

U.S. Sanctions Individuals for ‘Destabilization Activities in Ukraine’; Is Prepared to Impose Harsher Measures

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On January 20, 2022, the U.S. Department of the Treasury’s (Treasury) Office of Foreign Assets Control (OFAC) sanctioned four individuals who are acting at the direction of the Russian Federal Security Service (FSB) to destabilize Ukraine and otherwise support the government of the Russian Federation’s global influence campaign to destabilize sovereign countries, including the United States.

The sanctioned individuals include: two current Ukrainian Members of Parliament from the largest pro-Russian political party in the Verkhovna Rada, Taras Kozak and Oleh Voloshyn; a former Ukrainian official who currently resides in Moscow, Volodymyr Oliynyk; and a former Deputy Secretary of the Ukrainian National Security and Defense Council, Vladimir Sivkovich. All four were designated pursuant to sanctions under Executive Order 14024 of April 15, 2021, for having acted or purported to act for or on behalf of, directly or indirectly, the Russian government.

According to Treasury’s press release, these individuals are central to Russia’s campaign to recruit current and former Ukrainian government officials to prepare to take over the government of Ukraine and to control Ukraine’s critical infrastructure with an occupying Russian force.

These sanctions come as a Russian military buildup near Ukraine’s borders heightens tension in the region and the U.S. Government’s concerns for Ukraine’s sovereignty and territorial integrity. Treasury noted that these designations are “separate and distinct from the broad range of high impact measures the United States and its Allies

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and partners are prepared to impose in order to inflict significant costs on the Russian economy and financial system if it were to further invade Ukraine.”

In an effort to deter further Russian invasion of Ukraine, the Biden Administration and its European allies have become increasingly aggressive in public statements regarding the potential consequences of continued Russian aggression in Ukraine. While prior U.S. sanctions measures generally have been designed for longer-term impact, any new sanctions package in response to the Russian invasion of Ukraine will likely have an immediate and severe impact on key Russian financial institutions, industries, and individuals. Potential additional U.S. sanctions actions may include:

- Harsher and wider sanctions on Russian financial institutions (e.g., VTB Bank, Gazprom Bank, Russian Direct Investment Fund);
- Limitations on Russia’s ability to convert rubles into U.S. dollars or other foreign currencies;
- Restrictions on Russia’s access to U.S. bond markets;
- Blocking Russia’s access to the Society for Worldwide Interbank Financial Telecommunication (SWIFT) system;
- Sanctions on Nord Stream 2 AG (project company established for construction and subsequent operation of the Nord Stream 2 Pipeline);
- Further sanctions on Russian mining activities;
- Sanctions on additional Russian oligarchs linked to Russian President Vladimir Putin and Russian government officials; and
- Targeted but expansive export control restrictions on industrial and consumer technologies developed from U.S. technologies or containing U.S.-made components (whether foreign-made or U.S.-made) aimed at Russia’s telecommunications, arms, and aerospace industries.

In addition to economic sanctions, President Biden has stated that Russian military escalation would result in reinforced U.S. presence in NATO (North Atlantic Treaty Organization) countries. The Biden Administration also recently committed to providing \$200 million of defensive military aid to Ukraine.

In Congress, Democrats in the Senate and House of Representatives have introduced companion legislation that would authorize a comprehensive sanctions package, including many actions listed above. The Defending Ukraine Sovereignty Act Of 2022 (S.3488; HR6470) – introduced by Senate Foreign Relations Committee Chairman Bob Menendez and House Foreign Affairs Committee Chairman Gregory Meeks – is designed to “counter the aggression of the Russian Federation against Ukraine and Eastern European allies, to expedite security assistance to Ukraine to bolster Ukraine’s defense capabilities, and to impose sanctions relating to the actions of the Russian Federation with respect to Ukraine[.]” In addition, media reports indicate that Senator Menendez is working with a bipartisan group of Senators, including Foreign Relations Committee Ranking Member Jim Risch, to identify a sanctions package that could pass the Senate with bipartisan support.

Should you have any questions on the new sanctions or potential new sanctions, please contact one of the attorneys listed on this alert.

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