanctions lists to screen transactions in all currencies.

European Union Expands Sanctions and Provides Economic Assistance

The European Union previously had imposed asset freezes and travel restrictions on former Ukrainian President Yanukovich and 17 of his advisors. Coordinating closely with the United States, on March 17, the Council of Europe added the names of 21 Russian and Crimean officials to its list of sanctioned persons. The European Union also authorized the temporary removal of customs duties on exports from Ukraine to the European Union and indicated that it would sign the political chapters of the EU-Ukraine Association Agreements. This may prove to be an important step in Ukraine's political and economic ties to the European Union.

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Following the referendum in Crimea, President Putin issued a decree to formally recognize Crimea's sovereignty. Following President Putin's address to the members of the Russian State Duma and the Federation Council, he and the representatives of the Crimean local government signed a treaty regarding the admission of the Republic of Crimea into the Russian Federation, subject to ratification by the Russian legislature. Therefore, the situation likely will continue to evolve rapidly. Both the United States and the European Union have promised further action should the situation continue, which may include additional asset freezes or more widespread sanctions against Russia. The Russian legislature and government have not yet introduced any reciprocal sanctions. Skadden's international team, which has significant experience with sanctions regimes, is following the situation closely. We encourage you to contact any of the attorneys listed here or your regular Skadden contact with any questions specific to your situation or business.