

CLIENT ALERT

MARCH 15, 2022

## U.S. President Biden Imposes a Fourth Tranche of Economic Sanctions Against Russia

On March 2, 2022, U.S. President Joseph Biden announced a new sanctions package against Russia and Belarus in coordination with its allies. The sanctions include blocking of assets of Russian military entities and elites, as well as a ban on Russian aircraft entering and using domestic U.S. airspace.<sup>1</sup> We have issued a separate client alert on sanctions imposed against Belarus ([here](#)) and export control measures ([here](#)).

### a. New Designations

The day after the U.S. President announced the new sanctions package, the U.S. Department of the Treasury issued new designations targeting (i) Russian “elites” and connected entities (e.g., Alisher Burhanovich Usmanov, his superyacht Dilbar, and his business jet; Nikolay Petrovich Tokarev; and Yevgeniy Prigozhin); (ii) media organizations that are said to be disseminating “misinformation” along with 26 employees and other persons and entities<sup>2</sup> (e.g., Odná Rodyna; Rhythm of Eurasia; Journal Kamerton; New Eastern Outlook and Oriental Review; and United World International (UWI)). The designations were made in close coordination with the European Union, United Kingdom, Canada, Japan, South Korea and Australia.

The U.S. Department of State also listed Russian “elites” pursuant to Executive Order (E.O.) 14024 (including Boris Rotenberg and SMP Bank, Dmitry Peskov, Arkady Rotenberg, Sergei Chemezov, Igor Shuvalov, 14 members of their families, and seven connected entities). In addition, the U.S. Department of State designated 22 Russian defense-related entities under E.O. 14024 as persons who operate or have operated in the defense and related matériel sector or the technology sector of the Russian Federation economy.<sup>3</sup> The designations include firms that make combat aircraft, infantry fighting

---

<sup>1</sup> See The White House – Fact Sheet, The United States Continues to Impose Costs on Russia and Belarus for Putin’s War of Choice (Mar. 2, 2022), available at: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/02/fact-sheet-the-united-states-continues-to-impose-costs-on-russia-and-belarus-for-putins-war-of-choice/>.

<sup>2</sup> U.S. Department of Treasury press release, Treasury Sanctions Russians Bankrolling Putin and Russia-Backed Influence Actors (Mar. 3, 2022), available at: <https://home.treasury.gov/news/press-releases/jy0628>. See also Notice on designations available at: <https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions/20220303>.

<sup>3</sup> U.S. Department of State press release, Targeting Russian Elites and Defense Enterprises of Russian Federation, (Mar. 3, 2022), available at: <https://www.state.gov/targeting-russian-elites-and-defense-enterprises-of-russian-federation/>.

vehicles, electronic warfare systems, missiles, and unmanned aerial vehicles for Russia's military.<sup>4</sup>

As a result of these designations, all property and interests in property of the listed individuals and entities that are in the United States or in the possession or control of U.S. persons are blocked. In addition, any entities that are owned, directly or indirectly, 50 percent or more by one or more blocked persons are also blocked. All transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons are prohibited unless exempt or authorized by a general or specific license issued by OFAC. These prohibitions include the making of any contribution or the provision of funds, goods or services by, to, or for the benefit of any blocked person and the receipt of any contribution or the provision of funds, goods or services from any such person.

#### **b. Ban on Russian Aircraft from Entering/Using U.S. Airspace**

The U.S. Department of Transportation and its Federal Aviation Administration ("FAA")<sup>5</sup> have issued regulatory orders<sup>6</sup> and a Notice to Air Mission (NOTAM)<sup>7</sup> blocking Russian aircraft and airlines from entering and using all domestic U.S. airspace. The restriction is broad, and encompasses "all Russian air carriers and commercial operators, regardless of the state of registry of the aircraft; all aircraft registered in the Russian Federation; all Russian state aircraft, regardless of the state of registry of the aircraft; and all aircraft, regardless of the state of registry, owned, chartered, leased, operated or controlled by, for, or for the benefit of, a person who is a citizen of the Russian Federation." The aviation measures effectively revoke the ability of all Russian airlines – passenger and cargo – to operate to and from U.S. destinations, as well as refusing entry of any Russian-operated aircraft into U.S. airspace. The only exception available is for the case of humanitarian or

---

<sup>4</sup> The White House – Fact Sheet, The United States Continues to Impose Costs on Russia and Belarus for Putin's War of Choice (Mar. 2, 2022), available at: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/02/fact-sheet-the-united-states-continues-to-impose-costs-on-russia-and-belarus-for-putins-war-of-choice/>.

<sup>5</sup> The measure was first announced by the White House. See The White House – Fact Sheet, The United States Continues to Impose Costs on Russia and Belarus for Putin's War of Choice (Mar. 2, 2022), available at: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/02/fact-sheet-the-united-states-continues-to-impose-costs-on-russia-and-belarus-for-putins-war-of-choice/>. See also U.S. Federal Aviation Administration press release, U.S. Will Block Russian Aircraft from Using All Domestic Airspace (Mar. 2, 2022), available at: <https://www.faa.gov/newsroom/us-will-block-russian-aircraft-using-all-domestic-airspace>.

<sup>6</sup> For the U.S. Department of Transportation Order issued Mar. 2, 2022, see <https://www.transportation.gov/briefing-room/russia-part-213-order-2022-3-2>.

<sup>7</sup> For the NOTAM – Prohibition on Russian Flight Operations in the territorial airspace of the U.S., see <https://www.faa.gov/newsroom/notam-prohibition-russian-flight-operations-territorial-airspace-us>.

search and rescue operations specifically authorized by the FAA, diplomatic clearance by the U.S. Department of State and aircraft experiencing in-flight emergencies.

### **c. General Licenses**

Over the past weeks, the U.S. Department of the Treasury has issued the following Russia-related General Licenses:

- General License No. 5 authorizes the official business of certain international organizations and entities and their employees, grantees and contractors.
- General License No. 6 authorizes certain transactions related to the exportation or reexportation of agricultural commodities, medicine, medical devices, replacement parts and components or software updates, and items related to prevention, diagnosis or treatment of COVID-19.
- General License No. 7 authorizes certain transactions related to overflights of the Russian Federation, emergency landings in the Russian Federation, and air ambulance and related medical services.
- General Licenses No. 11 and 12 authorize the wind-down of transactions related to PJSC Bank Financial Corporation Otkritie, Sovcombank OJSC, VTB Bank PJSC, and any entity in which any of these entities holds a 50 percent or greater interest, through March 26, 2022, but they also authorize U.S. persons to reject any such transaction.
- General License No. 9A<sup>8</sup> authorizes all transactions prohibited under the Russian Harmful Foreign Activities Sanctions Regulations that are ordinarily incident and necessary to dealings in debt or equity with certain sanctioned entities<sup>9</sup> until May 25, 2022, provided that any divestment, transfer or facilitation of divestment must be to a non-U.S. person.
- General License No. 10A authorizes all transactions that are ordinarily incident and necessary to the wind-down of derivative contracts entered into prior to

---

<sup>8</sup> General Licenses No. 9A, 10A, 13 and 14 are available at: <https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions/20220302>.

<sup>9</sup> The notion of “covered entities” include: (1) State Corporation Bank for Development and Foreign Economic Affairs Vnesheconombank; (2) Public Joint Stock Company Bank Financial Corporation Otkritie; (3) Sovcombank Open Joint Stock Company; (4) Public Joint Stock Company Sberbank of Russia; (5) VTB Bank Public Joint Stock Company; or (6) any entity in which one or more of the above entities own, directly or indirectly, individually or in the aggregate, a 50 percent or greater interest.

February 24, 2022 that (i) include one of the covered entities<sup>10</sup> as a counterparty or (ii) are linked to debt or equity of a covered entity, until May 25, 2022, provided that any payments to a blocked person are made into a blocked account.

- General License No. 13 authorizes U.S. persons to pay taxes, fees or import duties, and to purchase or receive permits, licenses, registrations, or certifications, to the extent such transactions would otherwise be prohibited as involving the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation or the Ministry of Finance of Russia (the “Directive 4 Entities”), provided such transactions are ordinarily incident and necessary to such persons’ day-to-day operations in the Russian Federation through June 24, 2022. The General License does not authorize any debit to an account on the books of a U.S. financial institution 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.
- General License No. 14 authorizes all transactions prohibited by Directive 4, issued under E.O. 14024, where the Directive 4 Entity’s sole function in the transaction is to act as an operator of a clearing and settlement system, provided that: (i) there is no transfer of assets to or from any Directive 4 Entity, unless separately authorized; and (ii) no Directive 4 Entity is either a counterparty to, or a beneficiary of, the transaction, unless separately authorized. The general license does not authorize any debit to an account on the books of a U.S. financial institution of any Directive 4 Entity.
- General License No. 15 authorizes all otherwise prohibited transactions with any entity owned 50% or more, directly or indirectly, by Alisher Burhanovich Usmanov, provided that such entities are not themselves identified by name on the SDN List. This general license was issued on March 3, 2022, the same day that Usmanov was designated as an SDN. There is no expiry date for this license.<sup>11</sup>

---

<sup>10</sup> The notion of “covered entity” under General License No. 10A comprises: (i) State Corporation Bank for Development and Foreign Economic Affairs Vnesheconombank; (ii) Public Joint Stock Company Bank Financial Corporation Otkritie; (iii) Sovcombank Open Joint Stock Company; (iv) Public Joint Stock Company Sberbank of Russia; (v) VTB Bank Public Joint Stock Company; or (vi) any entity in which one or more of the above entities own, directly or indirectly, individually or in the aggregate, a 50 percent or greater interest.

<sup>11</sup> [https://home.treasury.gov/system/files/126/russia\\_gl15.pdf](https://home.treasury.gov/system/files/126/russia_gl15.pdf).

- General License No.16 authorizes all prohibited transactions that are ordinarily incident and necessary to the importation into the United States of crude oil; petroleum; petroleum fuels, oils and products of their distillation; liquefied natural gas; coal; and coal products of Russian Federation origin pursuant to written contracts or written agreements entered into prior to March 8, through April 22, 2022.<sup>12</sup>

### About Curtis

Curtis, Mallet-Prevost, Colt & Mosle LLP is a leading international law firm. Headquartered in New York, Curtis has 19 offices in the United States, Latin America, Europe, the Middle East and Asia. Curtis represents a wide range of clients, including multinational corporations and financial institutions, governments and state-owned companies, money managers, sovereign wealth funds, family-owned businesses, individuals and entrepreneurs.

For more information about Curtis, please visit [www.curtis.com](http://www.curtis.com).

*Attorney advertising. The material contained in this Client Alert is only a general review of the subjects covered and does not constitute legal advice. No legal or business decision should be based on its contents.*

---

<sup>12</sup> [https://home.treasury.gov/system/files/126/russia\\_gl16.pdf](https://home.treasury.gov/system/files/126/russia_gl16.pdf).

**Please feel free to contact any of the persons listed below if you have any questions on this important development:**



**Jacques Semmelman**

Partner  
[jsemmelman@curtis.com](mailto:jsemmelman@curtis.com)  
New York: +1 212 696 6067



**Jason Wright**

Partner  
[jwright@curtis.com](mailto:jwright@curtis.com)  
New York: +1 212 696 8833



**Ana Amador**

Associate  
[aamador@curtis.com](mailto:aamador@curtis.com)  
Washington: +1 202 452 7366

**Marwa Farag**

Associate  
[mfarag@curtis.com](mailto:mfarag@curtis.com)  
New York: +1 212 696 6040



**Lorena Guzmán-Díaz**

Associate  
[lguzman-diaz@curtis.com](mailto:lguzman-diaz@curtis.com)  
New York: +1 212 696 6132



**Taishu Pitt**

Foreign Associate  
[tpitt@curtis.com](mailto:tpitt@curtis.com)  
Washington: +1 202 452 7378