

# Client Alert

## U.S. Announces Expanded Sanctions Targeting Russia

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On April 15, 2021, U.S. President Joseph Biden signed an executive order (the “**Executive Order**”) that establishes a new authority for imposition of additional sanctions targeting the Russian Federation in response to Russia’s “continued and growing malign behavior.” The Executive Order calls for the designation of any person determined by the U.S. Secretary of the Treasury, in consultation with the U.S. Secretary of State (and in certain cases, the U.S. Attorney General):

- (i) to operate in the technology or defense sector of the Russian economy or in certain other, yet-identified sectors of the Russian economy;
- (ii) to be responsible for or complicit in, or to have directly or indirectly engaged or attempted to engage in, on behalf or for the benefit of the Russian government: (A) malicious cyber-enabled activities; (B) interference in a U.S. or foreign government election; (C) actions or policies that undermine democratic processes or institutions in the United States or abroad; (D) transnational corruption; (E) assassination, murder, or other unlawful killing of, or infliction of other bodily harm against, a U.S. person or a citizen or national of a U.S. ally or partner; (F) activities that undermine the peace, security, political stability, or territorial integrity of the United States, its allies or its partners; or (G) deceptive or structured transactions or dealings to circumvent any U.S. sanctions, including through the use of digital currencies or assets or the use of physical assets;
- (iii) to be a leader or official or member of the board of directors, as applicable, of the government of Russia or an entity that is engaged in actions described in (ii) above or otherwise designated pursuant to the Executive Order; or
- (iv) to be owned or controlled by, or to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person whose property and interests in property are blocked pursuant to the Executive Order.

The Executive Order also authorizes the designation, solely by virtue of familial connection, of spouses and adult children of persons designated pursuant to the Executive Order. In addition, the Executive Order addresses frustration of U.S. comprehensive sanctions programs by Russia, especially in Venezuela, and perceived Russian threats to European energy security by authorizing the U.S. Secretary of the Treasury, in consultation with the U.S. Secretary of State, to designate as a sanctions target any citizen, resident or national of, or entity organized under the laws of, Russia that: (a) materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, a government whose property and interests in property are blocked by any U.S. sanctions; or

(ii) is responsible for or complicit in, or directly or indirectly engaged or attempted to engage in, cutting or disrupting gas or energy supplies to Europe, the Caucasus or Asia.

Concurrently, the Biden Administration issued a directive to the Executive Order ("**Directive 1**"). Directive 1 prohibits U.S. financial institutions from: (1) participating in the primary market for ruble or non-ruble denominated bonds issued after June 14, 2021 by the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation; and (2) lending ruble or non-ruble denominated funds to any of the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation.

In connection with the issuance of the Executive Order, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**") announced on April 15<sup>th</sup> the designation of six companies for operating in the technology sector of the Russian economy in support of Russian intelligence and defense services. In addition to these six designations, OFAC designated several dozen Russian individuals and entities for their involvement in malign cyber activities, interference in U.S. elections and the evasion of U.S. sanctions, among other reasons.

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This Client Alert is not comprehensive as to the full scope of the U.S. sanctions targeting the Russian Federation or any other U.S. sanctions program or associated laws or regulations.

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