

# OFAC Issues New General Licenses, Guidance Related to Recent Russia Sanctions

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**NOTE: On May 1, 2018, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) issued Ukraine-/Russia-related General Licenses 12B and 13A. Please see our [May 7, 2018, client alert](#) for more details.**

On April 23, 2018, OFAC issued Ukraine-/Russia-related General Licenses 12A and 14, and additional guidance to further minimize immediate disruptions to U.S. persons, partners and allies in connection with certain transactions related to United Company RUSAL PLC (RUSAL), which was sanctioned on April 6, 2018. As discussed in our [previous client alert](#), those sanctions targeted seven Russian oligarchs, 12 companies owned or controlled by these oligarchs, 17 senior Russian government officials, a state-owned Russian weapons-trading company and its Russian bank subsidiary (the April 6 Sanctions).

In its press release announcing General Licenses 12A and 14, the Treasury Department indicated that RUSAL approached it to petition for delisting and that Treasury was taking these steps while it considers RUSAL's petition.

General License 12A replaces and supersedes General License 12, which was issued concurrently with the April 6 Sanctions. General License 12A is identical to General License 12 in all respects except that it references the newly issued General License 14, which provides additional authorizations related to transactions involving RUSAL. As detailed in our previous alert, General License 12 — now General License 12A — permits until 12:01 a.m. Eastern Daylight Time on June 5, 2018, transactions and activities “ordinarily incident and necessary to the maintenance or wind down of operations, contracts, or other agreements” (including the importation of goods, services or technology into the United States) involving the 12 oligarch-owned companies designated in the April 6 Sanctions, provided those operations, contracts or other agreements were in effect prior to April 6, 2018. General License 12A also applies to transactions and activities involving any entity in which one or more of these 12 designated companies owns, directly or indirectly, a 50 percent or greater interest.

General License 14 extends the authorizations of General License 12A until 12:01 am Eastern Daylight Time on October 23, 2018, with respect to RUSAL and any entity owned, directly or indirectly, 50 percent or more by RUSAL. Accordingly, General License 14 permits until this time transactions “ordinarily incident and necessary to the maintenance or wind down of operations, contracts, or other agreements, including the importation of goods, services, or technology into the United States,” involving RUSAL or entities owned 50 percent or more by RUSAL. As with the authorizations of General License 12A, these operations, contracts or other agreements must have been in effect prior to April 6, 2018.

General License 14 provides additional authorizations related to RUSAL not included in General License 12A. General License 14 and OFAC's related guidance make clear that funds belonging to RUSAL or entities owned 50 percent or more by RUSAL that were blocked prior to April 23, 2018, remain blocked. However, the license does not require that payments to or for the direct or indirect benefit of RUSAL or entities owned 50 percent or more by RUSAL on or after April 23, 2018, be made into a blocked, interest-bearing account in the United States. Additionally, any funds in previously blocked accounts may now be used for the limited purpose of the maintenance or wind down of activities as authorized by General License 14.

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General License 14 also authorizes U.S. persons to export goods from the United States to RUSAL through the term of the general license, provided that the exports are for maintenance or wind-down purposes. Exportation of goods from the United States to the other entities covered by General License 12A is still prohibited; however, OFAC's guidance notes that the exportation of goods from a third country location in connection with activity for the maintenance or wind down of an entity listed under General License 12A is not prohibited.

In the context of secondary sanctions, OFAC's guidance reiterates that a transaction will not be deemed "significant" under Sections 226 and 228 of the Countering America's Adversaries Through Sanctions Act (CAATSA) if authorized by General Licenses 12A or 14.<sup>1</sup> This includes, but is not limited to, making

<sup>1</sup> We provide a more detailed treatment of Sections 226 and 228, and secondary sanctions in general, in our [August 4, 2017](#), and [November 9, 2017](#), client alerts on CAATSA and other related provisions.

payments to RUSAL for transactions authorized under General License 14 and the exportation of goods from a third-country location to one of the entities listed in General License 12A.

General License 13, which OFAC issued simultaneously with the April 6 Sanctions, was unaffected by the issuance of General License 12A and 14. Please see our April 11, 2018, client alert for a detailed discussion of the transactions authorized under General License 13.

U.S. persons participating in transactions authorized by General Licenses 12A, 13 or 14 are required to file a detailed report of each transaction with OFAC within 10 business days after the expiration of the license. The report should include the names and addresses of the parties involved, the type and scope of the activities conducted, and the dates on which the activities occurred.

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