

MEMBER ALERT

U.S. Sanctions Russian State Agencies Including Alrosa and Alrosa CEO

On February 24, 2022, the Biden-Harris administration issued sanctions prohibiting certain types of trade with Russian state-owned agencies and added certain persons to the Office of Foreign Assets Control's Specially-Designated Nationals list. The information is available here: <https://home.treasury.gov/policy-issues/financial-sanctions/faq/added/2022-02-24>. These sanctions were issued in response to Russia's invasion of Ukraine.

Alrosa was added to a list of menu-based sanctions but not added to the Specially Designated Nationals List. Effectively, this action bans U.S. businesses and persons from entering into debt transactions longer than 14 days with Alrosa but does not impose the harsher sanctions of an asset freeze and outright prohibition of all business. For the jewelry industry, any open memo agreements previously entered into with terms longer than 14 days should immediately be amended to shorten the terms, and/or closed. Any U.S. business that is currently transacting with Alrosa or Alrosa USA should evaluate the status of any transactions and work to ensure that their transactions do not violate the sanctions. Additionally, a number of Russian banks were sanctioned; businesses should be careful to check the list before proceeding with any transaction.

In addition, Sergei S. Ivanov, the CEO of Alrosa, has been added to the OFAC Specially-Designated Nationals list as an individual. Generally, when a business is not on the OFAC list itself but is controlled by a blocked person, OFAC urges caution when considering a transaction with that entity. Such non-blocked entities may become the subject of future

designations or enforcement actions by OFAC. In addition, OFAC recommends that persons should be cautious in dealing with such a non-blocked entity to ensure that they are not dealing with a blocked person representing the non-blocked entity, such as entering into a contract that is signed by that blocked person. If this is the situation for your company, you should seek legal guidance from outside counsel before taking any further steps.

Businesses should evaluate whether any of their suppliers or customers are transacting with Alrosa, Ivanov, or any of the banks or other entities named in the sanctions. Those with questions or a need to obtain authorization to wind down transactions under a general license should contact the OFAC hotline at 1-800-540-6322.

This Executive Order does not apply to any goods acquired from Alrosa or Alrosa USA before February 24, 2022. Any goods acquired and paid for before that date may be purchased and sold in the U.S. without any need to obtain a license from Treasury. As a best practice, businesses should keep records and invoices showing the date any Russian-origin goods were acquired and pass along this information to their customers when requested.

Please contact JVC Deputy General Counsel Sara Yood at sara@jvclegal.org with any additional questions.

**Thank You,
Your JVC Team**