



January 2017

## **United States Imposes Targeted Sanctions Against Russian Intelligence Agencies and Operatives Accused of U.S. Presidential Election Hacking**

In late December 2016 and early January 2017, the U.S. government took action to sanction Russian individuals and intelligence agencies determined to be involved in hacking activities related to the November U.S. presidential election.

Specifically, on Dec. 29, 2016, President Obama amended and expanded an existing executive order to authorize targeted sanctions against Russian individuals and entities involved in hacking Democratic Party political organizations for the purpose of affecting November's presidential election. The previous executive order of April 1, 2015, authorized the imposition of sanctions on persons engaged in malicious cyber-enabled activities that caused harm to U.S. national security, foreign policy, or the economic health or financial stability of the United States. The amendment allows the U.S. government to sanction individuals or entities that interfere with a U.S. election. Pursuant to the amended executive order, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) imposed targeted sanctions against several Russian individuals and entities involved in the Russian intelligence sector.

In addition, on Jan. 4, 2017, the U.S. Department of Commerce, Bureau of Industry and Security (BIS) added the same entities to its Entity List.

Finally, as part of the actions taken in response to the election hacking, the U.S. government announced the expulsion of 35 Russian diplomats from the United States. The new measures come on the eve of the change in presidential administration, which is injecting uncertainty into the future of the United States' sanctions against Russia.

## Amended Executive Order 13694

The amended [Executive Order 13694 \(E.O. 13694\)](#), “Taking Additional Steps to Address the National Emergency with Respect to Significant Malicious Cyber-Enabled Activities,” targets individuals and entities that threaten U.S. interests by tampering with, altering, or causing a misappropriation of information with the purpose or effect of interfering with or undermining election processes or institutions, or that have materially assisted, sponsored, or provided support to those that have engaged or attempted to engage in malicious hacking activities. U.S. persons are prohibited from engaging, directly or indirectly, in most transactions with individuals and entities sanctioned pursuant to the E.O., and U.S. persons are further required to block property and interests in property of designated individuals and entities.

### OFAC Targeted Sanctions

The amended E.O. 13694 identified five entities and four individuals involved in hacking activities related to the U.S. presidential election. OFAC imposed targeted sanctions upon them as well as two additional individuals by adding them to the list of [Specially Designated Nationals \(SDN List\)](#). Notably, the sanctioned entities include the main Russian intelligence entities, the GRU and the FSB, as well as two entities engaged in intelligence-related activities. Also sanctioned were the current chief, deputy chief, and two first deputy chiefs of the GRU.

### BIS Export Restrictions

Besides their addition to the SDN List, all five entities identified in the amended E.O. 13694, including the GRU and the FSB, were also added to the [BIS Entity List](#). Designation to the Entity List imposes a license requirement for exports, reexports, or in-country transfers to these entities of all items subject to the Export Administration Regulations (EAR). All BIS export license applications involving any of the newly-listed entities are subject to a licensing policy of denial.

### Compliance with the New Measures

The status of U.S. sanctions against Russia appear unsettled at this time, given President-Elect Trump’s apparent relationship with Russia on the one hand, and the recent congressional hearing on Russian hacking along with the seemingly broad consensus of the U.S. intelligence community on the other. Any person or entity subject to U.S. law should consult with counsel to carefully review its relationships in Russia and assess the potential risk for interactions or transactions with designated individuals or entities.

U.S. persons are prohibited from dealings with individuals and entities that are named on OFAC’s SDN List. In addition, a license is required to export items subject to the EAR to any of the entities named to the Entity List. A violation of U.S. sanctions can result in both criminal and civil enforcement in the United States. Accordingly, companies should continue to screen all parties to international transactions against all of the most up-to-date U.S. government lists of designated and sanctioned individuals, entities, and prohibited transactions. Perhaps even more challenging from a compliance standpoint, U.S. persons are likewise prohibited from dealings with entities that are not specifically enumerated on the SDN List, but are owned 50 percent or more in the aggregate by any designated entities or individuals. As such, it is imperative to implement risk-based compliance programs to minimize the chances of even inadvertent activities with these entities.

Read about this and archived [Export Controls Alerts](#) on [gtlaw.com](#).

Based in Washington, D.C. and Amsterdam our [Export Controls](#) team advises and represents clients on the full range of international goods, software and technology transfer issues. We have broad experience providing export controls and related regulatory counsel to both U.S. and foreign businesses. Our industry-specific experience includes assisting companies in a wide range of industries such as aerospace, defense, firearms and ammunition, electronics, software and information technology, financial services, energy, food, consumer products, biotechnology, medical device and engineering services.

This *GT Alert* was prepared by **Kara M. Bombach**, **Renee A. Latour<sup>‡</sup>**, **Cyril T. Brennan**, and **Sandra K. Jorgensen**. Questions about this information can be directed to:

- > [Kara M. Bombach](#) | +1 202.533.2334 | [bombachk@gtlaw.com](mailto:bombachk@gtlaw.com)
- > [Renee A. Latour<sup>‡</sup>](#) | +1 202.533.2358 | [latourr@gtlaw.com](mailto:latourr@gtlaw.com)
- > [Cyril T. Brennan](#) | +1 202.533.2342 | [brennanct@gtlaw.com](mailto:brennanct@gtlaw.com)
- > [Sandra K. Jorgensen](#) | +1 202.530.8569 | [jorgensens@gtlaw.com](mailto:jorgensens@gtlaw.com)
- > [Michael X. Marinelli<sup>‡</sup>](#) | +1 512.320.7236 | [marinellimx@gtlaw.com](mailto:marinellimx@gtlaw.com)
- > [Sandra D. Gonzalez](#) | +1 512.320.7234 | [gonzalezsd@gtlaw.com](mailto:gonzalezsd@gtlaw.com)

<sup>‡</sup>Admitted to practice only in Virginia. Practice in the District of Columbia limited to matters and proceedings before federal courts and agencies.

<sup>‡</sup> Not licensed to practice in the State of Texas

<b>Amsterdam</b> +31 20 301 7300	<b>Denver</b> +1 303.572.6500	<b>Northern Virginia</b> +1 703.749.1300	<b>Tallahassee</b> +1 850.222.6891
<b>Atlanta</b> +1 678.553.2100	<b>Fort Lauderdale</b> +1 954.765.0500	<b>Orange County</b> +1 949.732.6500	<b>Tampa</b> +1 813.318.5700
<b>Austin</b> +1 512.320.7200	<b>Houston</b> +1 713.374.3500	<b>Orlando</b> +1 407.420.1000	<b>Tel Aviv<sup>^</sup></b> +03.636.6000
<b>Berlin-</b> +49 (0) 30 700 171 100	<b>Las Vegas</b> +1 702.792.3773	<b>Philadelphia</b> +1 215.988.7800	<b>Tokyo<sup>‡</sup></b> +81 (0)3 4510 2200
<b>Berlin-GT Restructuring<sup>-</sup></b> +49 (0) 30 700 171 100	<b>London<sup>*</sup></b> +44 (0)203 349 8700	<b>Phoenix</b> +1 602.445.8000	<b>Warsaw<sup>~</sup></b> +48 22 690 6100
<b>Boca Raton</b> +1 561.955.7600	<b>Los Angeles</b> +1 310.586.7700	<b>Sacramento</b> +1 916.442.1111	<b>Washington, D.C.</b> +1 202.331.3100
<b>Boston</b> +1 617.310.6000	<b>Mexico City<sup>+</sup></b> +52 55 5029.0000	<b>San Francisco</b> +1 415.655.1300	<b>Westchester County</b> +1 914.286.2900
<b>Chicago</b> +1 312.456.8400	<b>Miami</b> +1 305.579.0500	<b>Seoul<sup>∞</sup></b> +82 (0) 2.369.1000	<b>West Palm Beach</b> +1 561.650.7900
<b>Dallas</b> +1 214.665.3600	<b>New Jersey</b> +1 973.360.7900	<b>Shanghai</b> +86 (0) 21.6391.6633	

*This Greenberg Traurig Alert is issued for informational purposes only and is not intended to be construed or used as general legal advice nor as a solicitation of any type. Please contact the author(s) or your Greenberg Traurig contact if you have questions regarding the currency of this information. The hiring of a lawyer is an important decision. Before you decide, ask for written information about the lawyer's legal qualifications and experience. Greenberg Traurig is a service mark and trade name of Greenberg Traurig, LLP and Greenberg Traurig, P.A. \*Operates as a separate UK registered legal entity. \*\*Greenberg Traurig is not responsible for any legal or other services rendered by attorneys employed by the strategic alliance firms. +Greenberg Traurig's Mexico City office is operated by Greenberg Traurig, S.C., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ∞Operates as Greenberg Traurig LLP Foreign Legal Consultant Office. ^Greenberg Traurig's Tel Aviv office is a branch of Greenberg Traurig, P.A., Florida, USA. ‡Greenberg Traurig Tokyo Law Offices are operated by GT Tokyo Horitsu Jimusho, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ~Greenberg Traurig's Warsaw office is operated by Greenberg Traurig Grzesiak sp.k., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Certain partners in Greenberg Traurig Grzesiak sp.k. are also shareholders in Greenberg Traurig, P.A. Images in this advertisement do not depict Greenberg Traurig attorneys, clients, staff or facilities. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. ©2017 Greenberg Traurig, LLP. All rights reserved.*