

Crimea River: U.S. Rushes to Impose Sanctions

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The situation with respect to U.S. sanctions related to Russia and Ukraine is evolving rapidly. [As we previously reported](#), on March 6, 2014, President Obama issued Executive Order 13660, which authorized the blocking of property of individuals and entities involved in the political destabilization of Ukraine. Under this Order, the U.S. Government was specifically authorized to take the following steps:

1. Block the property and property interests in the United States of individuals and entities that are (i) responsible for undermining the peace, security, stability, sovereignty, and/or territorial integrity of Ukraine; or (ii) owned / controlled by, or acting on behalf of any person whose property and interests are blocked by this Order;
2. Suspend entry into the United States of any person deemed to be a blocked person; and
3. Prohibit humanitarian donations by, to, or for the benefit of any blocked person.

While EO 13660 provided categories of persons subject to the sanctions, the U.S. Treasury and State Departments were left to designate specific parties for sanctions.

Then, on March 17, President Obama issued EO 13661, this time authorizing the imposition of sanctions against virtually any official of the Government of the Russian Federation, any individuals or entities that operate in the arms industry in the Russian Federation, and any individual or entity that is owned or controlled by, or provides material or other support to, any senior official of the Government of the Russian Federation. Perhaps most notable among potential sanctions targets is Russian President Vladimir Putin – though he is not one of the individuals who has been designated to date.

That same day, the U.S. Government published the names of the first individuals designated for asset freezing and visa prohibitions under EO 13660. Three days later, President Obama went further still with the issuance of yet another Order, EO 13662. This Order targets individuals and entities deemed by the U.S. government to:

1. Operate in such sectors of the Russian Federation economy as may be determined by the Secretary of the Treasury, in consultation with the Secretary of State, such as financial

services, energy, metals and mining, engineering, and defense and related materiel;

2. Have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any person whose property and interests in property are blocked pursuant to this order; or
3. Be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to this order.

Any individual or entity designated under EO 13662 is subject to an asset freeze in the United States and U.S. visa restrictions. In addition, no U.S. person may make a donation to, or receive a donation from, any party designated under this Order.

Also on March 20, the Treasury Department announced that it had designated 20 individuals pursuant to EO 13661. Treasury also designated Bank Rossiya under that Order, effectively prohibiting the bank from engaging in dollar-based transactions. Bank Rossiya is the first bank designated in accordance with these new sanctions, at least to date, and the Russian economy is reportedly already feeling the effects.

The European Union has introduced travel bans and asset freezes on a number of individuals, and the Canadian government has also imposed restrictions related to Russia and Ukraine. Most recently, the United States and the leaders of the biggest western economies agreed to exclude Russia from the G-8 summit, thereby suspending Russia's 15-year stint in the diplomatic forum. By this coordinated effort, it appears that the United States and its allies are trying to the extent possible to work together on levying sanctions.

Things are obviously moving very quickly, and likely will continue to do so. Any company with operations in or around the Russian and Ukrainian regions should watch the situation closely.

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