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# New Sanctions Measures Regarding Russia Serve as a Reminder That Failing to Comply with Sanctions and Export Controls Can Result in Significant Liability

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On May 1, 2024, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and the U.S. Department of State sanctioned nearly 300 individuals, businesses, and vessels abroad to further degrade Russia's ability to sustain its illegal war against Ukraine. The parties subject to this new round of sanctions are located in Belgium, United Arab Emirates, Turkey, Slovakia, Kyrgyzstan, Malaysia, China, Russia, and Azerbaijan. The sanctions target the following:

- Russia's chemical and biological weapons programs;
- Russia's defense and related materiel, manufacturing, technology, transportation, aerospace, construction sectors;
- Russia's future energy, metals and mining production and export capacity;
- Companies and individuals in other countries that provide critical inputs to Russia's military-industrial base;
- Parties in connection with the death of opposition politician and anti-corruption activist Aleksey Navalny.

The sanctioned parties have been added to the Specially Designated Nationals and Blocked Persons List ("SDN List"). As a result of the designations, U.S. individuals and entities are generally prohibited from dealing directly or indirectly with the sanctioned parties, their property or property interests, as well as entities that are owned 50% or more by one or more of the sanctioned parties. Non-U.S. individuals and entities can be subject to secondary sanctions risks (i.e., designation on the SDN List) for providing "material support" to the sanctioned parties.

This latest action by OFAC and the Department of State builds upon an already expansive suite of economic sanctions, export controls, and other regulatory measures the United States has implemented that target the Russian Federation. Equally important, these sanctions heighten risks associated with doing business in or engaging in transactions involving the Russian Federation, Russian-occupied territories of Ukraine, and companies and individuals in other countries that provide critical support for Russia's military-industrial base. The risks include becoming exposed to sanctions, export controls, import restrictions, money laundering vulnerabilities, and corruption.
Conducting heightened compliance due diligence on transactions and business partners can often help reduce or mitigate the various operational, legal, economic, and reputational risks linked to the Russian

Federation. Businesses should ensure that their sanctions and export controls compliance programs are up to date and capable of managing the risks associated with business's operations. Businesses engaging in transactions or other dealings subject to OFAC's regulations should consult OFAC's website, which contains detailed information on sanctions programs, various guidance and advisories, and the key elements of any sanctions compliance program (*see* "A Framework for OFAC Compliance Commitments"). Additionally, businesses and individuals engaging in export transactions involving items subject to the Export Administration Regulations should consult BIS's website, which contains detailed guidelines on export controls, guidance, including key elements of any export controls compliance program (*see* "Export Compliance Guidelines: The Elements of an Effective Export Compliance Program").

The U.S. Department of Justice indicated this past year that it will dedicate unprecedented resources and attention to sanctions and export controls enforcement. In her March 2023 remarks, Deputy Attorney General Lisa Monaco stated that sanctions and export controls, once a "technical area of concern for selected businesses," should now "be at the top of every company's compliance chart."