

ALERT

New U.S. Sanctions and Export Restrictions Target Professional Services and Russia's Media, Banking, Defense, and Industrial Sectors



May 11, 2022

On May 8 and 9, 2022, the Biden Administration imposed new Russia-related sanctions and export restrictions, including a prohibition on the provision of certain professional services to any person located in Russia, sanctions on three Russian state-controlled television stations, and export restrictions targeting Russia's industrial sector. In addition, the Administration imposed new sanctions on entities and individuals, including Moscow Industrial Bank (MIB) and certain bank executives, in response to Russia's ongoing efforts to undermine the sovereignty, territorial integrity, and political independence of Ukraine.

According to the White House, this latest round of sanctions is intended to disrupt "Putin's propaganda machine," "directly degrade Russia's war efforts," and otherwise advance efforts to remove Russia from the global economic and financial system.

Ban on the Provision of Certain Professional Services

Pursuant to Executive Order (EO) 14071, the Office of Foreign Assets Control (OFAC) issued a ban on the provision (by U.S. persons or from the United States) of **accounting, trust and corporate formation, and management consulting** services to any person located in Russia, except if such services are provided (i) to an entity located in Russia that is owned or controlled, directly or indirectly, by a U.S. person; or (ii) in connection with the wind down or divestiture of an entity located in Russia that is not owned or controlled, directly or indirectly, by a Russian person. This services ban goes into effect

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on **June 7, 2022**, although there is a general wind-down authorization that is valid until 12:01 a.m. EDT, July 7, 2022, as well as a specific wind-down authorization for credit rating and audit services that is valid through 12:01 a.m. EDT, August 20, 2022.

In addition, under EO 14024, OFAC may impose sanctions on any individual or entity determined to operate or have operated in any of those service sectors of the Russian economy (in addition to the following sectors of the Russian economy that OFAC previously identified as subject to such restrictions: aerospace, marine, electronics, financial services, technology, and defense and related materiel).

OFAC SDN Designations

State-Controlled Media

OFAC imposed full blocking sanctions – Specially Designated National (SDN) designations – on three of the most popular Russian state-owned television stations for being owned or controlled by, or for having acted or purported to act for or on behalf of, the Russian government: **JSC Channel One Russia, Television Station Russia-1, and JSC NTV Broadcasting Company.**

Banking Entities and Executives

MIB and Subsidiaries: OFAC designated MIB and ten of its subsidiaries as SDNs pursuant to EO 14024. The MIB subsidiaries include the following entities:

- **Agropromyshlenny Kompleks Voronezhski OOO**
- **Anninskii Elevator OOO**
- **Auditkonsalt OOO**
- **Belinveststroi OOO**
- **Dve Stolitsy OOO**
- **Kontrakt OOO**
- **Ladoga OOO**
- **Nekommercheskaya Organizatsiya Fond Khimicheskoe Razoruzhenie I Konversiya**
- **Azovskaya Zernovaya Kompaniya OOO**
- **Ekspluatiruyushchaya Kompaniya Tsentra OOO**

Sberbank Executives: In addition to existing sanctions on PJSC Sberbank of Russia (Sberbank) and certain of its directors/officers, OFAC designated eight current or recent members of the Executive Board of Sberbank pursuant to EO 14024.

Gazprombank Executives: OFAC designated 27 members of Gazprombank's Board of Directors pursuant to EO 14024 for operating or having operated in the financial services sector of the Russian economy. Gazprombank itself is not an SDN, although it is subject to more limited, existing OFAC restrictions.

Sanctions To Degrade Russia's War Efforts

OFAC also imposed full blocking sanctions on Russian weapons manufacturer **LLC Promtekhlogiya**; seven shipping companies, which own or operate 69 vessels; and a marine towing company. A complete list of OFAC's May 8, 2022 actions and details of all the new SDN listings, new general licenses, and new FAQs are available [here](#).

As a result of the SDN designations, all property and interests in property of these individuals and entities that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly, 50% or more by one or more blocked persons are also blocked (*e.g.*, all entities owned 50% or more by MIB are subject to blocking even if not specifically listed by OFAC).

Export Restrictions Targeting Russia's Industrial Sector

The Department of Commerce's Bureau of Industry and Security (BIS) released a new rule imposing a license requirement for exports, reexports, or transfers (in-country) to and within Russia on a broad range of EAR99 industrial sector inputs and products, including wood products, industrial engines, boilers, motors, fans, ventilation equipment, bulldozers and other construction equipment, primary battery and cell parts, and many other items with industrial and commercial applications. The newly restricted items are identified by Harmonized Tariff Schedule (HTS) codes, Schedule B numbers, and HTS/Schedule B descriptions in Supplement No. 4 to Part 746 of the Export Administration Regulations (EAR), and the scope of restricted items is intended to align with similar restrictions imposed by the European Union.

In addition to BIS's new restrictions, the Nuclear Regulatory Commission will suspend general licenses for exports of source material, special nuclear material, byproduct material, and deuterium to Russia.

Our team has unparalleled experience and expertise representing a broad range of U.S. and multinational clients in complex sanctions and export control matters. Should you have any questions about this alert, U.S. sanctions and export controls on Russia, or any national security-related matters, please do not hesitate to contact one of the attorneys listed on this alert.

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