

Ukraine Crisis: US and EU Respond with Targeted Sanctions

A US Executive Order authorizes blocking property and the EU freezes assets of 18 individuals.

In response to the political crisis in Ukraine, the United States and the European Union have initiated a series of targeted sanctions against certain individuals. These measures remain to be fully implemented, and could be followed by additional sanctions in the days ahead.

On March 6, 2014, the EU [froze the assets of 18 individuals](#)¹ in connection with the alleged embezzlement of Ukrainian State funds. The EU regulation also prohibits making funds or economic resources available, directly or indirectly, to or for the benefit of these persons. The same day, the US President issued an [Executive Order](#) (EO) authorizing the Secretary of the Treasury to block property of persons that “undermine democratic processes and institutions in Ukraine” or contribute to the “misappropriation of Ukraine’s assets.” The US Department of the Treasury has neither issued a list of targeted individuals, nor has indicated whether or not the Treasury Department will track or duplicate the EU’s list of designated persons.

Scope and impact of these measures

While the Treasury Department has not yet designated any parties under the EO, the potential reach of the EO is quite broad, and could extend to persons outside of Ukraine. Under the terms of the EO, a person may be subject to blocking if the person meets any of the following criteria:

- Is responsible for, complicit in, or has engaged in, directly or indirectly (a) actions or policies undermining democratic processes or institutions in Ukraine; (b) actions or policies threatening the peace, security, stability, sovereignty, or territorial integrity of Ukraine; or (c) misappropriation of Ukrainian State assets or assets of an economically significant entity in Ukraine
- Has asserted governmental authority over any part or region of Ukraine without authorization of the Ukrainian Government
- Is the leader of an entity that has taken, or whose members have taken, any of the above-listed actions, or an entity that is otherwise blocked under the EO
- Has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, any of the above-listed actions, or to an entity that is otherwise blocked under the EO
- Is owned or controlled by any person otherwise blocked under the EO

In connection with these measures, the Treasury Department's Financial Crimes Enforcement Network (FinCEN) issued an [advisory](#) on March 6, 2014 to provide the names and identifying information of "persons who have been subject to sanctions and asset freezes" by the EU and Canada. The advisory updates FinCEN's [previously-issued advisory](#) that reminds "financial institutions of their responsibility to take reasonable, risk-based steps regarding the potential suspicious movement of assets related to Viktor Yanukovich departing Kyiv and abdicating his responsibilities and other senior officials resigning from their positions or departing Kyiv."

The EU asset freeze is currently limited to the 18 individuals named in the annex to the regulation — all of whom are identified as former members of the Ukrainian government, including the deposed president Viktor Yanukovich, as well as businessmen, or their relatives. The EU may freeze the assets of additional individuals by amending the regulation to add more names to the annex.

Travel and visa restrictions

Once designated as a blocked person by the Treasury Department, such persons will automatically be denied entry into the US. In connection with the EO, the US Department of State [imposed visa restrictions](#) on [officials and individuals](#) "responsible for or complicit in threatening the sovereignty and territorial integrity of Ukraine," in addition to the Department's pre-existing policy to deny visas to "those involved in human rights abuses related to political oppression in Ukraine."

The EU has not imposed travel restrictions related to the Ukraine crisis, but has suspended talks with Russia related to visa agreements. The EU recently signalled in [public statements](#) that travel bans, in addition to further asset freezes, could be the EU's next move unless Russia deescalates the situation in Ukraine.

Potential for additional sanctions

The immediate impact of the US and EU measures might not be significant, but they are the first punitive measures taken in response to the recent crisis in Ukraine. As the situation on the ground continues to develop, the US and EU governments may take additional steps and impose further measures on individuals or entities.

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¹ The regulation titled "Council Regulation (EU) No 208/2014 of 5 March 2014," was published in the Official Journal of the European Union and entered into force on March 6, 2014.