

March 24, 2022

Russia/Ukraine Crisis: OFAC Announces Hundreds of New Sanctions Designations

On March 24, the Biden administration announced a fresh round of sanctions and other trade restrictions in response to Russia’s invasion of Ukraine, further complicating efforts to do business in or with Russia, particularly for companies operating in the defense sector.

Attorneys
[Ama A. Adams](#)
[Brendan C. Hanifin](#)
[Emerson Siegle](#)

Overview of New Actions

The U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) announced three new sets of blocking sanctions. In total, OFAC designated nearly 400 entities and individuals to its list of Specially Designated Nationals (“SDNs”); as a result, U.S. persons are (1) prohibited from engaging in virtually any business or dealings involving the newly designated parties; and (2) required to block any property or interests in property of the newly designated parties that come with a U.S. person’s possession or control.

- **Defense Sector Designations:** OFAC designated multiple companies that form part of Russia’s defense-industrial base and that produce weapons that the U.S. government has determined have been used in Russia’s invasion of Ukraine. These designations will prohibit transactions involving parties operating in key segments of Russia’s defense, aviation, marine, and engineering industries, including:
 - Tactical Missiles Corporation JSC (“KTRV”), a state-owned Russian defense conglomerate, along with KTRV’s General Director Boris Viktorich Obnosov and a range of entities owned or controlled by, or acting on behalf of, KTRV;
 - Joint Stock Company Concern Sea Underwater Weapon Hidropribor, which creates marine underwater weapons, along with entities it owns or controls, or that act on its behalf;
 - JSC NPO High Precision Systems, a state-owned company that develops military equipment;
 - NPK Tekhmash OAO, a state-owned ammunition manufacturer;
 - Joint Stock Company Russian Helicopters, a state-owned holding company that develops civilian and military helicopters, along with entities it owns or controls, or that act on its behalf; and
 - Joint Stock Company Kronshtadt, a private Russian defense contractor that develops equipment for the unmanned aviation and defense industries.

- **Duma Designations:** OFAC designated The State Duma of the Federal Assembly of the Russian Federation (the “Duma”), along with 328 members of the Duma, for their support of Russia’s invasion of Ukraine and their recognition of the so-called Donetsk People’s Republic and Luhansk People’s Republic as separate states. These designations follow similar sanctions imposed by the European Union and United Kingdom.

- **Designation of Sberbank CEO:** OFAC designated Herman Oskarovich Gref, the Chief Executive Officer and Chairman of the Executive Board of Public Joint Stock Company Sberbank of Russia (“Sberbank”).¹ As a result of Gref’s designation, U.S. persons are prohibited from engaging in virtually any business or dealings involving

¹ Sberbank already has been sanctioned pursuant to Directive 1 under Executive Order 13662 and Directive 3 under Executive Order 14024 (prohibiting U.S. persons from engaging in transactions involving new equity and new debt of specified tenors of Sberbank) and Directive 2 under Executive Order 14024 (prohibiting U.S. financial institutions from processing transactions involving Sberbank as of March 26).

Gref, including when Gref is acting in his official capacity (*e.g.*, countersigning agreements) on behalf of Sberbank.

In addition to the above SDN designations, OFAC issued a new Frequently Asked Question (“FAQ #1,029”) to address efforts by the Central Bank of the Russian Federation (the “Central Bank”) to deploy international reserves, including gold, to support Russia’s economy. FAQ #1,029 clarifies that gold-related transactions involving Russia may be prohibited under existing sanctions authorities, including because (1) transactions by U.S. persons involving the Central Bank are impermissible pursuant to Directive 4 under Executive Order 14024; and (2) transactions intended to circumvent existing U.S. sanctions through the use of gold-related purchases are prohibited pursuant Executive Order 14024. The issuance of FAQ #1,029 suggests that the U.S. government is actively monitoring efforts to circumvent existing sanctions, and that U.S. persons should proceed cautiously with respect to any transaction involving Russian gold.

Takeaways

The March 24 designations mark a further escalation in the U.S. government’s campaign to impose wide-reaching economic consequences on Russia for its invasion of Ukraine. While the most immediate effect of the new designations likely will be felt by businesses with ties to Russia’s defense, aviation, marine, and engineering industries, the new sanctions are a reminder that the situation remains extremely fluid and of the importance of conducting ongoing, proactive screening of counterparties to transactions involving Russia.