

March 7, 2014

President Obama Signs Executive Order “Blocking Property of Certain Persons Contributing to the Situation in Ukraine”

On March 6, 2014, President Obama issued an executive order “blocking property of certain persons contributing to the situation in Ukraine” (“the Order”), designed to address the extraordinary threats to democratic processes and institutions in Ukraine; the peace, security, stability, sovereignty and territorial integrity of Ukraine; and the national security and foreign policy interests of the United States.

As reflected in its title, the Order targets certain persons and entities, including but not limited to any individual or entity responsible for or complicit in, or which has engaged in, any actions or policies that: (1) undermine democratic processes or institutions in Ukraine; (2) threaten the peace, security, stability, sovereignty or territorial integrity of Ukraine; (3) involve the misappropriation of state assets of Ukraine or of an economically significant entity in the country; and/or (4) effect an assertion of government authority over any part or region of Ukraine without the authorization of the country’s government. The Order also authorizes sanctions against any entity that is owned or controlled by, or has acted or purported to act for or on behalf of, directly or indirectly, any of the classes of individuals or entities listed above.

Although President Obama did not designate any parties directly in the Order, his action confers on the US Secretary of the Treasury, in consultation with the US Secretary of State, the authority to determine the targeted parties. With regard to such parties, the Order provides that:

1. all their property and interests in property that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person (including any foreign branch) are hereby blocked and may not be transferred, paid, exported, withdrawn or otherwise dealt in;
2. all their entries into the United States, as immigrants or nonimmigrants, are hereby suspended;
3. the making of donations of the type of articles specified in Section 203(b)(2) of the International Emergency Economic Powers Act (50 USC 1702(b)(2))—such as food, clothing and medicine intended to be used to relieve human suffering—by, to or for the benefit of them, is prohibited;
4. the making of any contribution or provision of funds, goods or services by, to or for the benefit of them, or the receipt of any contribution or provision of funds, goods or services from them, is prohibited; and

For more information, or if you have any questions, please contact your Katten Muchin Rosenman LLP attorney or any of the following members of Katten’s **Customs and International Trade** team.

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5. any transaction that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions set forth in the Order, or any conspiracy formed to violate any of the prohibitions set forth in the Order, is prohibited.

As of March 7, 2014, the US Secretary of the Treasury has not yet designated any subject persons or entities under the Order. However, given that the ordered sanctions will be targeted against a defined group of individuals and entities, members of the trade community should review any potential ties to such individuals or entities as they become available. If you have any questions concerning the parties designated, or the potential effects on your business, please do not hesitate to contact any member of the Katten Muchin Rosenman LLP Customs and International Trade team.

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