

ClientAlert

International Trade

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Ukraine Sanctions and Aid Bill Passes into Law

On April 3, 2014, President Obama signed into law the *Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014* (the "Act"). The Act supplements the three Executive Orders authorizing sanctions on Ukrainian and Russian individuals and entities signed on March 6, 17 and 20, 2014. It authorizes the President to impose sanctions on persons deemed responsible for violence or undermining the peace, security, stability, sovereignty, or territorial integrity of Ukraine, and on persons in the Russian Federation determined to be complicit in or responsible for significant corruption in Ukraine or the Russian Federation. It also provides for aid to Ukraine, and requires an annual report on military and security developments involving the Russian Federation.

Sanctions Measures in the Act

The Act authorizes blocking (freezing) the property and interests in property located in the United States or in the possession or control of a US Person of the following persons:

- any person, including a current or former official of the Government of Ukraine or a person acting on behalf of that Government, that the President determines has perpetrated, or is responsible for ordering, controlling, or otherwise directing, significant acts of violence or gross human rights abuses in Ukraine against persons associated with the antigovernment protests in Ukraine that began on November 21, 2013;
- any person that the President determines has perpetrated, or is responsible for ordering, controlling, or otherwise directing, significant acts that are intended to undermine the peace, security, stability, sovereignty, or territorial integrity of Ukraine, including acts of economic extortion;
- any official of the Russian Government, or a close associate or family member of such an official, that the President determines is responsible for, or complicit in, or responsible for ordering, controlling, or otherwise directing, acts of significant corruption in either Ukraine or in the Russian Federation; and
- any individual that the President determines materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, the commission of acts described above.



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The Act states that the authority to freeze assets of such persons would not include the authority to impose sanctions on the importation of goods. The Act further provides that penalties under the International Emergency Powers Act ("IEEPA") could be imposed on a person that violates or causes a violation of the asset-blocking sanctions. Persons determined to meet the criteria above also would be subject to visa denial and would be excluded from the US. Waiver of sanctions is possible if the President deems it to be in the interest of US national security and submits a notice detailing the justification for the waiver to Congress.

The Act, unlike the Executive Orders, targets "close associates" and "family members" as well as persons determined to meet certain triggers. In addition, although there is overlap between the Executive Orders and the Act, the triggers in the Act contain new targeted activities, such as acts of significant corruption.

Aid and Other Provisions in the Act

The Act provides for various forms of aid to Ukraine and other measures, including:

- Amounts to be made available for the costs of loan guarantees for Ukraine authorized under the Act;
- US authorities to assist the Government of Ukraine to identify, secure, and recover assets linked to acts of corruption by former Ukrainian President Viktor Yanukovich, members of his family, or other former or current officials of the Government of Ukraine or their accomplices in any jurisdiction;
- State Department to receive USD 50 million to carry out activities related to democracy, civil society, governance, and technical assistance for Ukraine, and support of political and economic reform initiatives in other Central and Eastern European countries;
- Enhanced security cooperation with Ukraine and other countries in Central and Eastern Europe; and
- US Defense Department to submit a report to Congress on the current and projected military power of the Russian Federation.

Companies and financial institutions should monitor closely any sanctions measures imposed pursuant to this legislation to ensure compliance. It is particularly important for companies and financial institutions to understand their obligations under these evolving US sanctions laws. Penalties for noncompliance can be severe. We will continue to track and report on these sanctions developments.

Click [here](#) for a copy of the Act.

For additional information related to the US and EU sanctions see <http://www.whitecase.com/ukraine-news-update>

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