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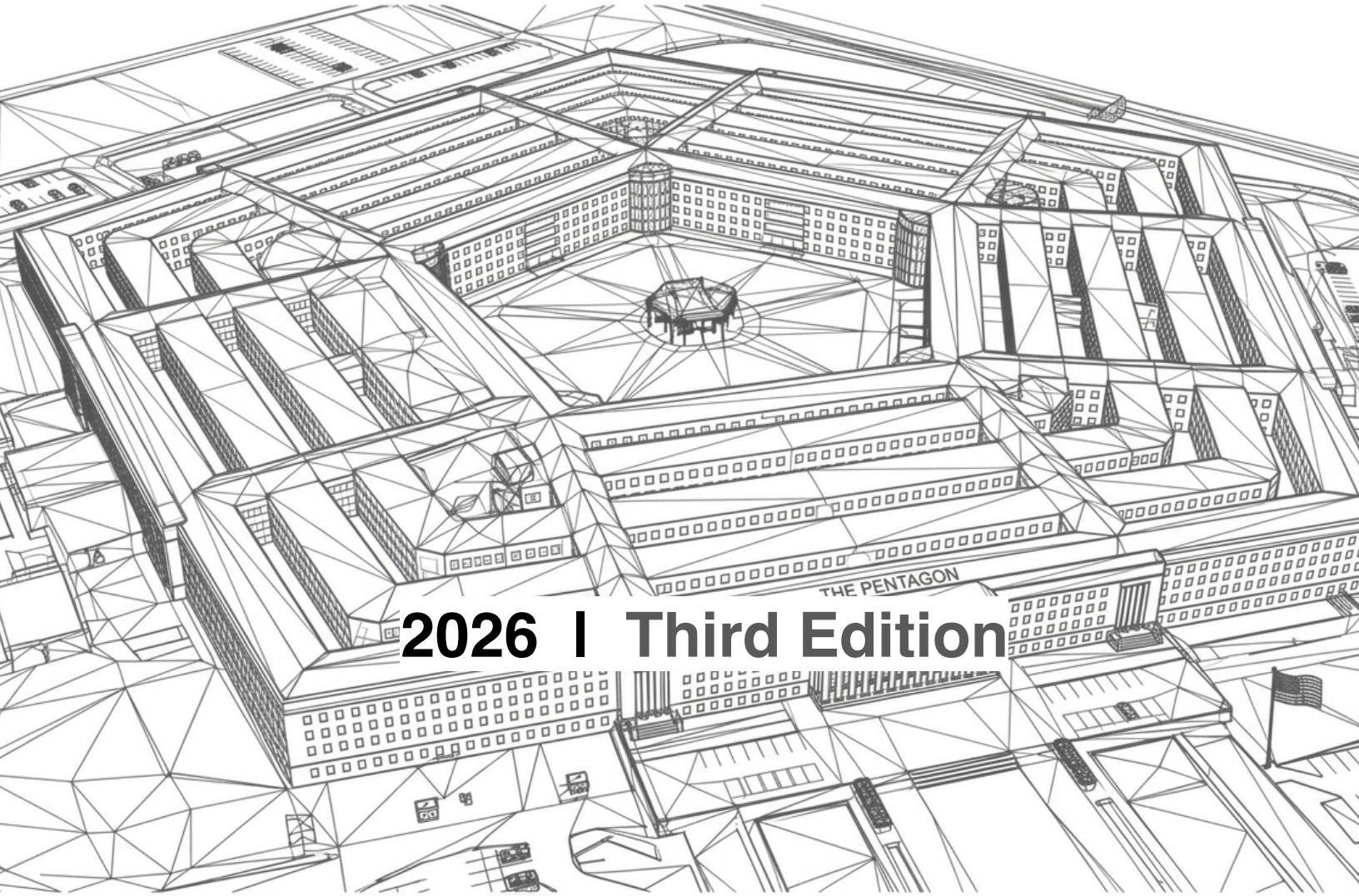
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UNITED STATES ECONOMIC SANCTIONS AGAINST THE RUSSIAN FEDERATION

WORKING WITH POLITICALLY SENSITIVE JURISDICTION

Mechanics of Sanctions I Sanctions-Taxation-FBAR Interplay I Banking-Related Risks
Jurisdictional Limits I Available Defenses & Remedies I Ukraine-Related Risks



2026 I Third Edition

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ABSTRACT

Navigating United States economic sanctions against the Russian Federation requires cross-disciplinary legal analysis at the intersection of administrative law, international tax, corporate governance, and federal controversy. This Treatise gives corporate leadership, legal counsel, and compliance executives an operational roadmap for managing exposure under the foreign assets control regulations. It moves past basic list-screening to the derivative risks that actually cause losses: automatic blocking under the Fifty Percent Rule, indirect ownership aggregation, facilitation exposure, and secondary-sanctions liability under Executive Order 14024, as amended by Executive Order 14114. It also addresses the private-law consequences of sanctions compliance — the circumstances in which following OFAC's rules can itself trigger a breach of contract, a tort claim, or a governance failure — alongside practical methodologies for transactional due diligence, general-license reliance, specific-license applications, the resolution of conflicts between tax-disclosure duties and asset freezes, and the challenge of agency action. It is written for corporate executives, cross-border investors, and legal advisers who need to translate federal sanctions law into concrete compliance, risk-mitigation, and restructuring decisions.

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I. INTRODUCTION AND SCOPE

This Part situates the Russia sanctions program historically and statutorily. It traces the regime from the 2014 response to the annexation of Crimea through its post-2022 expansion into a highly complex country program administered by OFAC, states the scope and method of the Treatise, and explains why every reference to the regulations must be read against their current, amended versions.

Few areas of United States economic regulation have evolved as rapidly, or as consequentially for cross-border commerce, as the body of sanctions targeting the Russian Federation. What began in 2014 as a contained response to the annexation of Crimea has, in the years since February 2022, expanded into a highly complex country-specific sanctions regime administered by the Office of Foreign Assets Control of the United States Department of the Treasury (OFAC). The program is now layered across multiple statutory authorities, more than a dozen Executive Orders, two parallel sets of implementing regulations (31 C.F.R. Part 587 and 31 C.F.R. Part 589), four discrete Directives under Executive Order 14024, and a library of more than one hundred and thirty general licenses calibrating its reach. The pace of change has not abated: the October 22, 2025 sanctions action added Rosneft and Lukoil to OFAC's list of Specially Designated Nationals and Blocked Persons, bringing entities meeting OFAC’s aggregate fifty-percent ownership rule within United States blocking sanctions and forcing rapid winddowns and divestments across European refining, retail-fuel, and trading operations.

This guide explains U.S. sanctions affecting Russian bank accounts, asset sales, company ownership, professional services and property held for blocked persons. It addresses the law as of September 20, 2026. Part XIV covers accounts; Part XIV-A follows sales and transfers; Section 17 explains the 2026 Act; Part V-A explains custody and reporting; and the later Parts address enforcement, remedies, contracts, tax, immigration and bank compliance. Existing restrictions and new implementation measures must be considered together before a transaction.

II. THE CLIENT'S IMMEDIATE SITUATION: A ROADMAP

This Part orients the reader who arrives with a live matter. It states the questions into which every Russia-sanctions problem resolves, the dates that fix the analysis, and the steps that should be taken in the first week, and it directs the reader to the Part in which each question is answered. The operational treatment of accounts at designated institutions, and of asset sales and transfers of proceeds, is in Parts XIV and XIV-A, which assume the doctrine developed in the Parts between.

A client rarely arrives with the question that has to be answered. The presenting question — whether an account, a sale, a company or a payment is “a problem” — cannot be answered in that form, because the prohibitions, the reporting duties and the available authorizations each turn on facts the client has not yet supplied. This Part sets out those facts, in the order in which they must be established, and shows where each is treated.

It is a map, not an analysis. Nothing in it should be applied without the Part to which it points, and no step in it substitutes for the operational sequences in Parts XIV and XIV-A.

Section 1. The questions into which every matter resolves

Five questions govern. They are independent of one another, and answering one does not answer the next. Non-U.S.-person status does not by itself exclude sanctions exposure: a U.S. transaction nexus, causing a U.S. person’s violation, or applicable secondary-sanctions authorities may each require separate analysis; a U.S. person dealing with unblocked property may still need an authorization for the activity proposed; and an activity that is permitted may still carry a reporting duty.

Question	What must be established	Treated in
Who is the person?	United States person status, and the periods during which it attached: citizenship, lawful permanent residence, presence in the United States, entity organization, and foreign branches	Part V; the tax and disclosure overlay in Part XIII
What is the property or the counterparty?	Whether an institution, entity, person or asset is designated, subject to a directive, blocked by operation of the Fifty Percent Rule, or unrestricted, and whether a blocked person holds an interest in property the client controls	Parts IV and V; blocked property and custody in Part V-A
What is the proposed activity?	Holding, using, receiving, paying, closing, transferring, selling, investing, or supplying a service, each of which is assessed separately	Parts VI and VII
What authorization exists?	Statutory exception, general license, specific license, or waiver, read on its own terms and dates	Part VIII; the license directory in Appendix A
What must be reported, and by when?	Blocking, rejection, annual and unblocking reports, who bears primary responsibility, and the records to be retained	Part V-A; the worksheets in Appendix C

A sixth question arises whenever the conduct has already occurred: what exposure has been created, and what can be done about it. Enforcement standards, penalties, investigations and voluntary self-disclosure are in Part IX; licensing, including applications for authorization, is in Part VIII; delisting, judicial review, defenses and limitations are in Part X; contractual and governance consequences are in Part XI.

Section 2. The dates that fix the analysis

Every sanctions answer is an answer as of a date. The same account, the same transfer and the same shareholding can be lawful in one month and prohibited in the next, and the analysis must therefore be built on a dated chronology rather than on the present state of the lists.

The dates that matter are these. The date each institution, entity or individual became designated, and under which authority. The dates on which the client's United States person status attached and lapsed. The date of each transaction, measured against both of the foregoing. The date property became blocked, which starts the reporting clock rather than the date the client learned of it. The issue and expiry dates of every license relied on. The effective dates of statutory measures, including the thirty-day duties of the 2026 Act. And the limitations period, which for civil claims under the International Emergency Economic Powers Act is ten years. That period frames the review; it is not a universal historical cutoff, and it does not revive conduct already time-barred before the period was extended. Transition questions, tolling, continuing obligations such as blocking and reporting, the separate criminal analysis and the independent record-retention rules must each be assessed on their own terms.

Appendix D records the implementation and license dates as verified for this edition, and identifies what remained open at the review cutoff. Dates stated anywhere in this Treatise must be checked against the current instrument before they are relied on.

Section 3. What should be done in the first week

The steps below are protective. They are taken before the analysis is complete, because the analysis takes longer than the deadlines allow. The first week is not a grace period: a prohibition applies from the moment it applies, and a reporting deadline may already be running, so whatever the applicable rules require immediately must be done immediately.

Preserve the record. Statements, correspondence, instructions, ownership documents and application screenshots should be secured as they exist, together with their metadata. Nothing may be destroyed, altered, falsified or backdated. An accurate factual reconstruction may and often should be prepared, and any mandatory report must be filed when due; where the facts or their characterization are uncertain, the uncertainty should be identified rather than resolved by assumption.

Stop discretionary activity. Where property may be blocked, use should cease until its status is established. Continued use is not made lawful by the institution's willingness to process it.

Identify everything held. Accounts, securities, real property, company interests, debts owed and owing, and property held for others should be inventoried, because the duties attach to interests and not only to accounts.

Calendar the mandatory deadlines. Reports are due on their own schedule regardless of any disclosure decision, and a missed report is capable of being a separate violation. The ten-business-day and annual deadlines are set out in Part V-A.

Do not improvise a transfer. No payment route cures a prohibited transaction, and an improvised route ordinarily adds a second problem to the first. The routes and their risks are assessed in Part XIV-A.

Separate the questions of duty and disclosure. Mandatory reporting is not voluntary self-disclosure, and the decision whether to disclose is taken on its own framework, addressed in Part IX.

Section 4. How this Treatise is arranged

The Parts proceed from the general to the particular. Part III sets out the principles common to all United States sanctions programs. Part IV describes the architecture of the Russia program, including the executive orders, the directives and the 2026 Act. Part V identifies the persons and property within the regime, and Part V-A treats blocked property, custody, reporting and release as a single procedure. Parts VI and VII address the conduct that triggers liability and the trade, investment and services prohibitions. Part VIII sets out the exceptions and the licensing framework.

Parts IX through XI deal with consequences: enforcement and penalties, remedies and defenses, and the contractual, tort and governance exposure that compliance decisions create. Part XII addresses institutional investors and pooled funds; Part XIII addresses the interaction with tax reporting, foreign-account disclosure and bank secrecy obligations.

Parts XIV and XIV-A are the operational Parts. The first takes an account at a designated Russian institution from identification through reporting, permitted use, closure and historical review; the second takes a sale of Russian assets through to the transfer of proceeds. They are placed last because each step in them depends on doctrine developed earlier, and each refers back to it. A reader with a live matter may begin there, but should treat the cross-references as instructions rather than as optional reading.

The appendices supply the working materials: the general license directory, the immigration distinctions, the client records and reporting worksheets, and the implementation and license status register. Part XIV opens with the Third Edition client overview and implementation status, which summarizes the immediate effects of the 2026 Act for bank customers; a short conclusion follows Part XIV-A, before the appendices.

III. FUNDAMENTAL PRINCIPLES OF UNITED STATES ECONOMIC SANCTIONS

This Part sets out the categorical structure within which the Russia program operates: sanctions as instruments of national security; the four forms of sanction classified by target — personal, sectoral, regional, and country-wide — and their correspondence to the OFAC lists; the primary and secondary distinction; strict liability and the absence of a de minimis threshold; the three tiers of authorized conduct; and the Fifty Percent Rule.

Section 5. Sanctions as an instrument of national security

United States economic sanctions are not, in their juridical origin, instruments of commercial regulation. They are tools of national security and foreign policy. The principal statute on which the modern sanctions architecture rests is the **International Emergency Economic Powers Act (IEEPA)**, 50 U.S.C. §§ 1701–1708, which by its terms is triggered only upon the President's declaration of a national emergency to deal with an unusual and extraordinary threat, originating in substantial part outside the United States, to the national security, foreign policy, or economy of the United States. The companion statute is the **National Emergencies Act (NEA)**, 50 U.S.C. §§ 1601–1651, which supplies the procedural framework for declaration, continuation, and termination of such emergencies. Every operative Russia-related Executive Order is issued under this combined authority and is premised on a finding that the conduct of the Russian Federation constitutes such an unusual and extraordinary threat.

OFAC administers multiple sanctions programs through common tools, including property blocking and the SDN List. Those shared tools do not make their designation predicates or offenses interchangeable. The SDN List includes designations under distinct authorities; the State Department's Foreign Terrorist Organization designation is a separate legal mechanism. A Russia-related designation can rest on operating or having operated in a determined sector, ownership or control, or another criterion in the relevant order, without a finding that the particular person committed or supported terrorism or other criminal misconduct. Counsel must identify the actual designation authority and criterion, then separately analyze the client's transaction, jurisdictional connection, applicable prohibition and authorization. The national-security purpose informs policy and enforcement; it does not supply missing elements or establish the client's guilt by association. [S1, S2, S6, S48]

The consequences of this national-security framing run throughout sanctions doctrine and recur, in particular, in the discussion of penalties in Part IX below. Because the regulated harm is participation in conduct against the national security of the United States, the commercial significance of a transaction does not determine whether it is a violation. That is a proposition about liability, and it should not be extended into one about consequence. Transaction value, the economic benefit conferred, the harm to program objectives, and the characteristics of the person involved are all General Factors under the Enforcement Guidelines, and they bear directly on whether a matter is treated as egregious, on the base penalty, and on whether any penalty is imposed at all. The absence of a minimum threshold for liability does not remove proportionality from the enforcement response. A twenty-dollar wire to a designated person is not a twenty-dollar problem. It is, in the eyes of the statute, twenty dollars of assistance to a person engaged in conduct that the President has determined to pose an unusual and extraordinary threat to United States national security. The

same principle explains why intent is not required for civil liability, why the regulated category of service is read so broadly, why third-party intermediaries are subject to facilitation liability, why ownership is aggregated through the Fifty Percent Rule, and why the licensing system is constructed around presumptive denial rather than presumptive permission. Sanctions are, in this sense, the economic frontier of the United States' national-security and counter-terrorism legal architecture, and they are administered with the deliberation appropriate to that purpose.

Three categories of power. Federal economic sanctions draw on three distinct categories of legislative and executive authority. The first is delegated emergency power, granted by Congress under the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. §§ 1701–1708, and the Trading with the Enemy Act (TWEA), 50 U.S.C. §§ 4301–4341, which the President exercises upon declaring a national emergency. The second is executive authority exercised through Executive Orders issued in tandem with the National Emergencies Act, 50 U.S.C. §§ 1601–1651. The third consists of direct statutory mandates — the Countering America's Adversaries Through Sanctions Act (CAATSA) and the Ukraine Freedom Support Act among them — by which Congress compels executive action against specified targets rather than merely authorizing it. The distinction is not academic. Where a restriction rests on delegated emergency power it may be relaxed by the President; where it rests on a statutory mandate, relief ordinarily requires an act of Congress or satisfaction of a statutory review condition.

Section 6. Classification by target: personal, sectoral, regional, and country-wide sanctions

United States economic sanctions can be classified along two independent axes. The first axis concerns what is being sanctioned — identified persons, particular sectors of a foreign economy, defined territory within a country, or an entire nation. The four resulting forms — **personal (targeted, list-based) sanctions**, **sectoral sanctions**, **regional (geographic) sanctions**, and **country-wide sanctions (comprehensive embargoes)** — differ not only in what they target but, more importantly for the practitioner, in how one identifies what is prohibited. The single most consequential distinction among them is whether the prohibition comes with a published list of names to screen against or instead requires the person subject to it to qualify the transaction himself. The second axis, addressed in Section 7, concerns the jurisdictional reach of the prohibition: whether the sanction binds persons within United States jurisdiction directly (primary sanctions) or operates indirectly on persons outside that jurisdiction through the threat and operation of designation (secondary sanctions). The Russia program uses every form along the first axis and operates on both planes of the second.

Personal (targeted) sanctions — there is a list. Personal sanctions, also called **list-based** or **blocking sanctions**, are imposed by individual designation. OFAC adds the name of a person — an individual or an entity — to the **Specially Designated Nationals and Blocked Persons List (the**

SDN List), and the legal consequences attach to that named person. Those consequences are absolute: all property and interests in property of the designated person within United States jurisdiction or in the possession or control of any U.S. person are **blocked** and may not be transferred, paid, exported, withdrawn, or otherwise dealt in; and U.S. persons are prohibited from engaging in any transaction, direct or indirect, with the designated person absent specific authorization. Because the targets are named, **screening counterparties against the published SDN List is the front-line control**. The complication is the Fifty Percent Rule, codified for the Russia program at 31 C.F.R. § 589.411 and discussed in Section 23 below: any entity owned, directly or indirectly, fifty percent or more, individually or in the aggregate, by one or more designated persons is itself automatically blocked even though its name appears nowhere on the SDN List. A clean list-hit is therefore necessary but not sufficient — one must still trace ownership. As of May 2026, the Russia-related portion of the SDN List contains several thousand designations covering the principal Russian state-owned banks, all four of the largest Russian oil companies, and tens of thousands of additional individuals, entities, vessels, and aircraft. **A caution on the sovereign institutions.** The Central Bank of the Russian Federation, the National Wealth Fund, and the Ministry of Finance are commonly described as blocked. They are not, or at least not by that route. They are subject to Directive 4 under Executive Order 14024, the Russia-related Sovereign Transactions Directive, which prohibits transactions involving them but does not block their property or interests in property. Two consequences follow that a blocking analysis would get wrong. A transaction caught by Directive 4 is to be rejected rather than blocked. And the Fifty Percent Rule does not apply to Directive 4, so entities owned by those institutions are not swept in unless separately named. Each relevant entity and each applicable authority must be screened separately.

Sectoral sanctions — there is a list, but it prohibits only certain activities. Sectoral sanctions, sometimes called **activity-based sanctions**, are imposed not on persons as such but on specified categories of conduct involving identified persons. The Russia program implements sectoral sanctions through Executive Order 13662 and the four **Directives** issued thereunder, codified at 31 C.F.R. §§ 589.202 through 589.205. Persons subject to sectoral sanctions are identified by name on the **Sectoral Sanctions Identifications List (the SSI List)** by a designation decision of the Secretary of the Treasury. The SSI List is not a derivative of the SDN List, and a person is added to it only by individualized agency action. (Like the SDN-blocking framework, the SSI prohibitions extend by operation of the Fifty Percent Rule to entities owned fifty percent or more by SSI-listed persons, under 31 C.F.R. § 589.411(b), even though those entities are not separately listed.) The legal consequences of SSI status are markedly narrower than those of SDN designation. The SSI-listed person is not blocked; its property is not frozen; U.S. persons may continue to deal with it in transactions outside the scope of the relevant Directive. What is prohibited is conduct within the specific scope of the Directive: under Directive 1, transactions in new debt of longer than

fourteen days' maturity or new equity of persons subject to that Directive; under Directive 2, transactions in new debt of longer than sixty days' maturity; under Directive 3, transactions in new debt of longer than thirty days' maturity; and under Directive 4, the provision of goods, services, or technology in support of exploration or production for deepwater, Arctic offshore, or shale projects that have the potential to produce oil. Here **the list tells you who, but you must still qualify what you are doing against the applicable Directive**. The defining characteristic of sectoral sanctions is therefore their granularity: a single SSI-listed counterparty may be unrestricted for ordinary commercial transactions, restricted as to certain debt or equity dealings, and prohibited as to certain projects, all at the same time. This is a frequent source of inadvertent violations, because front-office teams treat an SSI-listed entity as an ordinary, unrestricted counterparty.

Sector-based designation under E.O. 14024 must be distinguished from the limited SSI directives under E.O. 13662. Section 1(a)(i) of E.O. 14024 permits blocking designation of a person determined to operate or have operated in an identified Russian economic sector. The sector determination does not itself block every participant in that sector. A separate designation or another applicable blocking rule is required. E.O. 14024 also contains other authorities with different predicates: the foreign-financial-institution measures in section 11, added by E.O. 14114, can impose blocking or correspondent-account restrictions; these should not be described as the automatic alternatives generated by every section 1 sector determination. Nor is the NS-MBS List a generic outcome for every person operating in a determined sector. The exact order, determination and imposed measure control. Some institutions previously subject to SSI restrictions have subsequently been blocked, but earlier sectoral status does not create a presumption of later blocking. A transaction opinion must identify each measure and its effective date separately. [S1, S48]

Regional (geographic) sanctions — there is no list; you must qualify the location yourself. Regional sanctions attach to territory rather than to named persons or defined categories of activity. They prohibit substantially all dealings connected to a comprehensively embargoed region, regardless of the identity or status of the specific counterparty. The legal consequence is geographic: a U.S. person who exports goods, services, or technology to the territory, imports goods, services, or technology from it, or makes new investments in it commits a violation absent a license, without regard to whether any particular person appears on any list. Within the Russia program, the **Crimea region of Ukraine** is subject to a comprehensive regional embargo under 31 C.F.R. §§ 589.206 through 589.208, which prohibit, respectively, new investment in the Crimea region by U.S. persons (§ 589.206); the exportation, reexportation, sale, or supply of any goods, services, or technology to the Crimea region (§ 589.207); and the importation into the United States of any goods, services, or technology from the Crimea region (§ 589.208). An analogous regional embargo applies, under Executive Order 14065, to the so-called Donetsk People's Republic and

Luhansk People's Republic regions of Ukraine. Those two are named in the Order. Further territory is covered only by determination, as Section 24 explains, so Kherson, Zaporizhzhia, and any other oblast must be checked against a published determination rather than assumed to be embargoed. The distinctive compliance feature of regional sanctions is that **there is no roster of forbidden names to screen against**. The burden falls on the U.S. person to establish the facts himself: where the counterparty is located, where goods or services will be delivered or used, and whether any part of the transaction — including intermediate routing, delivery, or end use — touches an embargoed area. A counterparty that passes every list screen may nonetheless be off-limits because of where it sits or where performance occurs.

A target region is not a sovereign country. A region subject to comprehensive sanctions is not legally synonymous with a state. When federal authorities impose comprehensive territorial sanctions — against Crimea, or against the so-called Donetsk or Luhansk regions — the covered territory must be identified from the governing Executive order, any designation of additional regions, and applicable regulations and guidance. A map is useful evidence of location, but the legal instrument controls the restriction's actual reach, and a counterparty's nationality is neither necessary nor sufficient to bring it within a regional embargo.

Country-wide sanctions (comprehensive embargo) — the whole country is off-limits. A comprehensive country embargo prohibits substantially all transactions between U.S. persons and persons in an entire nation, regardless of the identity or status of the specific counterparties. As with regional embargoes, the prohibition turns on facts rather than on a published list of names, but its scope is national rather than territorial. The United States maintains country-level comprehensive embargoes against Cuba, Iran, and North Korea. Syria is no longer among them: Executive Order 14312 revoked the principal Syria sanctions authorities effective July 1, 2025, while preserving liability for violations committed before that date and leaving other authorities in place. The composition of this list changes, and it should be verified rather than recited. This is the point every Russia-facing client should understand: **the Russian Federation as a whole is not under a comprehensive United States embargo**. One is not categorically barred from doing business with or in Russia. What exists instead is a dense layer of personal, sectoral, and regional restrictions — plus specific prohibitions on certain services, exports, imports, and new investment — that must be navigated transaction by transaction. Many businesses, deterred by the complexity and the severity of the penalties, cut off all Russian contact reflexively. That is a business decision, not a legal requirement, and it often forfeits lawful opportunity. The correct response is not blanket avoidance but disciplined qualification: screening the parties, mapping the ownership, checking the geography, and confirming that the specific activity is permitted or licensed.

The list-versus-no-list distinction, in short. Personal and sectoral sanctions each give a published list to screen against — the SDN List and the SSI List, respectively — though the Fifty Percent Rule and the activity-specific Directives mean that the list is a starting point, not the whole analysis. Regional and country-wide sanctions give no list of names; the prohibition turns on facts the U.S. person must establish, chiefly location and the nature of the activity. Most compliance failures happen at the seams between these forms: treating a sectoral counterparty as unrestricted, missing an entity blocked only through the Fifty Percent Rule, or failing to check whether a transaction reaches into an embargoed region. Table 1 in Section 10 ties each principal list to the specific legal consequence that attaches to inclusion.

The four forms answer four different policy questions. Personal sanctions answer the question: who is too dangerous to be dealt with at all? Sectoral sanctions answer the question: what economic activities, conducted with persons of a particular foreign state, undermine United States interests? Regional sanctions answer the question: what occupied or contested territories are so bound up with the sanctioned conduct that ordinary commerce touching them must be prohibited? And country-wide embargoes answer the question: what nations are so hostile to United States interests that ordinary commerce with them is, as a matter of policy, forbidden altogether? The Russia program is layered because the first three questions have each been answered in part for the Russian Federation, while the fourth — the comprehensive national embargo — deliberately has not: certain persons are too dangerous to be dealt with at all; certain categories of dealing with certain other persons must be denied; and certain geographic regions, occupied by force, are placed off-limits altogether — but the country as a whole remains open to lawful, carefully qualified commerce.

Section 7. Classification by reach: primary and secondary sanctions

The second classificatory axis concerns not what is being sanctioned but who is bound by the resulting prohibition. **Primary sanctions** bind persons within United States jurisdiction directly: a U.S. person who engages in a prohibited transaction commits a violation by that fact, regardless of intent. **Secondary sanctions** operate, by contrast, on persons outside United States jurisdiction — typically foreign financial institutions, foreign companies, and foreign individuals — but they do so indirectly, through a two-stage mechanism that is widely misunderstood and that is set out step by step in the passage immediately following.

The two-stage mechanism. At the first stage, the United States Government determines that a non-U.S. person has engaged in conduct meeting the criteria of the relevant authority — most often a significant transaction with, or service to, a sanctioned person or sector. That determination is discretionary. It is not automatic on the occurrence of the conduct, and it does not follow from any particular transaction value.

At the second stage, if the determination is made, the non-U.S. person is added to a list, and the consequence depends on which list and which measure is selected. The outcomes are not equivalent: full blocking on the SDN List freezes property and bars all dealings, whereas a measure under the CAPTA framework operates on accounts rather than on property: it either prohibits United States financial institutions from opening or maintaining a correspondent account or payable-through account for the listed foreign financial institution, or permits such an account to be maintained only subject to specified strict conditions. Which of those applies is fixed by the governing authority and the terms of the particular listing and must be read there. Loss of access to United States dollar clearing is a frequent practical consequence of such a measure rather than its legal definition, and the currency of a transaction does not determine the measure's scope. No property is blocked either way, and a menu-based designation imposes only the measures enumerated on the entry. Treating these as a single automatic outcome is the most common error in describing the mechanism.

Only at that point does an operative prohibition arise, and it runs against U.S. persons dealing with the newly listed person rather than against the listed person directly. Exemptions, general licenses, and specific licenses operate on that prohibition in the ordinary way, as Part VIII describes, so a transaction with a listed person is not necessarily prohibited. The contrast with primary sanctions is that a primary prohibition binds the U.S. person directly and at once, without any intervening determination.

Primary sanctions are direct, mandatory prohibitions. The regulated person is the **U.S. person**, defined at 31 C.F.R. § 589.339 to mean any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person physically present in the United States. A U.S. person engaging in any transaction with a blocked person, or in any conduct prohibited by Part 589, commits a primary-sanctions violation as a matter of strict liability. There is no significance threshold for primary-sanctions liability and no minimum dollar amount: as discussed in Section 8 below, a one-dollar transaction with a blocked person is, as a strict legal matter, a violation. The full apparatus of civil and criminal penalties applies. Most enforcement actions, in dollar terms and in number, involve primary-sanctions violations by U.S. persons or by foreign persons who caused U.S. persons to violate the sanctions.

Secondary sanctions operate on an entirely different logic and through an indirect, two-stage mechanism. Unlike primary sanctions, secondary sanctions do not directly prohibit any conduct by non-U.S. persons. The conduct of a non-U.S. person who engages in a transaction with a Russia-related SDN — say, a French bank that processes a euro-denominated payment for a Russian SDN — is not, by that fact alone, a violation of any United States law. What secondary sanctions do is authorize the United States Government, upon a determination that the conduct meets specified

statutory or regulatory criteria, to impose the measures authorized or required by the particular instrument. Some authorities are discretionary; others mandate action after the prescribed determination, subject to exceptions or waivers. The most common such action is to designate the non-U.S. person — adding the person to the SDN List, the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (the CAPTA List), or the Non-SDN Menu-Based Sanctions List (the NS-MBS List). A designation-based restriction ordinarily attaches through the required action, but absence from a list does not eliminate automatic ownership blocking, independently effective conduct prohibitions, or other applicable measures. The 2026 Act's Section 103(b) also requires examination of its covered statutory categories and implementing prohibition. There is, in this sense, no closed and exhaustive list of who is subject to secondary sanctions: any non-U.S. person whose conduct meets the operative criteria is potentially exposed.

Once the non-U.S. person is designated, the operative prohibition runs not against the designated person directly but against U.S. persons, in the ordinary primary-sanctions manner. If the designation is to the SDN List, U.S. persons may not deal with the newly-designated person, who is now blocked. If the designation is to the CAPTA List, the operative prohibition runs against U.S. financial institutions: under 31 C.F.R. § 589.209(a), a U.S. financial institution may not open or maintain a correspondent account or payable-through account in the United States for the listed foreign financial institution, or must maintain such account only subject to one or more strict conditions specified in the listing decision. If the designation is to the NS-MBS List, the operative prohibitions are specified on a record-by-record basis and may include, among other things, non-blocking prohibitions on the provision of certain goods or services, restrictions on visa issuance, denial of access to United States loans and credits, or full blocking of the designee's property. In each case, the legal mechanism is the same: secondary sanctions work indirectly, by adding a foreign actor to a list whose listing decision creates the operative prohibition (running against U.S. persons or U.S. financial institutions). They are, in this sense, an extraterritorial extension of the primary-sanctions regime — a way of placing foreign actors within the prohibition by importing them into the regulated category.

A significant transaction is an important secondary-sanctions criterion, but not a universal one. Material support, specified services, evasion and other criteria may independently apply under the governing authority. This standard, set out for purposes of 31 C.F.R. § 589.201(a)(6)(vii) and § 589.209 in the interpretive provision at 31 C.F.R. § 589.413, applies only to the secondary-sanctions inquiry; it has no application to primary-sanctions liability. Section 589.413 identifies a totality-of-circumstances test based on the size, number, and frequency of the transactions; their nature and commercial purpose; the level of management awareness and pattern of conduct; the proximity (or nexus) between the foreign person and the relevant sanctioned person; the impact on the objectives of the relevant statutes and Executive Orders; the use of deceptive practices; and any other relevant

factors determined by the Secretary. The deliberately open-textured standard preserves enforcement discretion and, in practice, drives risk-averse non-U.S. institutions toward over-compliance. The consequence is that the threat of secondary sanctions reshapes global commerce: non-U.S. financial institutions, energy traders, insurers, and service providers consistently over-comply with United States sanctions in order to protect their access to the United States dollar and to the United States market. The European Union has, since 1996, formally objected to the extraterritorial application of United States secondary sanctions through Council Regulation (EC) No 2271/96 (the so-called Blocking Statute), and corresponding statutes exist in other major jurisdictions, but in practice the commercial pressure on regulated entities to comply has prevailed over the blocking instruments.

Two further clarifications complete the picture. First, the significant-transaction standard applies to the question of whether a non-U.S. person becomes subject to secondary sanctions; it does not soften or qualify primary-sanctions liability. **A U.S. person who transacts with an SDN commits a primary-sanctions violation regardless of whether the transaction would be significant under § 589.413**. Second, certain secondary-sanctions authorities — most notably Section 11 of Executive Order 14024 as amended by Executive Order 14114, discussed in Section 42 below — operate on a strict-liability standard for the foreign financial institution at the designation stage: OFAC may designate a foreign financial institution that has facilitated significant transactions for Russia's military-industrial base even where the institution did not know that the counterparty was a blocked person. The combination of strict-liability designation criteria with the indirect mechanism described above gives certain Russia-specific secondary-sanctions authorities an unusual operational reach.

Section 8. Strict liability and the absence of a de minimis threshold

Two doctrinal features of United States primary sanctions are jointly responsible for the program's distinctive operational severity. The first is the strict-liability standard for civil violations: as set out in Section 206 of IEEPA, 50 U.S.C. § 1705, and implemented at 31 C.F.R. § 589.701, a civil penalty may be imposed on any person who violates, attempts to violate, conspires to violate, or causes a violation of any license, order, regulation, or prohibition issued under IEEPA, without a general requirement to prove knowledge, intent, or negligence. Particular prohibitions or authorizations can nevertheless contain their own knowledge or reason-to-know conditions, which must be applied. The second is the absence of a de minimis threshold: the regulations do not specify a dollar amount below which a transaction ceases to be a violation. A one-dollar transaction with a blocked person is a violation. A twenty-dollar transaction is a violation. A single penny improperly transferred is, as a strict legal matter, a violation. These features apply to primary-sanctions liability. As noted in Section 7, the significant-transaction standard applicable to secondary sanctions is a

discretionary screening criterion at the designation stage, not a de minimis threshold for primary-sanctions liability.

The operative explanation is the prohibition itself. Where the rule prohibits a dealing in a blocked person's property or interests in property, a modest value supplies no general exemption. Liability must still be established under the applicable jurisdictional connection and prohibition, taking account of exceptions and authorizations. Designation does not establish that every designee personally engaged in threatening conduct: operating in a determined sector can itself be a designation ground. It is therefore inaccurate to describe an ordinary prohibited payment as, in legal terms, terrorist material support. Those criminal offenses have distinct predicates and mental states. Amount, actual harm, sophistication, awareness and compliance efforts remain relevant under OFAC's Enforcement Guidelines. A small authorized transaction is lawful to the extent authorized; a small unauthorized transaction is not legalized by its size. Section 56 develops that distinction without importing the elements of another offense. [S6, S8, S48]

Aggregation supplies a practical compliance concern rather than an additional element that must be proved in every case. Many small payments can sustain a prohibited relationship, and dividing a payment does not supply an exemption that the governing rule lacks. Section 589.213 separately addresses evasion, attempts, causation and conspiracy; the actual elements of the applicable prohibition must be established before treating a split payment as another violation. Section 589.336 refers to structuring in its defined context. Counsel should not equate every series of small payments with Bank Secrecy Act structuring or automatically add a conspiracy charge. Record the purpose, participants, instructions and applicable reporting rules, then distinguish the underlying prohibited dealings from any independently established evasive conduct. [S2, S6, S7]

The third reason is administrative simplicity and enforcement integrity. A de minimis threshold would necessitate complex line-drawing exercises at the transactional level — exercises in which regulated persons, with predictable directionality, would tend toward the largest defensible reading of any threshold. The strict-liability, no-de-minimis design eliminates these line-drawing exercises and replaces them with a single bright-line rule: covered dealings with a blocked person require an applicable exemption or authorization, irrespective of size. The corresponding burden on regulated persons is the burden of comprehensive compliance infrastructure rather than the burden of contested transactional litigation. The regulator's allocation of compliance cost to the regulated person is intentional: it reflects the United States Government's policy judgment that the costs of compliance with a national-security regime should be borne by those who enter the regulated activity, not by the public through enforcement against only those who knowingly violate.

The same logic explains the breadth of the regulated category. The prohibition reaches any transaction with a blocked person, and the term transfer is defined at 31 C.F.R. § 589.337 to capture

any actual or purported act or transaction, whether or not evidenced by writing, and whether or not performed within the United States, the purpose, intent, or effect of which is to create, surrender, release, convey, transfer, or alter, directly or indirectly, any right, remedy, power, privilege, or interest with respect to any property. The prohibition extends, under 31 C.F.R. § 589.408, even to charitable contributions, including in-kind donations of food, clothing, or medicine. A donation of medical supplies to a relief organization operating in a sanctioned region, if it involves a prohibited blocked interest and no applicable authorization or exemption, may violate the sanctions. The humanitarian motive of the donor is, as a matter of legal liability, irrelevant. The regulator's view is that a license — a general license, where appropriate — is the proper means of authorizing humanitarian conduct, not a generalized exemption that would permit unauthorized flows of value to persons against whom the United States has imposed sanctions for reasons of national security.

The practical implications for compliance are profound. **There is no transaction so small that it is safe to process without diligence**. Account-level controls, payment-screening systems, and beneficial-ownership review must reach every transaction, and a screening architecture that lets small payments through unexamined is not a compliance program. That is a point about coverage rather than about depth. It does not follow that amount is irrelevant to how much diligence a given transaction warrants: as Sections 57 and 60 explain, transaction value, actual harm, and the sophistication of the parties remain General Factors under the Enforcement Guidelines, and a risk-based program properly calibrates the intensity of its review to them while leaving nothing unscreened. A bank that screens only payments above a notional threshold is not in compliance. A payment processor that exempts low-value retail transactions from its sanctions screening exposes itself to the same liability as one that processes million-dollar wires without review. The proportionate response to the strict-liability and no-de-minimis principles is not to seek a regulatory exception but to invest in compliance infrastructure that catches every transaction, however modest, that could implicate a sanctioned counterparty.

Section 9. The three tiers of authorized conduct: exemption, General License, specific license

Exemptions and general and specific licenses remain the principal routes discussed in this section. They are not an exhaustive taxonomy. The 2026 Act also contains statutory exceptions and a presidential waiver mechanism. Identify which authority creates each prohibition and which instrument removes it. A statutory exception can be conditional or time-limited; it need not place conduct outside all OFAC authority. Enforcement discretion, an announced priority, or a pending application supplies no legal permission. Section 17 compares these mechanisms. [T01]

The familiar three-tier explanation distinguishes an exemption in the governing law, a published general license available to persons satisfying its terms, and a specific license issued for the covered

applicant and transactions. Their reach is authority-specific. IEEPA exclusions limit the delegated power, while the 2026 Act's Section 114 exceptions exclude activity from that title on their stated conditions. Neither should be expanded into immunity from unrelated sanctions, export controls, reporting duties or foreign law.

The third tier is the specific license, and it is not a residual category that absorbs whatever the first two leave over. If no exemption and no general license applies, the correct instruction is to assess whether to apply for a specific license — not to assume that one is available. Issuance is discretionary, it is assessed against the program's stated licensing policy, which in this program is one of presumptive denial for transactions inconsistent with its objectives, and a pending application authorizes nothing. Many transactions fall into none of the three tiers and simply remain prohibited. That is the ordinary outcome rather than an anomaly, and advice that treats the third tier as a backstop will mislead the client about what is actually available.

Tier 1: statutory exemption. Certain categories of transaction are placed outside the scope of OFAC's regulatory authority altogether by statute. The principal source of these **statutory exemptions** is IEEPA itself, at 50 U.S.C. § 1702(b), as elaborated by the **Berman Amendment** of 1988 and the Free Trade in Ideas Act of 1994. The Berman Amendment provides that the authority granted to the President by IEEPA does not include the authority to regulate or prohibit, directly or indirectly, the importation from any country, or the exportation to any country, of any information or informational materials. Section 1702(b) further excludes personal communications that do not involve the transfer of anything of value; donations of articles intended to relieve human suffering (food, clothing, and medicine), subject to certain presidential overrides; and travel-related transactions ordinarily incident to travel. These exemptions are codified for the Russia program at 31 C.F.R. § 589.214 (with the additional, NASA-specific exclusion at subsection (c)). The distinguishing legal characteristics of a statutory exemption are four: it is jurisdictional rather than permissive, meaning that the regulated conduct is outside OFAC's authority to prohibit; it requires no license, application, or other agency action to invoke; it cannot be revoked or qualified by regulation, only by act of Congress; and it has no expiration. The Berman Amendment exemption has been the subject of substantial litigation testing OFAC's narrowing interpretations of what counts as informational materials, particularly in the contexts of publishing services, software-as-a-service, and conference presentations involving sanctioned speakers.

Tier 2: general license. Within the scope of OFAC's regulatory authority, certain categories of transaction are nonetheless authorized in advance by the agency through a general license, defined at 31 C.F.R. § 589.323 to mean any license or authorization the terms of which are set forth in Subpart E of Part 589 or made available on OFAC's website. The distinguishing characteristic of a general license, as compared to a statutory exemption, is that it is permissive rather than

jurisdictional: the regulated conduct remains within OFAC's authority to prohibit, but OFAC has, by published instrument, authorized it in advance. The distinction from forbearance matters and is sometimes blurred. A transaction that satisfies the terms of an applicable general license is authorized to that extent, not merely tolerated, and it is therefore not a violation at all. What the license does not do is authorize anything outside its stated terms. The corollary differences are practical. A general license is issued by OFAC and can therefore be conditioned (with documentation, reporting, or scope limitations), can be time-limited (most recent Russia general licenses are time-limited and frequently amended), can be revoked or narrowed by OFAC action, and may exclude designated categories of person from its scope. A general license operates impersonally: any person whose facts fit may rely on its terms without applying for individual permission. The recordkeeping requirements of 31 C.F.R. Part 501 apply, and any payment routed through the United States financial system in reliance on a general license should reference the license to avoid blocking or rejection of the transfer, as advised by 31 C.F.R. § 589.502(f). The most operationally important Russia-related general licenses — Russia-Related General License 6D (humanitarian trade), 13R (administrative payments otherwise prohibited by Directive 4), 18 (personal remittances), 19 (personal maintenance), 25G (telecommunications), 27 (nongovernmental-organization activities), 31 (intellectual property), 38A (pensions), 40C (civil aviation safety), 50 (closure of personal accounts), and 84 (CAPTA-affected correspondent accounts) — are described, with selected companion licenses and dated historical entries, in Appendix A to this Treatise.

Tier 3: specific license. Where neither a statutory exemption nor a general license applies, the regulated person may apply to OFAC for a **specific license**, defined at 31 C.F.R. § 589.323 as any license or authorization issued pursuant to Part 589 but not set forth in Subpart E or made available on OFAC's website. The distinguishing characteristic of a specific license is that **it operates personally: it is issued to a named applicant in respect of a particular transaction or course of dealing, on the basis of facts disclosed to the agency in the license application, and it does not authorize any other person or transaction**. Applications are submitted through OFAC's online license-application portal under the procedures of 31 C.F.R. Part 501, Subpart E, and are evaluated against the underlying program statutes, the relevant Executive Order, OFAC's stated licensing policies, and the foreign-policy objectives of the program. Specific licenses typically take months to process. Complex applications, particularly those involving major divestments, may take a year or more, and may be conditioned on extensive compliance undertakings, reporting requirements, and continuing OFAC supervision of the authorized activity. Specific licenses are discussed further in Section 54 below.

Two further points about the three-tier structure bear emphasis. First, the tiers are sequential: regulated persons should apply Tier 1 first (since a statutory exemption takes the conduct outside

the regime entirely), then Tier 2 (since a general license avoids the need for any application), and only then Tier 3 (which requires affirmative agency action and tolerates the most delay and conditions). Second, the three tiers are exclusive: a transaction is either outside the regime (Tier 1) or it is regulated, and if regulated it is either authorized (Tier 2 or Tier 3) or it is prohibited. There is no fourth category of conduct that is regulated but lawful absent authorization. The regulator's posture is that all conduct within the regulated category is prohibited unless an authorization applies. Section 589.502(c) of Title 31 of the Code of Federal Regulations makes the point expressly: an authorization removes a prohibition only to the extent specifically stated. Reading a license or exemption expansively — beyond its plain terms — is among the most common sources of inadvertent violation, and it is consistently treated by OFAC as an aggravating rather than mitigating factor where enforcement results.

Section 10. The OFAC sanctions lists and their differences

United States sanctions operate principally by list, and the practical operation of the program depends on understanding what each list contains, what legal consequences attach to inclusion, and how the lists interact. OFAC maintains, in addition to the **SDN List** discussed above, several other sanctions lists with markedly different operative effects. The following table summarizes the principal differences among the lists most relevant to the Russia program.

List	Sanction type	Authority	What inclusion means	Practical effect on U.S. persons
SDN List	Personal (targeted) — full blocking	31 C.F.R. § 589.201; E.O.s 13660, 13661, 13662, 13685, 13849, 14024 and successors	Full blocking. All property and interests in property within U.S. jurisdiction or U.S.-person control are frozen.	Covered dealings are prohibited absent an exemption or authorization. The default operative list.
SSI List	Sectoral (activity-based)	31 C.F.R. §§ 589.202–589.205; E.O. 13662 Directives 1–4	Sectoral status. The listed person is NOT blocked. Listing identifies which Directive applies.	Prohibition only on specified conduct (e.g., new debt over 14/60/30 days; deepwater/Arctic/shale oil-project services).
CAPTA List	Personal / secondary (FFI correspondent-account)	31 C.F.R. § 589.209; UFSA § 5; E.O. 14024 § 11 (as amended by E.O. 14114)	Correspondent/payable-through-account sanctions on a foreign financial institution. Less than full blocking.	U.S. financial institutions may not open or maintain (or must maintain only on strict conditions) correspondent or payable-through accounts for the listed FFI.

List	Sanction type	Authority	What inclusion means	Practical effect on U.S. persons
NS-MBS List	Personal / secondary (menu-based)	Various statutes; menu-of-sanctions provisions under CAATSA § 235, UFSA § 4, and others	Menu-based sanctions chosen on a record-by-record basis. Less than full blocking.	Specific prohibitions enumerated on the list (e.g., U.S. financing restrictions, U.S. property-transaction restrictions, U.S. export-license denials, visa restrictions).
FSE List	Personal (targeted) — evaders	E.O. 13608; Foreign Sanctions Evaders authority	Identification of foreign persons who have violated, attempted to violate, conspired to violate, or caused a violation of U.S. sanctions on Iran or Syria.	U.S. persons are prohibited from all transactions involving any goods, services, or technology in or intended for the United States with a listed person.
NS-PLC List	Personal (targeted) — non-Russia	31 C.F.R. Part 589 contextual; Palestinian Authority-related	Identifies persons subject to limited Palestinian-Authority-related restrictions; not applicable to Russia program.	Not relevant to Russia compliance; listed for completeness.
Entity List (Commerce)	Personal (targeted) — export-control (BIS)	15 C.F.R. § 744 (BIS, not OFAC)	Export-control restrictions on the listed entity; administered by the Department of Commerce, not OFAC.	U.S. and certain non-U.S. exporters require BIS licenses (presumption of denial) to export, reexport, or transfer items subject to the EAR to listed entities. Operates alongside, not in place of, OFAC restrictions.

Table 1. Principal OFAC and BIS sanctions lists most relevant to the Russia program.

Mapping the lists to the four forms of sanction. The "Sanction type" column ties each list to the taxonomy in Section 6. Two points complete the correspondence. First, the mapping is not one-to-one: the **personal (targeted)** form is implemented through several lists that differ in severity — the SDN List imposes full blocking, while the CAPTA, NS-MBS, FSE, and Commerce Entity Lists impose narrower, list-specific consequences — whereas the **sectoral** form is implemented through a single list, the SSI List. Second, and crucially, the two remaining forms — **regional (geographic) sanctions** and **country-wide embargoes** — correspond to **no list at all**. They attach to territory (Crimea, the so-called Donetsk and Luhansk regions, and any further region brought within Executive Order 14065 by determination) or to a whole nation, and the prohibition turns on facts the U.S. person must establish — chiefly location and the nature of the activity — rather than on a name returned by a screen. The absence of a list is precisely what makes these two forms a distinct compliance problem: there is nothing to screen against, so the entire burden falls on geographic and

activity qualification. In short, screening a name against the lists in Table 1 answers only the personal and sectoral questions. It does not, and cannot, address the regional and country-wide questions, which must be answered independently.

Three practical observations follow from the table. First, the SDN List and the SSI List are doctrinally distinct: the SDN List operates as full blocking, while the SSI List operates as narrow activity-based restriction. A person may appear on both — Rosneft and Lukoil, for instance, are blocked SDNs but also remain on the SSI List under one or more Directives, preserving parallel secondary-sanctions tracks. Second, the CAPTA List and the NS-MBS List are alternative mechanisms for less-than-full-blocking outcomes, particularly in the secondary-sanctions context: where the United States Government wishes to impose consequences short of full SDN designation, these lists supply the gradient. Third, the Entity List of the Department of Commerce is administered under a different regulatory regime (the Export Administration Regulations) and follows different procedures, but in practice it operates alongside OFAC's lists for Russia-program compliance. A counterparty may appear on the Entity List for export-control reasons without being an OFAC SDN, and vice versa. Comprehensive Russia compliance therefore requires screening against both.

Table 1 inventories the lists. The practical question a client asks, however, is narrower and differently framed: is this counterparty frozen, and if it is not, what may still lawfully be done with it? Table 2 re-cuts the same material along that axis, setting the four Russia-relevant regimes against the blocking question, the scope of the restriction, and its operational consequence.

Regime / list	Regulatory authority	Asset freezing / blocking	Scope of restriction	Practical impact
SDN List	E.O. 14024; 31 C.F.R. § 587.201 (and, for 2014-era designations, 31 C.F.R. § 589.201)	Yes — full blocking	Covered U.S.-person dealings prohibited unless exempt or authorized	Complete financial isolation; blocked-account and reporting requirements attach immediately
SSI List	E.O. 13662, Directives 1–4; 31 C.F.R. §§ 589.202–589.205	No, absent a separate SDN designation	Targeted — specified debt, equity, and project dealings only	Ordinary commercial dealings remain available outside the restricted instruments and activities
CAPTA List	31 C.F.R. Part 587 (E.O. 14024 § 11, as added by E.O. 14114); 31 C.F.R. § 589.209	No — correspondent-access denial, not asset blocking	Financial-institution specific	Loss of U.S. dollar clearing through United States correspondents

Regime / list	Regulatory authority	Asset freezing / blocking	Scope of restriction	Practical impact
NS-MBS List	E.O. 14024; CAATSA and related menu-of-sanctions statutes	Variable, according to the sanction selected	Selective, drawn from a statutory menu	Targeted restriction without a total freeze; the applicable measures are enumerated on the list entry

Table 2. The principal Russia-related sanctions regimes compared by blocking effect, scope, and practical impact.

Two points about the table deserve emphasis. First, a sector determination under Executive Order 14024 does not itself select among these regimes. As explained in Section 6 above, persons sanctioned on sector-membership grounds are routed to the SDN List, the CAPTA List, or the NS-MBS List according to the type of sanction OFAC elects to apply, so the determination establishes eligibility rather than consequence. Second, the regimes are cumulative rather than exclusive. A single foreign financial institution may hold an SSI listing under one Directive, a CAPTA listing restricting its correspondent access, and, upon a later escalation, a full SDN designation, each carrying its own operative prohibition.

Section 11. Other foundational principles: fifty percent rule and continuous change

Two further principles complete the foundational picture. The first is that ownership is aggregated. The **Fifty Percent Rule**, given regulatory effect for the Russia program at 31 C.F.R. § 589.411, provides that any entity owned, directly or indirectly, fifty percent or more, individually or in the aggregate, by one or more blocked persons is itself blocked, whether or not it appears on any list. Subsection (b) of the same provision extends the principle to SSI status, so that any entity owned fifty percent or more by one or more persons subject to a Directive is itself subject to that Directive. The rule applies uniformly across OFAC's modern programs and is essential to the operation of targeted sanctions. Without it, designated persons could trivially evade their sanctions by transacting through wholly-owned subsidiaries. With it, screening against the SDN or SSI List alone is insufficient: meaningful compliance requires beneficial-ownership diligence that can identify majority interests held by blocked persons through layered corporate structures. The Fifty Percent Rule is discussed in further detail, in the specific Russia-program context, in Section 23 below.

The second principle is that sanctions are continuously in motion. The Russia program in particular has been the subject of more than one hundred and fifty additions, amendments, and re-issuances of general licenses since February 2022; the SDN List has been updated several hundred times; the four Directives under Executive Order 14024 have been amended on multiple occasions; and the underlying statutory and Executive-Order architecture continues to evolve, with Executive

Order 14114 of December 2023 representing the most recent substantial structural change. A compliance program designed around a snapshot of the regulatory state is not a compliance program. What is required is continuous monitoring of OFAC announcements, license amendments, Federal Register publications, and frequently asked questions, integrated into the operational decisions of the regulated person. The remainder of this Treatise applies these foundational principles to the specifics of the Russia program.

IV. LEGAL ARCHITECTURE OF THE RUSSIA-RELATED SANCTIONS REGIME

This Part maps the reinforcing layers of legal authority on which the regime rests: the statutory foundations in IEEPA, the National Emergencies Act, and CAATSA; the operative Executive Orders, principally E.O. 14024 and E.O. 14114; the two parallel sets of implementing regulations at 31 C.F.R. Parts 587 and 589; and the agencies that administer and enforce the program.

Section 12. Statutory authorities

The United States sanctions framework rests on a relatively small number of broad statutory delegations to the President, augmented by a larger set of country- and topic-specific statutes that constrain, codify, or expand those delegations. The Russia program draws on each of the following.

The International Emergency Economic Powers Act (IEEPA), 50 U.S.C. §§ 1701–1708, is the principal authority on which the modern Russia program rests. IEEPA authorizes the President, upon declaration of a national emergency with respect to an unusual and extraordinary threat originating in substantial part outside the United States, to investigate, regulate, or prohibit transactions in any property in which a foreign country or national has an interest. Every operative Russia-related Executive Order since 2014 has been issued under IEEPA, in conjunction with the National Emergencies Act, 50 U.S.C. §§ 1601–1651, which provides the procedural framework of declaration and continuation. Section 206 of IEEPA, 50 U.S.C. § 1705, is the operative penalty provision; it is incorporated by reference into 31 C.F.R. § 589.701, which prescribes the civil and criminal penalties applicable to violations of Part 589.

The Countering America's Adversaries Through Sanctions Act of 2017 (CAATSA), Pub. L. 115-44, codifies many of the Obama-era Russia Executive Orders into statute, narrowing presidential discretion to lift them, and creates a series of mandatory secondary-sanctions tools. The most operationally important CAATSA provisions for Russia are Section 228 (significant transactions for sanctioned persons), Section 231 (Russian defense and intelligence sectors), Section 232 (Russian energy export pipelines), and Section 233 (privatization of state-owned assets). The railway, metals and mining sectors enter through CAATSA Section 223(a), which is a determination provision rather than a directive-modification provision: it authorizes the Secretary of the Treasury to determine that a state-owned entity operating in either sector meets the criteria of Section 1(a) of Executive Order 13662. The authority is permissive, and OFAC has said expressly that Section 223(a) does not require the imposition of sanctions on persons in those sectors. The provisions that modified the Directives — tightening the debt tenors under Directives 1 and 2 and reissuing Directive 4 — are the subsections that follow, at Section 223(b) through (d). Section 234 is sometimes cited in this context in error: it concerns the transfer of arms and related materiel to Syria, 22 U.S.C. § 9528, and has no Russia sectoral application. CAATSA Section 216, 22 U.S.C. § 9511, requires review of specified terminations and waivers, and of licensing actions that significantly alter United States foreign policy with regard to Russia. It is broader than review of E.O. 13662 termination alone. E.O. 14024 is not among the orders enumerated for the termination provision, but that does not eliminate the significant-licensing-action inquiry or the 2026 Act’s independent preservation and relief provisions. See Section 17. The 2014-era Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act (SSIDES), 22 U.S.C. §§ 8901–8910, and the Ukraine Freedom Support Act

of 2014 (UFSA), 22 U.S.C. §§ 8921–8930, remain in force and supply the original authority for SDN designations and secondary sanctions described in 31 C.F.R. § 589.201(a)(6) and § 589.209.

The Protecting Europe's Energy Security Act of 2019 (PEESA), 22 U.S.C. § 9526 note, requires the imposition of sanctions on vessel operators and others engaged in the construction of Nord Stream 2, TurkStream, or any successor pipeline projects, and is implemented by Executive Order 14039. The Rebuilding Economic Prosperity and Opportunity for Ukrainians Act of 2024 (the REPO Act) authorizes the use of certain frozen Russian sovereign assets for Ukraine's benefit and imposes corresponding reporting obligations. The Sergei Magnitsky Rule of Law Accountability Act of 2012 and the Global Magnitsky Human Rights Accountability Act of 2016 round out the statutory architecture, providing authority for targeted human-rights and corruption designations of Russian officials and their associates.

Section 13. Executive Orders

Although IEEPA supplies the broad delegation, the operative day-to-day rules of the Russia program live in Executive Orders. The 2014-era framework, listed in the authority block of 31 C.F.R. Part 589, includes Executive Order 13660 (initial Ukraine framework), Executive Order 13661 (senior Russian officials and Bank Rossiya), Executive Order 13662 (authorizing the sectoral framework that gave rise to the SSI List and Directives 1–4), Executive Order 13685 (Crimea embargo), and Executive Order 13849 (implementing certain CAATSA designations). Each of these Orders is the source of one or more of the blocking authorities enumerated in 31 C.F.R. § 589.201, and the SDN entries reflecting designations under each Order are tagged with the corresponding identifier, as set out in Note 2 to § 589.201.

The modern center of gravity is Executive Order 14024, issued April 15, 2021, which addresses what the Order describes as harmful foreign activities of the Russian government, including election interference, malicious cyber-enabled activities, transnational corruption, extraterritorial targeting of dissidents and journalists, undermining security in regions important to United States interests, and violations of international law concerning territorial integrity. Executive Order 14024 is the authority under which the Secretary of the Treasury has identified, by successive determinations, seventeen sectors of the Russian economy for which persons determined to operate, or to have operated, may be designated: technology, defense and related materiel, financial services, aerospace, electronics, marine, accounting, trust and corporate formation services, management consulting, quantum computing, metals and mining, architecture, engineering, construction, manufacturing, transportation, and — by determination effective January 10, 2025 — energy.

Five further Executive Orders extended the program. The first of them predates the February 2022 escalation and should not be described as a response to it: Executive Order 14039, issued

August 20, 2021, implemented PEESA's pipeline-related sanctions. The four that follow were issued in 2022. Executive Order 14065 imposed a comprehensive embargo on the so-called Donetsk People's Republic and Luhansk People's Republic regions of Ukraine and authorizes the Secretary of the Treasury, in consultation with the Secretary of State, to determine that additional regions of Ukraine are covered. That authorization is the operative mechanism, and the distinction matters: Russian occupation of a region does not of itself bring the region within the Order, and counsel should confirm the existence and terms of a published determination before treating Kherson, Zaporizhzhia, or any other territory as covered. The Crimea region is separately embargoed under Executive Order 13685 and §§ 589.206 through 589.208. European Union and United Kingdom territorial definitions do not control the reach of the United States measures and should not be imported into this analysis. Executive Order 14066 prohibits the importation of Russian-origin energy products and the making of new United States investments in the Russian energy sector. Executive Order 14068 prohibits the importation of specified Russian-origin goods — fish and seafood, alcoholic beverages, non-industrial diamonds, gold, and downstream products incorporating these items — and prohibits the exportation to Russia of luxury goods and U.S.-dollar-denominated banknotes. Executive Order 14071 prohibits new United States investment in Russia and authorizes the Secretary of the Treasury to prohibit the exportation of specified categories of services, a power that has been exercised through successive determinations to bar the provision of accounting, trust and corporate formation, management consulting, quantum computing, engineering, architecture, information-technology consultancy and design, and (effective February 27, 2025) petroleum services to persons located in the Russian Federation.

Executive Order 14114, issued December 22, 2023, is among the most consequential of all. It amends Executive Order 14024 to add a new Section 11, authorizing the Secretary of the Treasury to impose either full blocking sanctions or correspondent-account and payable-through-account sanctions on any foreign financial institution determined to have conducted or facilitated significant transactions or provided any service involving Russia's military-industrial base. Combined with the June 12, 2024 expansion of the definition of 'Russia's military-industrial base' to encompass all persons blocked under Executive Order 14024, this authority dramatically widens the secondary-sanctions exposure of non-United-States banks and is discussed in detail in Section 42 below.

Section 14. Implementing regulations: 31 C.F.R. parts 587 and 589

OFAC codifies overlapping Russia-related measures in two distinct regulatory programs. Part 589 implements the 2014 Ukraine emergency and further Executive orders issued under that emergency, including E.O.s 14039 and 14065. Part 587 implements E.O. 14024 and further orders issued pursuant to the emergency it declared, including E.O.s 14066, 14068 and 14071; E.O. 14114 amended E.O. 14024. The order's emergency and operative text, not its date or a Russia-related

title, determine the allocation. Sections 587.101 and 589.101 make the programs independent, subject to the common Part 501 procedures. A license under one program does not silently clear a prohibition under the other. [S1, S2, S9]

Which Part to cite. Because the two bodies of regulation overlap, the choice of citation should follow the mechanism being described rather than the subject matter. Measures resting on Executive Order 14024 should be traced to that Order, its amendments and applicable instruments, with Part 587 as the regulatory framework. CAPTA and menu-based lists include measures whose authority must be identified individually; the list name does not make every entry a Part 587 measure. Anything resting on the Executive Order 13662 sectoral framework and its four Directives, on the Crimea embargo provisions, or on the facilitation, evasion, and significance mechanics of the 2014-era architecture is properly cited to 31 C.F.R. Part 589, the Ukraine-/Russia-Related Sanctions Regulations. Where a single proposition is supported by both, as it frequently is for blocked-person status and for the Fifty Percent Rule, this Treatise cites the provision under which the designation at issue was actually made and notes the parallel provision. One caution governs the whole exercise, and it cannot be overstated. The two Parts are not parallel-numbered, and a section number may not be translated from one to the other by substitution. Part 589 carries a full definitional subpart of more than forty sections; Part 587 was published in abbreviated form and its definitions occupy sixteen. The same trailing digits therefore denote different terms, some numbers are reserved in one Part and operative in the other, and a term defined in one may have no regulatory counterpart in the other at all. Every re-tagged citation must be verified against the actual text of the provision in the applicable Part. Note also that an Executive Order or a determination may have operative effect before any corresponding regulatory amendment appears, so that the governing instrument is sometimes the Order rather than the codified rule. Citations elsewhere in this Treatise should be read against this convention. The cross-reference table below gives the verified provisions. [S1, S2]

Part 589 is organized into nine subparts. Subpart A (§ 589.101) sets the relation of Part 589 to other regulations. Subpart B (§§ 589.201 through 589.215) sets out the operative prohibitions, including blocking under § 589.201, the four sectoral Directives in §§ 589.202 through 589.205, the Crimea embargo provisions in §§ 589.206 through 589.208, the CAPTA-style correspondent-account provisions in § 589.209, the effect of violative transfers in § 589.210, the interest-bearing-account requirement in § 589.211, the evasion and conspiracy prohibition in § 589.213, the exempt-transaction list in § 589.214, and the facilitation prohibition in § 589.215. Subpart C (§§ 589.300 through 589.343) contains the definitional architecture. Subpart D (§§ 589.401 through 589.414) supplies interpretive provisions, including the Fifty Percent Rule (§ 589.411), the significance-of-transaction factors (§ 589.413), and the facilitation interpretation (§ 589.414). Subpart E (§§ 589.501 through 589.521) collects the in-regulation general licenses. Subparts F through I deal with

recordkeeping, penalties, and procedural matters. References throughout this Treatise to specific sections of Part 589 are to the version currently in force, in accordance with § 589.401.

Regulatory provision comparison

Part 587 was issued in abbreviated form and does not copy Part 589's numbering. The following provisions should not be transposed merely because the subjects resemble each other.

Subject	Part 587	Part 589
U.S. person definition	§ 587.314	§ 589.339
Transfers of blocked property; effectiveness	§ 587.202	§ 589.210
Holding blocked funds	§ 587.203	§ 589.211
Setoffs	§ 587.405	§ 589.410
Entities owned by blocked persons	§ 587.406	§ 589.411
Licensing procedures	§ 587.501, with Part 501	§ 589.501, with Part 501

Section 587.502 is reserved; it cannot be cited as though it supplied the substantive provisions found at § 589.502. Part 501 governs common reporting, procedures, penalties and enforcement guidelines. A provision in another sanctions program is not automatically available in a Russia matter.

Section 15. Administering agencies

Three federal agencies share administration of the Russia program. OFAC is the principal administrator: it maintains the SDN List, the Sectoral Sanctions Identifications List (SSI List), the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions (CAPTA List), and the Non-SDN Menu-Based Sanctions List (NS-MBS List); issues general and specific licenses; publishes interpretive guidance and frequently asked questions; and brings civil enforcement actions. The Department of State administers certain designation authorities, including those of CAATSA Section 231, and runs visa-related restrictions. The Bureau of Industry and Security within the Department of Commerce administers the parallel set of export controls under the Export Administration Regulations (EAR), 15 C.F.R. parts 730 through 774, including the Russia/Belarus Foreign Direct Product Rules, the Entity List, the Military End-User List, and the Unverified List. Note 4 to 31 C.F.R. § 589.205 expressly references the corresponding BIS license requirement at 15 C.F.R. § 746.5 for items used in specified deepwater, Arctic offshore, or shale projects. Criminal violations are prosecuted by the National Security Division of the Department of Justice, often in coordination with United States Attorneys' Offices, the Federal Bureau of Investigation, and Homeland Security Investigations.

Section 16. Enactment, recurring deficiencies, and the route to review

The authorities described in the preceding subsections do not arrive fully formed. They follow a settled sequence, and understanding that sequence is what allows counsel to identify where a given restriction is vulnerable. The President issues an Executive Order under the National Emergencies Act and IEEPA, declaring or continuing a national emergency and delegating implementing authority to the Secretary of the Treasury. OFAC then codifies implementing regulations in the Federal Register and in Title 31 of the Code of Federal Regulations. Finally, OFAC issues general licenses, published guidance, advisories, and frequently asked questions that calibrate the operative reach of the codified text. The last of these is the layer practitioners consult most often and the layer with the weakest legal status: an FAQ is not a regulation and does not carry the force of one, although it reflects the agency's contemporaneous interpretation of its own rules and is accorded some measure of administrative deference in practice.

Recurring deficiencies. Four categories of defect account for most viable challenges to a Russia-program restriction. The first is action *ultra vires* — a measure that exceeds the delegation actually conferred by IEEPA or by the relevant provision of CAATSA. The second is procedural: a rule adopted without the notice-and-comment process required by the Administrative Procedure Act, 5 U.S.C. § 553, in circumstances where no statutory exemption applies. The third is evidentiary — a designation resting on a thin, stale, or unverified administrative record, which is the ordinary ground for an arbitrary-and-capricious challenge. The fourth is vagueness: a directive or determination that fails to state with adequate clarity what conduct triggers liability, leaving the regulated person without fair notice. The first three recur in the reported litigation. The fourth is raised more often than it succeeds, but it acquires force where a determination is drafted in terms of economic sectors rather than of transactions.

Appeal and review. The path to relief is administrative first and judicial second. A designated person petitions OFAC for removal under 31 C.F.R. § 501.807, the general reconsideration provision applicable across OFAC's sanctions programs. The petition is answered, in the ordinary course, by one or more rounds of written questions from the agency, and the process is described more fully in Part X below. Judicial review proceeds under the Administrative Procedure Act: 5 U.S.C. § 706(2)(A), for agency action that is arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law, and 5 U.S.C. § 706(1), for agency action unlawfully withheld or unreasonably delayed. A caution about sequence is warranted, because the point is often stated too strongly. Exhaustion of the reconsideration petition is the ordinary and advisable course, and it builds the record on which review will proceed. It is not invariably a jurisdictional precondition. Under 5 U.S.C. § 704, and as the Supreme Court held in *Darby v. Cisneros*, 509 U.S. 137 (1993), a court may not require a claimant to pursue an optional administrative remedy before obtaining review of otherwise final agency action, unless a statute or rule expressly makes that remedy a prerequisite and stays

the action pending its outcome. Counsel should determine whether the particular action is final and whether § 501.807 reconsideration is mandatory or optional in the circumstances rather than assuming a universal exhaustion requirement. A claim under § 706(1) is also narrower than it first appears: it seeks to compel the agency to act, not to compel it to act favorably, so the relief available is a decision rather than a license. Such actions are ordinarily brought in the United States District Court for the District of Columbia, and the standard of review, together with the constraints imposed by a classified or summarized administrative record, is addressed in Section 67.

Section 17. The 2026 Act and the allocation of legal authority

The 2026 Act must be read at three levels: the rule Congress enacted, the executive action it directs or permits, and the exception or authorization available to the particular transaction. A statutory instruction to review and designate is different from a prohibition that takes effect by its own terms on a stated date. The first creates an executive implementation duty; the second can bind its covered actors without waiting for a new entry on a sanctions list. Section 103(b), directing a prohibition effective after 30 days, requires particular attention to both its statutory categories and the implementing instrument. [T01]

Section 102(a) requires a review within 30 days and every 180 days thereafter, followed by sanctions or vessel blocking when the President makes the prescribed determination. Section 104 uses review and determination for other government-owned, controlled or affiliated entities. Neither recurring review date, by itself, is a new blocking event for every entity in the category. Existing designations, ownership-based blocking and independently effective prohibitions can apply before the review. The Act's knowledge definition includes actual knowledge and constructive knowledge, but only provisions using that standard receive it; it is not a universal defense to civil liability.

Section 102(d) preserves the sanctions and other measures under executive orders addressing the specified harmful-foreign-activities emergency, as in effect the day before enactment. This materially changes the relationship between Congress and restrictions previously resting on executive instruments. It should not be summarized as an unconditional power to repeal E.O. 14024 and thereby eliminate its measures. Nor does the preservation clause make every sanctions regime mentioning Russia part of the same emergency. The statutory references, existing instruments and any authorized relief must be traced individually.

Congressional requirements and executive leeway

Provision	Congressional rule	Executive authority and limits
§102(a), (b), (e)	Reviews and prescribed sanctions for determined officials, support networks and vessels	Determine whether criteria are met; apply exceptions and lawful relief. Review does not itself designate.
§102(d)	Preserves specified pre-enactment executive-order measures	Relief must be reconciled with statutory preservation, waivers, exceptions and other review rules.
§103(a), (d)	At least two sanction groups for the Central Bank; all groups for §103(a)(1)(B) institutions	Select Central Bank combination; identify covered institutions; apply the separate foreign-bank exception.
§103(b), (c)	U.S.-person transaction prohibition after 30 days; foreign-bank exception to specified sanctions	Treasury's economic/foreign-policy determination under (c) is not a customer-created safe harbor; examine its effect on (b) and actual implementation.
§104	Review and blocking of determined government-owned, controlled or affiliated entities	Make the factual determination; statutory standards constrain discretion.
§105	Covered banks and brokers may not process specified government/official-benefit transfers after 30 days	Subsection (b) expressly protects qualifying processing tied to a licensed underlying transaction.
§106	SEC must prohibit exchange trading of the covered issuers within 30 days	Implement issuer and exchange scope; this is not an automatic worldwide ban on all Russian securities.
§107	New investment, Treasury-identified services and related facilitation prohibited after 30 days	Identify service categories in consultation with State; licensing and exceptions require authority-specific analysis.
§108	Energy investment and U.S.-produced energy export restrictions; support-based sanctions	Apply the statutory activity and knowledge criteria; existing maintenance guidance does not authorize separate prohibited energy services.
§109	Sovereign-debt purchase prohibition upon enactment	Examine statutory exceptions and authorizations; no general 30-day grace period.
§110	Review and sanctions concerning specified financial-messaging evasion	Conditional waiver in (c), including Treasury/State determinations; no categorical named-system immunity.
§111	Implementation of uranium-import law and later leadership sanctions	Coordinate the incorporated uranium waiver date and exceptions; do not use the banking calendar for every duty.

Provision	Congressional rule	Executive authority and limits
§§112–113	Duties up to the stated 500% and 100% ceilings	Rate-setting and adjustment discretion, defined country categories, determinations and advance reports; these are ceilings, not enacted uniform rates.
§114	Activity-specific exceptions, pre-enactment GL protection and temporary wind-down relief	Verify each condition and preserved licensing authority; an exception to Title I does not remove independent prohibitions.
§115	Waiver mechanism	Prior national-interest certification and explanatory report to Congress; distinguish waiver from termination.
§116	IEEPA implementation powers and civil/criminal penalties for covered prohibitions	Implementation and enforcement remain subject to the statute, applicable elements and administrative process.
§117	Conditional termination, reporting and congressional review	Ordinarily 30-day hold, 60 days for reports July 10–September 7; enacted disapproval can prevent termination.
§§201–203	Iran extension, severability and Title I sunset	No assumption that Title I sunset repeals independent executive, CAATSA or other statutory measures.

The table summarizes Division A, not the unrelated educator-expense provision in Division B. Section 113 identifies separate crude-importer, gas-importer and sanctions-evasion-facilitator categories; it should not be reduced to five countries total. Its advance reporting requirement is tied to imposition or change of duties. October 8 is therefore only the latest date consistent with October 18 imposition if the ten-day advance-report rule applies; it is not an independent universal client deadline. The guide does not designate countries or assign rates on the executive's behalf.

Exceptions, licenses and the wind-down period

Section 114 contains humanitarian, intelligence/law-enforcement, international-obligation, nuclear-cooperation, official-business, transit-oil, license, wind-down, vessel-safety and space-activity exceptions. Each is limited by its operative wording. A humanitarian description does not authorize an unrelated commercial transfer; a nuclear exception is not general permission to deal with every participating bank. Establish both the underlying activity and the sanctions authority from which the exception supplies relief.

The two limbs of Section 114(i) are not identical. The first concerns wind-down or divestiture by an entity located in Russia that is not owned or controlled, directly or indirectly, by a Russian person. The second concerns an entity located in Russia owned or controlled by a U.S. person engaged in

good-faith wind-down or divestiture, including ongoing operational support for that purpose. Under the Act's definitions, a dual U.S.–Russian citizen can be both a U.S. person and a Russian person. That may defeat reliance on the first limb while requiring a separate examination of the second; it does not justify merging their tests. An individual's personal apartment or bank account is not automatically an entity operation within either limb.

The period begins on enactment. Counting September 18, 2026 as the first of 270 days yields June 14, 2027 as the final included day; September 18 plus 270 days is June 15. The latter date is the day after the inclusive period, not an extra day of permission. Counsel should confirm any implementing time convention and settle earlier. The exception only removes sanctions under Title I within its scope. Existing blocked counterparties, restricted services, exports and other programs remain independently relevant.

Section 114(h) protects operation under the terms of pre-enactment Treasury general licenses and preserves the power to extend or issue licenses. This is substantial protection, but it does not establish that an old license covers a newly blocked institution outside its described class. The source and date of a successor also matter. GL 131J was issued on September 18; it must not simply be described as issued before enactment. For every license, record the precise exception or implementation basis that addresses the statutory layer as well as the executive-order layer.

Waiver and termination are different forms of relief

Section 115 permits the President to waive the specified sanctions provisions, restrictions or duties after furnishing Congress a national-interest certification and explanation. The provision does not impose the Section 117 termination waiting period or an express general 180-day waiver renewal rule. Whether a particular waiver has a duration or conditions depends on the actual instrument. A press statement that the administration favors relief is not a waiver. Nor does discretion not to pursue one case alter the legality of transactions generally.

Section 117 sets substantive conditions for termination. For Russia or a Russian person, the certification concerns a peace agreement accepted by Ukraine and cessation of the specified hostilities and subversive activities. For the other covered foreign persons or countries, it concerns cessation of the sanctionable activity and reliable assurances about future conduct. Congress receives a review period, with a joint resolution of disapproval governed by the statute and ordinary presentment requirements. Executive characterization can affect the designated committee; it cannot conclusively redefine the legal scope of a review requirement.

CAATSA Section 216 requires its own examination. Its termination provision references specified earlier executive orders and statutory measures; E.O. 14024 is not added to that enumeration merely by being Russia-related. The separate clause concerning licensing actions that significantly

alter U.S. foreign policy toward Russia cannot be omitted. Counsel should analyze whether relief triggers CAATSA review, Section 117 review, another statute, or multiple requirements. A nominally routine license is not necessarily outside review solely because the executive labels it routine. [T08]

Several different clocks operate at once

Most U.S. sanctions are not best understood as individual restrictions that automatically expire unless renewed every few months. National emergencies, executive orders, individual designations, licenses, statutory review duties, and statutory sunsets have different rules. A renewal notice for an emergency is not a new six- or twelve-month license for every affected person. [M30; M1, §§102–103, 114, 117, 203]

Under the National Emergencies Act, an emergency terminates on its anniversary unless the President publishes and transmits the required continuation notice within the statutory period. This involves an affirmative continuation step, although it may occur regularly. The scope and duration of particular sanctions must still be determined from their governing authority, any statutory preservation requirements, and action actually taken. [M30]

An individual blocking designation commonly has no short expiration date printed beside the name. It generally continues until effective removal, authorization, termination of the relevant measure, or another applicable legal change. A general license may instead have a specific date and time or no stated expiration. If it has a deadline, an extension should never be assumed until issued. GL 50 has no stated expiration in its text; GL 13R has the specific October 9, 2026 cutoff discussed above. [M4, M8, M9]

The Act's 180-day reviews are duties to review and impose measures where required; they are not automatic expiration dates for sanctions imposed during the previous cycle. Section 103 calls for its next review by 210 days after enactment, followed by reviews every 180 days. Missing or delaying a review should not be treated by a client as a license to resume dealings. [M1, §§102–104, 110]

The Act has a five year sunset and separate termination conditions

Section 203 terminates Division A, except §201, five years after enactment, on September 18, 2031. That is a statutory sunset, not an automatic annual extension. Congress could amend the statute, but no such future amendment should be assumed. The sunset does not itself repeal every independent executive order, preexisting sanctions statute, or restriction arising under another program. Any future release of blocked funds must be checked against the authorities then remaining in force. [M1, §203]

Section 117 establishes conditions for earlier termination under this title. For sanctions, restrictions, or duties concerning a Russian person or Russia, the President must certify a peace agreement accepted by Ukraine's free and independent government and cessation of the specified hostilities and destabilizing conduct. For other persons, the statute uses cessation of the relevant conduct and reliable assurances against its resumption. These are legal prerequisites to this termination mechanism, not a prediction that a political development will automatically unblock an account. [M1, §117(a)]

Congressional review generally runs thirty calendar days, extending to sixty for reports submitted July 10 through September 7. Termination cannot be treated as effective during the protected review period, and an enacted joint resolution of disapproval can prevent it. A proposed agreement, presidential announcement, committee objection, and enacted disapproval are legally different events. [M1, §117(b)–(c)]

The Senate procedure in §117(c)(4) expressly specifies three-fifths votes for the motion to proceed and passage of the joint resolution. This threshold is a useful distinction from a generic description of congressional review; the statutory veto procedures also matter. [M1, §117(c)(4)]

CAATSA §222 codifies E.O.s 13660, 13661, 13662, 13685, 13694 and 13757, not E.O. 14024. Revocation of a restriction resting solely on E.O. 14024 is therefore distinct from relief under those codified orders. Section 216's termination and waiver review reaches its enumerated sanctions; its separate licensing clause addresses significant changes in U.S. policy toward Russia and is not textually confined by the same cross-reference. After the 2031 sunset, identify each surviving statutory basis and the proposed relief mechanism. Do not infer that all E.O. 14024 sanctions are codified, or that all forms of relief escape congressional review. [M41]

This creates a textual asymmetry: outright revocation of a restriction resting solely on E.O. 14024 may fall outside §9511's enumerated termination category, while a sweeping license can engage its separate significant-policy licensing clause. That inference assumes no other statutory mandate applies. The President's report states whether the action is intended to alter Russia policy significantly, and that description affects committee handling under §9511(a)(3) and (b)(1). It does not confer an express power to exempt an objectively significant licensing action merely by labeling it routine; the statutory trigger and routine-license exception still govern. [M41]

Section 115 separately authorizes national-interest waivers after the required written certification and report to Congress. It does not impose the same peace-agreement prerequisite as §117. A waiver can therefore supply relief through a different statutory route. Whether it reaches a particular client depends on the actual waiver's coverage and effective terms. An OFAC license is a further

distinct mechanism authorizing specified transactions while the broader sanctions framework remains in place. [M1, §§114–117]

Mandatory duties and available executive choices

The Act combines mandatory duties with discretionary implementation, exceptions, waivers, and termination procedures. “Shall” provisions cannot fairly be summarized as wholly optional, but a mandatory duty to impose sanctions is not proof that every unidentified person has already been designated. The executive branch must make relevant factual determinations and issue the operative instruments. Conversely, clients cannot treat administrative delay or an expectation of lenient enforcement as legal authorization. [M1, §§102–117]

Subject	Congressional requirement	Presidential or agency leeway and limits
Covered existing sanctions §102(d)	Specified preserved executive-order measures remain in effect	Relief must respect the statutory preservation and applicable licensing waiver or termination routes
Targeted persons §102	Periodic review and sanctions for persons determined to meet the criteria	Factual determinations and interpretation of statutory terms; exemptions and §115 relief remain relevant
Central Bank §103(a)(1)(A)	At least two subsection (d) categories	Choice among those categories subject to statutory minima and other existing restrictions
Named and government-owned Russian banks §103(a)(1)(B)	All subsection (d) categories for covered institutions	Identify entities and ownership; select qualifying additional CAATSA measures; cannot replace partial government ownership with a 50 percent test
Foreign banks §103(a)(1)(B)(vi) and (c)	Measures for covered significant transactions	Determine significance; Treasury may invoke the economic- or foreign-policy exception; scope of resulting relief must be confirmed
U.S.-person bank transactions §103(b)	President must impose the transaction prohibition effective thirty days after enactment	Mandatory implementation duty; identify the operative instrument and any exceptions licenses or waivers; no general personal-account exception supplied
Government-affiliated entities §104	Review and block upon specified determination	Assess control majority ownership and affiliation; designation criteria are distinct from automatic ownership blocking
Covered transfers §105	Covered banks and SEC brokers cannot process specified government-related transfers	Licensed-underlying-transaction exception; applicable §114 exceptions and §115 waiver authority also require review
Exchange trading §106	SEC must prohibit covered national-exchange trading within thirty days	A mandatory agency duty; distinguish the required implementing prohibition from a self-executing ban on every investor transaction

Subject	Congressional requirement	Presidential or agency leeway and limits
Services §107(2)	Prohibit identified service categories to persons located in Russia	Treasury identifies categories in consultation with State; statute does not itself list every professional service
New investment §107(1)	Prohibited after thirty days	Interpret and administer the term consistently with statute; licenses or waivers can supply appropriate relief
Sovereign debt §109	U.S.-person purchases prohibited on enactment	No statutory maturity currency or primary-market limitation in this provision; relief must have a valid legal basis
Financial messaging §110	Review and sanction covered circumvention-related providers	Make required findings and use specified waiver grounds; no automatic universal SWIFT disconnection
Tariffs §§112–113	Additional duties under the specified Russian and third-country frameworks	Rates within statutory limits and eligibility conditions; up to 500 percent is not an automatic 500 percent; third-country ceiling is generally 100 percent
General licenses §114(h)	Preserve qualifying operation under pre-enactment licenses and their terms	Treasury retains authority to extend or issue licenses; preservation does not erase a license's limits or expiration
Winddown §114(i)	270-day exception for specified eligible activity and entities	Assess factual eligibility and good faith; no express automatic renewal of the statutory period
General waiver §115	Prior national-interest certification and explanatory report	Broad waiver authority within its text; distinct from the stricter §117 termination route
Implementation and penalties §116	IEEPA penalties apply to specified violations	Regulations licensing and enforcement judgment operate within statute; nonenforcement is not transactional permission
Termination §117	Required certification report and congressional review	May terminate when conditions and procedure are satisfied; cannot treat an announcement alone as completed termination
Sunset §203	Division A except §201 ends after five years	No automatic extension provided; independent authorities require their own analysis

All references in this table are to Division A of the enrolled Act. Some rows necessarily describe legal interpretation rather than an implementing action already issued. [M1]

Enforcement discretion is not a license

Treasury can prioritize investigations, evaluate compliance efforts, settle civil matters, and administer licenses; criminal enforcement involves a separate legal standard and prosecutorial

judgment. These choices do not mean that a client may knowingly undertake an otherwise prohibited transaction because prosecution seems unlikely. The Act's §116 imports IEEPA civil and criminal penalties for its specified prohibitions, including causation and attempts. Constructive knowledge in a designation criterion, civil sanctions liability, and criminal willfulness should not be treated as one interchangeable standard. [M1, §§101, 116; M11]

Before proceeding, establish one of four bases: the prohibition does not reach the proposed act; a statutory exception applies; an effective license covers the act; or an effective waiver or termination removes the relevant restriction. A bank's commercial willingness and an informal expectation of executive restraint are insufficient substitutes. The absence of a named SDN hit also cannot settle a transaction where automatic ownership blocking or the Act's broader category applies. [M1, §§103–105, 114–117; M5]

Section 18. Jurisdiction over transactions involving foreign parties

Distinguish domestic authority to enact and implement sanctions, jurisdiction over a particular person or transaction, and whether another state accepts that exercise of authority. Congress's foreign-commerce powers and IEEPA provide a domestic statutory framework; the President's emergency declaration, order and delegated Treasury measures supply the applicable restrictions. They do not dispense with the statutory limits or the need to establish the reach of the particular measure. [S7, S36, S48]

Primary sanctions often rest on nationality or territorial connections: a U.S. citizen acting abroad, a U.S. entity or its foreign branch, a person acting in the United States, or covered property or services within U.S. jurisdiction. Nationality-based regulation of conduct abroad is extraterritorial in geographic reach, even though nationality is a recognized jurisdictional basis. It is therefore misleading to say primary sanctions have no extraterritorial application. Part V identifies the persons covered; the prohibition's wording supplies the transaction-specific limits.

A transaction between two foreign parties may involve a U.S. bank's clearing or payment service. The foreign actor can face exposure for causing a prohibited U.S. transaction, including through concealment, if the applicable elements are established. The BNP Paribas prosecution illustrates deliberate processing through the U.S. financial system involving sanctioned parties. It does not establish that every foreign payment is subject to U.S. law. Dollar denomination alone does not prove U.S. clearing: inspect the actual route, intermediaries and services. Conversely, another currency does not eliminate a U.S.-person or territorial connection. [S7, S49]

Secondary sanctions generally operate differently: specified foreign conduct can trigger designation, correspondent-account restrictions or other market-access measures even without a predicate primary-sanctions offense by the foreign actor. The resulting restrictions are implemented

through U.S. persons, property or financial access. The United States commonly characterizes this as deciding the conditions of access to its own market. The commercial pressure on foreign conduct is nevertheless deliberate. A foreign bank may face both secondary-sanctions risk and primary-enforcement exposure if it also causes a prohibited U.S. transaction; the categories are not mutually exclusive. See Sections 41–42 for the Russia-related foreign-financial-institution criteria. [S9, S11]

Section 19. European objections and competing legal systems

The domestic legal mechanism does not settle the international-law debate. European objections concern the practical coercion of firms operating outside U.S. territory, interference with the EU's own commercial-policy choices, and conflicting legal obligations. Access to U.S. markets and dollar clearing can be commercially indispensable. Describing exclusion as a choice therefore explains the mechanism but does not answer the objections about its legitimacy or proportionality.

The EU Blocking Statute addresses the foreign measures actually listed in its Annex, rather than all U.S. sanctions. In Bank Melli Iran v Telekom Deutschland, C-124/20, the Court of Justice addressed termination of a contract in the context of listed U.S. Iran measures, including the operation of Article 5 and proportionality in the potential annulment of termination. It should not be presented as a holding that all U.S. Russia sanctions are unenforceable in Europe. Section 76 addresses the contractual conflict. [S39, S50]

The EU Anti-Coercion Instrument, Regulation (EU) 2023/2675, creates a separate framework for responding to third-country economic coercion aimed at influencing the EU's or a Member State's sovereign choices. Its definitions and institutional procedures must be satisfied; it does not automatically invalidate U.S. sanctions, authorize an individual firm to ignore them, or extend the Blocking Statute's Annex. Analyze U.S. exposure, applicable EU obligations and any actual EU response measure separately. These instruments evidence a contested relationship between regulatory systems, not a universally accepted rule that either system always prevails. [S51]

V. PERSONS AND PROPERTY SUBJECT TO THE SANCTIONS

This Part identifies who and what the sanctions reach: the jurisdictional scope of the "U.S. person" standard and the inadvertent nexus created by the dollar-clearing system; blocked persons and the meaning of a designation; the SSI List and the four Directives; the Fifty Percent Rule; and the geographic embargoes on Crimea and on the so-called Donetsk and Luhansk regions, together with the determination mechanism by which further territory may be brought within them.

Section 20. The 'U.S. person' standard and the jurisdictional reach of primary sanctions

United States primary sanctions bind a defined category of person commonly called **the 'U.S. person.' Section 589.339 of Title 31 of the Code of Federal Regulations defines the term to mean any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States**. The definition captures three distinct jurisdictional hooks. First, all United States citizens and lawful permanent residents — wherever in the world they may be, and whatever currency they may be transacting in — remain subject to OFAC's rules. Second, every entity organized under United States law, including its foreign branches, is a U.S. person; thus the London branch of a New York bank, though physically situated abroad, is a U.S. person for sanctions purposes. Third, any individual or entity physically present in the United States — even temporarily — is bound by primary sanctions for conduct in United States territory.

Sections 589.340 through 589.343 further refine these jurisdictional categories. The term 'U.S. financial institution' is defined in § 589.341 to include the foreign branches of United States banks and other regulated entities. The term 'U.S. depository institution' is defined in § 589.340. The terms 'U.S.-registered broker or dealer in securities' and 'U.S.-registered money transmitter' are defined in §§ 589.342 and 589.343 respectively. The corresponding term 'foreign financial institution' is defined in § 589.316 and reaches a broad range of non-United States entities engaged in deposit-taking, lending, foreign exchange, and securities or commodities brokerage. That definition is the cornerstone of the CAPTA-style provisions of § 589.209 and the parallel Section 11 secondary-sanctions framework under Executive Order 14114.

A subtler but no less important jurisdictional principle is the so-called inadvertent nexus. Because most United States-dollar transactions ultimately clear through United States correspondent banks, an otherwise foreign-to-foreign transaction in dollars typically draws in a U.S. person at the clearing stage. The same is true where a transaction touches United States servers, where internal approvals are routed through a United States parent, or where shared compliance and treasury functions are operated from the United States. A non-United-States company that arranges a Russia-related deal in euros may still cause a U.S. person to violate the sanctions if its payment clears in dollars; that causation is itself a violation under 31 C.F.R. § 589.213, which prohibits any transaction the purpose or effect of which is to evade or avoid, or cause a violation of, the prohibitions of Part 589.

Sanctions status and tax status are different questions, and the difference is not academic. Practitioners routinely treat the two as interchangeable because both use the phrase “United States person,” and clients reason from the tax answer to the sanctions answer. The definitions serve different purposes and are not coextensive in either direction. For sanctions, the

operative definition reaches United States citizens, lawful permanent residents, entities organized under United States law including their foreign branches, and — the limb that does the work here — any person *in the United States*. For tax, the Internal Revenue Code identifies an individual through citizenship or residence under 26 U.S.C. § 7701(a)(30) and (b), with residence determined by the green-card test, the substantial-presence test, elections, and treaty treatment.

Physical presence is independently sufficient for sanctions purposes. A non-citizen who is neither a permanent resident nor a tax resident is nonetheless a U.S. person under the sanctions definition for as long as he is physically here, and the prohibitions apply to what he does from here. Two illustrations make the point. A student in F-1 status who qualifies to exclude days under the exempt-individual rules may do so for the substantial-presence test and may therefore file as a non-resident alien. Qualification is conditional rather than automatic — it turns, among other things, on the five-calendar-year limit and on whether the individual continues to satisfy the conditions after it — and the tax question must be worked through on its own terms. For present purposes the point is that the exemption is from a tax computation and has no bearing on sanctions coverage, so the sanctions conclusion below holds whether or not the student qualifies for the exclusion. If, while in New York, that student instructs a transfer through a bank blocked under Executive Order 14024, the instruction is given by a U.S. person and must be analyzed as such, whatever the tax return says. Likewise a person present without lawful immigration status is a U.S. person for sanctions purposes while here. Unlawful presence is not an exemption from the sanctions laws any more than it is an exemption from the tax laws; each regime asks its own question.

The relationship is not a clean subset in either direction. A citizen or permanent resident abroad remains a U.S. person for sanctions purposes and remains within the tax net. A non-citizen without a green card who leaves the United States falls outside the physical-presence limb while abroad, and whether any other limb or any other United States nexus reaches that person's conduct must then be assessed separately — yet that person's tax residence may persist for the year under the substantial-presence test. The two statuses can attach, lapse, and reattach on different schedules, which is why any account review must build a dated chronology of citizenship, residence status, and physical location alongside the transaction record rather than assuming a single status for the whole period.

The disclosure obligations follow their own rules again. The FBAR is imposed by the Bank Secrecy Act and its implementing regulation on United States persons as those regulations define the term, and Forms 8938, 5471, and 8858 each carry their own predicates and thresholds. It does not follow from sanctions coverage that any particular return is due, and it does not follow from the absence of a filing obligation that the sanctions prohibitions do not apply. The arrival of a client in the United States may itself require analysis of property already held, without waiting for any outward

payment. Section 93 addresses how a bank's KYC/AML inquiry may independently uncover the same account and transaction history.

For the narrower statutory definition in the 2026 Act, see Section 95 and Section 17. Section 101(10) separately defines a Russian person by Russian nationality or covered entity status. A dual national can satisfy both definitions. Neither the Act's definition nor Russian currency-law residence should replace the Part 587 definition, tax-residence tests, or the form-specific FBAR and information-return rules. Apply each on its own terms. [T01]

Section 21. Blocked persons under 31 C.F.R. § 589.201

Section 589.201 is the operative blocking provision. Subsection (a) provides that all property and interests in property within United States jurisdiction or the possession or control of any U.S. person belonging to the persons enumerated in the subsection are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in. The enumeration is organized by Executive Order: paragraph (a)(1) implements Executive Order 13660 (persons responsible for undermining democratic processes in Ukraine, threatening peace, security, and territorial integrity, or misappropriating Ukrainian state assets; persons asserting governmental authority over any part of Ukraine without Ukrainian governmental authorization; leaders of, those owned or controlled by, or those providing material support to such persons). Paragraph (a)(2) blocks the persons named in the Annex to Executive Order 13661; paragraph (a)(3) implements Executive Order 13661 as to officials of the Russian government, persons operating in the arms or related materiel sector of the Russian Federation, and their owners, controllers, or material supporters. Paragraph (a)(4) implements Executive Order 13662 and the Secretary of the Treasury's determinations thereunder, reaching persons determined to operate in the defense and related materiel, financial services, energy, railway, or metals and mining sectors of the Russian Federation economy, or in any other sector identified by determination published in the Federal Register; together with the material-support and ownership/control paragraphs of (a)(4)(vii) and (viii). Paragraph (a)(5) implements Executive Order 13685, blocking persons operating in the Crimea region of Ukraine, leaders of such entities, and their material supporters.

Paragraph (a)(6) implements SSIDES. It reaches persons responsible for or directing significant acts of violence or gross human-rights abuses in Ukraine against participants in the antigovernment protests beginning November 21, 2013; persons responsible for or directing significant acts to undermine the peace, security, stability, sovereignty, or territorial integrity of Ukraine, including economic extortion; Russian government officials and their close associates and family members responsible for, complicit in, or directing acts of significant corruption in Ukraine, including expropriation of assets, corruption related to government contracts or extraction of natural resources, bribery, or facilitation or transfer of the proceeds of corruption; persons materially assisting such

conduct; and the further categories of corruption and human-rights abuse described in subparagraphs (a)(6)(v) and (a)(6)(viii). Subparagraph (a)(6)(vii) is the secondary-sanctions track: it reaches any foreign person that the Secretary of the Treasury determines knowingly, on or after August 2, 2017, materially violates, attempts or conspires to violate, or causes a violation of any provision under SSIDES, UFSA, or a covered Executive Order; or facilitates a significant transaction, including a deceptive or structured transaction, for or on behalf of any person subject to sanctions imposed by the United States with respect to the Russian Federation, or any specified family member of such a person.

Section 589.201(b) extends the blocking to any contribution or provision of funds, goods, or services by, to, or for the benefit of a blocked person, and to the receipt of such contributions. Section 589.201(c) prohibits, without specific license, dealings in securities held within the possession or control of a U.S. person and either registered or inscribed in the name of, held for the benefit of, or issued by a blocked person — including the transfer, disposition, transportation, importation, exportation, or withdrawal of any such securities, irrespective of any earlier purported assignment. Section 589.201(d) confirms that the prohibitions apply notwithstanding any contract or license predating the effective date. The interaction with newer Executive Orders is governed by § 589.201(e), which provides that all transactions prohibited pursuant to any Executive Order issued after December 19, 2014 in furtherance of the same national emergency are also prohibited under Part 589.

Listing is not the trigger. Section 589.201(a) blocks both formally listed persons and persons who satisfy the automatic ownership criterion without any separate listing determination. The criterion is ownership, and the distinction from control is not a quibble. Control alone does not block an entity under the Fifty Percent Rule, although it is an independent ground on which OFAC may designate and a well-recognized risk indicator. Under OFAC's Fifty Percent Rule, an entity owned fifty percent or more, directly or indirectly and in the aggregate, by one or more blocked persons is blocked by operation of law the moment that ownership threshold is met, regardless of whether OFAC has ever published the entity's name. Screening against the published SDN List alone is therefore not sufficient. A counterparty must independently trace ownership before concluding that a clean screen means a clean counterparty. Where ownership is layered, the rule is applied at each level, and the direction of travel is downward. An intermediate entity that is itself blocked — whether by listing or by operation of the rule — is thereafter treated as a blocked person for the purpose of testing the entities *it* owns, so that a company owned fifty percent or more by that intermediate is blocked in turn. Blocking does not run upward from a blocked subsidiary to its owners, and the aggregate interests of ultimate beneficial owners cannot be derived by multiplying percentages down the chain. Where the underlying designation is made under Executive Order 14024 rather than under one of

the 2014-era Orders, the operative blocking and fifty-percent provisions are those of 31 C.F.R. Part 587. For E.O. 14024 blocking and ownership, see §§ 587.201 and 587.406. [S1]

The mechanics of blocked property are elaborated in §§ 589.210 through 589.212. Section 589.210 renders null and void any transfer after the effective date that violates Part 589 and involves blocked property, with a narrow exception for innocent holders who satisfy the three conditions of subsection (d). Section 589.211 generally requires U.S. persons holding blocked funds to place them in a blocked interest-bearing account in the United States, earning interest at commercially reasonable rates and in instruments with maturity not exceeding one hundred and eighty days. The foreign-held-funds exception and restrictions on benefit or access in § 589.211(f) and (h) must also be considered. Section 589.212 confirms that expenses incident to the maintenance of blocked tangible property are the responsibility of its owners or operators and may not be met from blocked funds, and authorizes OFAC, in its discretion, to direct the sale or liquidation of blocked property with proceeds placed in a blocked interest-bearing account in the name of the owner.

Section 22. The SSI list and the four directives (31 C.F.R. §§ 589.202–589.205)

Alongside the SDN List, OFAC maintains the Sectoral Sanctions Identifications List, established under Executive Order 13662 in 2014 and given regulatory effect in Part 589 by §§ 589.202 through 589.205. SSI status does not block the listed person outright. Rather, it subjects the listed person to the operative prohibitions of one or more of four Directives. Section 589.202 implements Directive 1 (financial services sector): it prohibits all transactions in, provision of financing for, and other dealings in new debt of longer than fourteen days' maturity, or new equity, of persons subject to that Directive, where the new debt or new equity was issued on or after November 28, 2017. Section 589.203 implements Directive 2 (energy sector): it prohibits all transactions in, provision of financing for, and other dealings in new debt of longer than sixty days' maturity of persons subject to that Directive, where the new debt was issued on or after November 28, 2017. Section 589.204 implements Directive 3 (defense and related materiel sector): it prohibits all transactions in, provision of financing for, and other dealings in new debt of longer than thirty days' maturity of persons subject to that Directive. Section 589.205 implements Directive 4: it prohibits the provision, exportation, or reexportation, directly or indirectly, of goods, services (other than financial services), or technology in support of exploration or production for deepwater, Arctic offshore, or shale projects that have the potential to produce oil in the Russian Federation or in a maritime area claimed by the Russian Federation, and (under § 589.205(b)) for any such projects initiated on or after January 29, 2018, anywhere in the world, in which any person subject to the Directive has a thirty-three percent or greater ownership interest or ownership of a majority of the voting interests. Note 1 to § 589.205 confirms that the Directive does not apply to projects that have the potential to produce gas only.

Because several originally SSI-listed entities have since been escalated to full SDN status under Executive Order 14024 — including Sberbank, VTB, Gazprombank, Sovcomflot, Gazprom Neft (January 2025), Surgutneftegas (January 2025), Rosneft (October 2025), and Lukoil (October 2025) — the practical operating field of the SSI List has narrowed. But it has not disappeared. Rosneft and Lukoil, although now SDN-blocked, remain on the SSI List under one or more Directives, preserving a separate secondary-sanctions track for foreign persons who knowingly facilitate significant transactions for them, as discussed in Section 41. The notes to §§ 589.202 through 589.205 also confirm that the termination of any sanctions imposed pursuant to Executive Order 13662 is subject to the Congressional-review requirements of CAATSA Section 216 (22 U.S.C. § 9511) and the notification requirements of CAATSA Section 222 (22 U.S.C. § 9522).

Section 23. The fifty percent rule (31 C.F.R. § 589.411)

The Russia program operates not only by name but by ownership. The so-called Fifty Percent Rule is given explicit regulatory effect in 31 C.F.R. § 589.411. Subsection (a) of that provision states that persons whose property and interests in property are blocked pursuant to § 589.201 have an interest in all property and interests in property of an entity in which such persons directly or indirectly own, whether individually or in the aggregate, a fifty percent or greater interest. The property and interests in property of such an entity are therefore themselves blocked, regardless of whether the entity is incorporated into OFAC's SDN List. Subsection (b) extends the same principle to entities owned fifty percent or more by persons subject to §§ 589.202, 589.203, 589.204, or 589.205, so that the operative Directive prohibitions reach those entities even where they are not separately incorporated into the SSI List. Section 589.412 makes the related point that, for purposes of § 589.205(b), the prohibition applies to projects in which one or more persons subject to that Directive hold, individually or in the aggregate, thirty-three percent or greater ownership or a majority of voting interests, including any entities themselves owned fifty percent or more by such persons.

Three doctrinal features of the Fifty Percent Rule deserve emphasis. First, ownership is walked through intermediate entities, and ownership held by multiple blocked persons is aggregated. Second, the reverse does not hold: a blocked parent does not automatically block its less-than-fifty-percent affiliates, and control without majority ownership, while sufficient to support a separate material-support designation under § 589.201(a), is not by itself enough to invoke § 589.411. Third, the practical consequence is that screening against the SDN List alone is inadequate. A counterparty whose own name returns no hit may nevertheless be blocked because of upstream Russian ownership, often layered through intermediate holding companies in third jurisdictions. The Rosneft and Lukoil designations of October 2025 dramatized the principle: a long list of European, Central Asian, and Middle Eastern entities — not named in the OFAC press release — were instantly blocked because Rosneft or Lukoil held a majority stake. The episode also demonstrated that even

the United States Government itself sometimes finds the Fifty Percent Rule's reach unwelcome: OFAC was obliged to issue Russia-related General License 129, days after the designations, to preserve the operations of Rosneft Deutschland GmbH and RN Refining & Marketing GmbH out of concern for European fuel supplies.

Section 24. Geographic embargoes: Crimea and the covered regions under Executive Order 14065

Overlaid on the list-based architecture of the Russia program is a comprehensive geographic component. Sections 589.206 through 589.208 of Title 31 of the Code of Federal Regulations together implement a near-total embargo on the Crimea region of Ukraine. Section 589.206 prohibits new investment in the Crimea region of Ukraine by a United States person, wherever located. Section 589.207 prohibits the exportation, reexportation, sale, or supply, directly or indirectly, from the United States or by a United States person, wherever located, of any goods, services, or technology to the Crimea region of Ukraine. Section 589.208 prohibits the importation into the United States, directly or indirectly, of any goods, services, or technology from the Crimea region of Ukraine. Section 589.306 defines the Crimea region of Ukraine to include the land territory in that region and any maritime areas over which sovereignty, sovereign rights, or jurisdiction is claimed based on purported sovereignty over that land territory. Section 589.215 separately prohibits a U.S. person, wherever located, from approving, financing, facilitating, or guaranteeing a transaction by a foreign person where the transaction would be prohibited by §§ 589.206 through 589.208 if performed by a U.S. person or within the United States.

Executive Order 14065, implemented in part through Part 589 but also reflected in the cross-references of Part 589, extends an analogous embargo to the so-called Donetsk People's Republic and Luhansk People's Republic regions of Ukraine. Those two regions are named in the Order itself. Any further territory is covered only where the Secretary of the Treasury, in consultation with the Secretary of State, has so determined, and counsel should confirm the existence and terms of a published determination before treating Kherson, Zaporizhzhia, or any other oblast as embargoed. Occupation is not a determination, and the corresponding European Union and United Kingdom designations do not extend the reach of the United States measure. Within the covered zones, virtually all transactions by U.S. persons, or within the United States, are prohibited absent a license. The geographic component thus gives the Russia program a comprehensive-embargo character that runs alongside, rather than in place of, its list-based operations.

V-A. BLOCKED PROPERTY IDENTIFICATION, CUSTODY, REPORTING, AND RELEASE

This Part addresses the person who possesses or controls property in which a blocked person has an interest. The holder may be an individual, company, financial institution, lawyer, trustee, executor, fund, employer, debtor or property manager. The question is broader than ownership: a client may own a bank balance that involves a blocked bank, or hold money owned by a blocked client. Conversely, a sanctions-related commercial hold, sectoral restriction or refused transaction is not automatically blocked property. Identify the legal basis before choosing a report. [T03, T06]

What to do when you discover a blocked interest

Stop any proposed release, withdrawal, repayment, offset or transfer until its authority is established. Preserve statements, instructions, ownership records and communications. Identify the asset and the blocked person's actual interest; a Russian connection or a bank's temporary review does not alone establish blocking. If funds are held for another person, do not return them merely to end the relationship. The preservation rules in Section 27 apply before the report is submitted.

Record when the property legally became blocked and when you learned of it. Contact qualified counsel promptly, but do not assume that seeking advice stops the filing clock. Establish who must file, whether another person has actually filed for this property, and whether an initial report, annual report or other notice is due. Obtain copies or reliable filing confirmation. Appendix C supplies the information checklist and worked report entries. A report informs OFAC; it does not request or grant permission to move the asset. [T03–T04]

Section 25. Identify the interest and the moment blocking attaches

Blocking ordinarily immobilizes property; it does not transfer title to the United States or establish forfeiture. Under §587.201, covered property and interests in property may not be transferred, paid, exported, withdrawn or otherwise dealt in without authorization. Property is broad: money, accounts, securities, debts, contracts, collateral, tangible goods, real estate, beneficial interests and digital assets can qualify. An interest may be indirect or contingent; do not confine review to the registered owner. The operative blocking authority, jurisdiction and facts determine whether the interest is blocked. [T06]

An actual designation, ownership change meeting the aggregate fifty-percent rule, receipt of property into U.S. jurisdiction or possession/control, or a holder's change of relevant status can

trigger blocking. A public review timetable or press prediction does not. The reporting period runs from the date the property becomes blocked, not from counsel's later discovery or the date a bank completes its internal investigation. Record all three dates where they differ: the legal trigger, actual restraint and discovery. If the legal trigger is uncertain, identify the competing facts and request guidance as appropriate without allowing an internal investigation to become a reason for indefinite inaction.

Do not confuse the blocked interest with the status of every connected asset. A blocked shareholder's shares and distributions can be blocked while the company remains unblocked if aggregate blocked ownership is below fifty percent and no independent designation applies. The company's transactions directly involving the blocked shareholder still require analysis. A blocked tenant can have a leasehold or deposit interest without owning the landlord's entire building. A blocked discretionary beneficiary may require trust-law and sanctions analysis rather than a mechanical conclusion that either nothing or the entire trust is blocked. Separate legal title, beneficial rights, control and each relevant obligation.

Section 26. Identify the responsible reporter

Section 501.603(a)(1) reaches all U.S. persons possessing or controlling blocked property, including persons who release or transfer it in circumstances requiring a report. Section 501.603(a)(2) permits an attorney or agent to file on another's behalf but leaves primary responsibility with the actual holder, transferrer or releaser, or the person exercising control over property abroad. It assigns trust-asset responsibility to the trustee and states a special real-property rule referring to any U.S. co-owner, legal representative, agent or property manager in the United States. The express reference to property managers in the United States matters; responsibility must be established from the actual role and location. [T03]

Client's role	Responsibility inquiry
Bank, custodian or escrow holder	Which property is actually held, and who will file for the holder?
Trustee	Identify the trust assets and affected beneficial interests; the trustee has the rule's primary responsibility.
U.S. co-owner, representative, agent or property manager	Apply the real-property allocation and its United States qualification; identify the affected interest.
Attorney holding funds	Determine ownership and any remaining client interest, custody, account structure and the applicable reporting allocation.

Client's role	Responsibility inquiry
Holder of a foreign power of attorney	Establish actual possession/control and ability to direct the affected property; the document's existence alone is not the entire inquiry.
Executor or administrator	Identify estate assets, blocked decedent or beneficiary interests, and the fiduciary's control before distributing.
Employer or other debtor	Identify the blocked payable and creditor's rights; ordinary payroll or contract rules do not authorize payment.
Fund with a blocked investor	Separate the investor's blocked interest from whether the fund itself is blocked; coordinate custodian and administrator responsibilities.
Litigant without custody	Assess §501.605 independently; litigation notice can be due even without possession of the property.

Another person's filing excuses duplicate reporting only upon actual knowledge of that filing concerning the same property. "The bank normally reports" is insufficient. Obtain the filed report or reliable confirmation identifying the reporter, property, reporting period and filing acknowledgment; preserve the evidence and document why it covers the client's duty. A report on a blocked incoming wire does not necessarily cover a separate foreign account, other assets, or subsequent annual reporting. An engagement letter can allocate preparation and review tasks but cannot eliminate a regulatory duty.

Section 27. Preserve the property without making an unauthorized transfer

For blocked funds, §587.203 generally requires a blocked interest-bearing account in the United States, with commercially reasonable interest and the applicable investment limits. Its paragraphs (e) and (f) address particular pre-existing instruments and funds already held abroad when blocked. The foreign-held-funds exception is conditioned and must be read with paragraph (h), which prevents holding or investment that supplies prohibited benefit or access to blocked persons. It does not authorize ordinary operation of a blocked Russian account. Do not instruct repatriation merely because counsel assumes every block must be physically moved to the United States. [T06]

Noncash assets need not be liquidated simply to satisfy the interest-bearing-account rule: §587.203(g) expressly addresses that point. Maintain inventory, location, title and access controls. Under §587.204, owners or operators bear maintenance expenses for blocked tangible property, and those expenses may not be met from blocked funds without authority; OFAC may direct sale or liquidation and blocking of the proceeds. The permissibility of outside-funded maintenance services themselves must also be examined. A preservation purpose does not authorize every service to a blocked owner.

Section 587.202 governs the invalidity of prohibited transfers. Section 587.405 bars unauthorized setoff against blocked property. The client cannot cure the problem by returning a deposit to the blocked owner, canceling a payable, moving it to a relative, or collecting a fee out of it. Section 587.505 authorizes specified debits by U.S. financial institutions for their own normal service charges; it does not authorize the lawyer's fees, a landlord's deductions or arbitrary charges by a Russian blocked bank. Incoming additions and interest must be reconciled to the blocked-property records rather than treated as spendable income.

For digital assets, restrict access and transfers, preserve wallet and transaction identifiers and document custody. Do not sell, swap, stake, bridge or send tokens to a new address merely to "freeze" them unless that action is itself permitted. Whether an operational movement is necessary and authorized requires analysis. The blocked property can remain the token or claim; conversion into dollars is not an automatic legal requirement.

Section 28. Initial reports and the complete filing record

The initial report is due within ten business days from blocking under §501.603(b)(1)(i). Calendar from the triggering event using the applicable federal holiday calendar, and retain the calculation. File through ORS unless OFAC grants an authorized alternative. Registration or technical difficulties do not automatically extend the deadline. Begin access arrangements immediately and contact OFAC promptly about any genuine impediment. [T03–T05]

The report should explain the facts that establish the blocked interest, not merely attach a sanctions-list screenshot. Section 501.603(b)(1)(ii)(A)–(I) requires the following nine categories. The worksheet is a drafting aid; ORS's current fields control the submission format.

Regulatory item	Required information and preparation
(A) Reporter	Holder's name and address; contact name, telephone and email. Identify representative capacity separately.
(B) Associated transaction	Transaction type, participating persons and institutions and their locations, references, dates and identifying details. State if the block arose without a new transaction.
(C) Target and interest	Identify the target and location if known; explain the interest when not apparent. If no target is known, identify OFAC's written blocking instruction.
(D) Property	Describe the asset, actual location, account/type, reference numbers and distinguishing details.
(E) Blocking date	Give the legal blocking date; explain later discovery or restraint without replacing the original trigger.

Regulatory item	Required information and preparation
(F) Value	Actual or estimated U.S.-dollar value and basis; foreign amount and exchange rate. Apply special zero-value reporting conventions below.
(G) Preservation action	Describe the blocked account, segregation, restriction or other action taken and identify the blocked interest.
(H) Authority	Identify the applicable statute, order, regulatory part or program; “SDN” alone is not an adequate authority.
(I) Documents	Relevant payment instructions, checks, invoices, trade documents and other records received in connection with the transaction.

Under the regulation, outstanding loans, credit-card receivables and other negative-balance property are reported at zero with the amount owed explained in a narrative; blocked trade-finance documents likewise use zero with shipment value in the narrative. This is a reporting convention, not a conclusion that the creditor’s claim has no economic value or can be ignored. For foreign currency, retain the source, date and calculation of the notional conversion. For illiquid property, identify a supportable estimate and its assumptions. Do not invent a market price or delay the entire filing indefinitely because a final appraisal is unavailable.

Before submission, compare the property description, authority, date and value with the account ledger and custody evidence. Confirm authorization for the filer and factual approval by the person whose report it is. Save the final report, attachments, ORS report ID, acknowledgment and submission timestamp. An internal draft, an uploaded-but-unsubmitted spreadsheet, or a registration email is not proof of filing. Filing a report does not authorize the underlying transaction and does not establish that OFAC has approved the client’s legal analysis.

From registration to proof of filing

1. Identify the submission. Use the integrated ORS initial blocked-property report for a new block and the rejected-transaction report for a qualifying rejection. An annual report uses the separate spreadsheet uploaded through ORS. A request to release property is a license application; a voluntary self-disclosure is a different submission. Do not substitute either for a mandatory property report.

2. Arrange access. OFAC directs registration requests to OFACReport@treasury.gov. Supply the reporting person or institution’s name, the primary contact’s name and email address, and the names and email addresses of additional authorized filers. An individual should identify the actual individual reporting holder rather than invent an institution. A representative should make clear

whose property report is being submitted and who may answer questions. Use the official ORS link on OFAC's forms page.

3. Assemble the factual record. Prepare the nine information groups in Section 28 and Appendix C. Keep the holder, owner and sanctions target distinct where they differ. Identify the actual transaction participants and the legal authority; a generic SDN label is insufficient. Use supported dates and dollar values, explain estimates and missing information, and attach available relevant transaction documents.

4. Enter and review. Transfer the facts into the current ORS fields, add the narrative and supporting documents, and compare the resulting draft with the original records. Check account identifiers, blocked-interest descriptions, currencies and dates. The examples in this guide illustrate content; they do not reproduce a permanent screen layout or supply facts for a real filing.

5. Submit and retain evidence. Complete the submission, then save the final report and attachments, the report identifier and available submission acknowledgment with its date. An account-registration email or a saved draft is not proof of filing. If another person submits for you, obtain confirmation identifying the property and report. A bank's report about one wire may not cover your separate foreign account.

6. Address a return or error. Review any message that the report is incomplete or returned. Correct the identified fields and retain the earlier version, correction and resubmission evidence. Follow OFAC's instructions for that report type; the annual-report correction procedure is described in Section 29. For an initial report requiring amendment, ask OFAC how to associate the correction with the original identifier rather than silently overwriting your records or creating unexplained duplicate blocks.

7. If access fails. Contact OFAC promptly, retain evidence of the problem and request instructions. Alternative filing requires written permission in the extraordinary circumstances recognized by OFAC. A pending request, a failed upload or a technical problem does not itself extend the deadline. State the true blocking and filing dates if a report is late. [T03–T04]

Section 29. Annual reports and June 30 reconciliation

The Annual Report of Blocked Property is due September 30 for blocked property held as of June 30. It is a snapshot, not a report of whatever happens to remain when counsel prepares the form. OFAC's 2026 reminder states that persons who held no blocked property on June 30 need not file an ARBP. Initial reports remain separately required when their triggers occur. [T03–T05]

Download the current TD F 90-22.50 spreadsheet. Part A identifies the holder, authorized contact and number of assets; Part B records the individual blocked assets. OFAC's 2026

instructions require a separate row for each discrete block and disaggregation of omnibus accounts. Do not merge cells, rename columns, change their order or add improvised tabs. Use the prescribed dates, locations, target identification and program tags. Distinguish the legal owner from the sanctions target when they differ, and use the initial blocked/rejected report ID, when available, rather than confusing it with a submission ID.

Value the property as of June 30, disclose an alternative valuation date when necessary, and preserve the computation. For quoted securities, use the applicable June 30 closing price and identify share quantity. For property without a market quotation, explain the estimate. The same zero-value conventions apply to the specified loans, negative balances and trade documents. A zero reported figure does not excuse omission of the item. Reconcile opening inventory, additions, income, permitted charges, authorized releases and closing holdings asset by asset.

Illustrative event	Treatment in the 2026 annual report
Blocked June 25, still held June 30, released under a license July 10	Include the June 30 holding; retain the July release separately and assess the release-report exception.
First blocked July 2	File the initial report on its own clock; do not add it to the June 30, 2026 snapshot. Include it in 2027 if still held on June 30 then.
Fully and lawfully unblocked June 29	Exclude from the June 30 blocked inventory if no independent blocking basis remains. Preserve the release evidence.
Mixed omnibus account	Report discrete blocked assets separately; reconcile their aggregate to the ledger.
Ordinary bank compliance hold or Directive 4 immobilization alone	Do not label it blocked solely for ARBP purposes; assess the separate restriction and reporting regime.

Submit the completed spreadsheet through ORS, preserve the accepted submission record and review any returned-report notice. OFAC’s 2026 guidance instructs filers correcting a returned ARBP to replace the file in the original submission and submit it again rather than create a duplicate annual report. Retain both versions, the return reason and a change log. The annual filing does not cure a missing initial report or substitute for correction of an inaccurate earlier filing.

Section 30. Release and transfer reports and all four exceptions

Section 501.603(b)(3) generally requires a report within ten business days when blocked property is unblocked or transferred. State the exceptions at the same time: no report under this provision is required for authorized normal-service-charge debits; authorized transfers of funds or credit by a financial institution between blocked accounts in its branches or offices; an unblocking or

transfer explicitly authorized by a general or specific license unless that license requires a separate unblocking report; or unblocking pursuant to OFAC's removal of a person from the SDN List. [T03]

The exemption from reporting is not an exemption from authorization. Confirm that every blocking basis has ended before release, and that the relevant license explicitly covers the movement. Delisting one person does not remove another person's blocked interest. A judicial order must be legally effective under the applicable sanctions framework; an ordinary attachment or judgment is not automatically an OFAC license. Section 501.605 may separately require notice and copies of litigation documents.

For a required report, provide the prior holder's identity and contact, target and interest, property and prior location, release date, dollar value and currency calculation, legal authority for release, and the original blocking report and ORS ID when available. The current OFAC forms page provides TD F 93.10 and directs email submission to OFACReport@treasury.gov. The regulation permits email with the section number in the subject line or ORS; follow the actual supported current channel. A request for authorization to unblock is a separate application, not this after-event report.

A GL 50 closure that fits the express authorization and carries no separate report condition can fall within the license exception. Preserve that conclusion in the file. It does not cancel initial or annual obligations that already arose, nor license-specific reports required by another authorization used for the same transaction. The October 2024 final rule added the relevant license exception; a later administrative amendment should not be described as its origin.

Section 31. Rejected transactions and commercial refusals

Section 501.604 requires U.S. persons, including nonfinancial businesses, to report qualifying rejected transactions within ten business days. The transaction is not blocked, but processing or engaging in it would violate a provision administered under the chapter. The rule includes goods and services as well as wires, securities, trade finance, checks and foreign exchange. A professional-services firm must therefore assess the rule when rejecting an actual prohibited services transaction; it cannot assume reporting is solely the bank's function. [T03]

Report the rejecting person and contact, transaction and participants, relevant target/interest if any, rejection date, dollar value with the applicable trade-document convention and currency narrative, legal authority, and available relevant documents. The regulation qualifies the required information by availability at rejection. Preserve missing-information explanations rather than inventing parties or account numbers. Submit the integrated ORS report and retain the acknowledgment.

A refusal solely because a bank dislikes Russia-related business, lacks a correspondent or cannot complete KYC is not automatically a sanctions rejection under §501.604. Conversely, a blocked payment must not simply be returned as a rejected payment. Determine first whether a blocked person has a property interest and whether the holder must immobilize it. Maintain a reason code distinguishing a legal prohibition, commercial policy, incomplete diligence and technical failure.

Section 32. Late or inaccurate reports and voluntary disclosure

A timely report can document proper compliance after a lawful holding becomes blocked. It is not inherently an admission of earlier misconduct. An escrow holder who freezes a deposit immediately upon the owner's designation may have performed the duty correctly. Explain this to clients who regard any contact with OFAC as confessing an offense.

Where a deadline was missed, reconstruct the actual trigger, property, reporting years and any intervening dealings. Stop unauthorized conduct and preserve records. Prepare the overdue or corrective mandatory report promptly, explaining the chronology truthfully and distinguishing fact from uncertainty. Do not backdate blocking, state that a report was timely when it was not, or omit a released asset from a historical June 30 snapshot. Ask OFAC about the appropriate correction route where necessary and retain the response; a request for guidance does not itself suspend duties.

Mandatory reports, amended reports, VSDs, license applications and responses to OFAC inquiries have different purposes. No one filing automatically substitutes for all the others. Counsel should coordinate consistent facts across them while separately analyzing VSD qualification under the Enforcement Guidelines. A third party required to and actually notifying OFAC of the apparent or substantially similar violation through blocking or rejection can prevent VSD treatment regardless of which report arrived first. That rule is not a race and does not equate every bank SAR with an OFAC blocking report. Cooperation and remediation can still mitigate even where technical VSD credit is unavailable. [T09]

Where criminal or self-incrimination issues are concrete, enforcement counsel should assess them promptly with the reporting obligations in view. Do not promise that a mandatory filing is privileged, that an entity can assert an individual's Fifth Amendment privilege, or that the required-records question has a universal answer. Section 91 addresses the distinct constitutional issues. A pending privilege analysis is not an authorization to continue dealing, destroy records or submit false information.

Section 33. Reporting penalties and distinct violations

Separate failure to block, unauthorized dealing after a block, late reporting, a missing annual report, refusal to supply demanded information, deficient records and false submissions. A case may

involve several duties, but an asserted count must have its own legal and factual basis. Strict civil liability does not eliminate the need to prove that the particular report was required. Actual knowledge of another person's covering report, a release-report exception, lack of the relevant jurisdictional connection, or absence of a blocked interest may defeat the premise of a reporting allegation. [T03, T09]

The Enforcement Guidelines' Part IV treats certain information and reporting failures separately. In the text reviewed September 20, 2026, a required report filed within the first 30 days after its due date may attract a civil penalty up to $3,550; if later, up to $7,104. A blocked-asset report may carry an additional $1,422 for each 30-day period overdue, up to ten years. These are guideline amounts, not an automatic invoice, an amnesty for nonfiling, or a universal cap on a matter also involving unlicensed transfers. Confirm the adjustment applicable when assessing exposure. [T09]

For failure to furnish information under §501.602, the reviewed Guidelines state up to $29,150, or up to $72,876 where OFAC has reason to believe the underlying transactions exceed $500,000; monthly continuing failures may be penalized separately. OFAC may seek judicial enforcement as well. Do not borrow that information-demand schedule as the penalty formula for every recordkeeping defect. Apply the governing rule and statutory maximum to the actual conduct.

IEEPA's statutory civil formula is the greater of its inflation-adjusted monetary maximum or twice the underlying transaction amount. The reviewed Guidelines display $377,700 as the fixed component, but the applicable adjustment and effective dates must be checked for the assessment. An isolated late report is not automatically assessed at that maximum. General Factors include awareness, recklessness, harm, sophistication, compliance controls, cooperation and remediation. A reporting failure can be a separate violation; its surrounding circumstances may also aggravate or mitigate, rather than every missed deadline being a mechanically separate aggravating factor.

Willful IEEPA violations can produce criminal exposure under 50 U.S.C. §1705(c), including imprisonment up to twenty years for a natural person and the statutory fine framework. A knowing and willful materially false statement or concealment within federal jurisdiction can independently implicate 18 U.S.C. §1001. An innocent late filing does not by itself establish those mental states. The 2026 Act's §116 incorporates IEEPA penalties for its covered prohibitions; a statutory implementation mandate should not be mistaken for a customer's already-completed offense.

Gracetown supplies a directly relevant property-management example. On December 4, 2025, OFAC imposed a $7,139,305 penalty on the New York property-management company for unauthorized dealings and failure to report blocked assets. The case involved payments received on behalf of a Deripaska-owned company after notice of blocking, an accumulated debt and a reporting delay exceeding 45 months. The $8,906,358 statutory maximum reflected a separate $71,094

component for the reporting violations; the final $7,139,305 penalty was not assessed for a single late report. The accumulated debt reported as blocked property was $103,750, of which $72,500 predated the designation. The release found the matter egregious and not voluntarily disclosed, because the government already knew of the conduct when disclosure occurred. Its practical lessons are that debts can be blocked property, an ordinary property manager is subject to reporting rules, and changing the holder's ownership does not eliminate a blocked affiliate's interest. Do not import this case's historical calculation unchanged into a new matter. [T18]

Section 34. Litigation, information demands, and sovereign assets

Section 501.605 applies to the covered U.S. participants in litigation, arbitration and binding dispute-resolution proceedings in the United States on behalf of or against blocked persons, or where the outcome may affect blocked property or retained funds. Notify OFAC upon commencement or when documents bring the proceeding within the rule. Required merits filings and orders must be supplied within ten days, not ten business days; the text excludes specified discovery, sealed documents and nondispositive procedural requests. It separately requires notice of relevant hearings or status conferences and notification to the tribunal of restrictions on judicial process affecting blocked property. Proceedings to which OFAC is a party are excepted. [T03]

Use the current §501.605 address, OFACReport@treasury.gov, with the section number in the subject line, and direct the required materials to the Office of the Chief Counsel (Foreign Assets Control). Maintain a litigation-report calendar distinct from the initial/annual property calendar. Permission to represent a client under §587.506, notification of proceedings, and authority to attach, execute, settle or transfer property are separate questions. Reportable litigation does not become an authorized transfer because the court entered judgment.

Section 501.602 permits OFAC to demand reports, documents and information, including through subpoena. Identify the actual demand, recipient, scope, deadline and production format. Preserve electronic metadata and responsive communications. Counsel may assert supportable objections or request an extension, but a request is not an extension and ordinary business records do not become privileged when copied to counsel. Coordinate any factual correction with prior filings.

Russian sovereign-asset reporting is a distinct regime. Directive 4's reporting and the REPO Act's instructions concern specified sovereign property, including effectively immobilized assets; such property is not necessarily blocked for ARBP purposes. REPO instructions apply to covered financial institutions that know or should know the relevant assets are held, impose a ten-day identification-based reporting requirement, and address recognition of certain previously furnished reports. Examine the actual duplicate-report treatment rather than reporting every private Russian

customer balance as sovereign property. Use the REPO form and the current submission instructions, and preserve the basis for reliance on an earlier qualifying report. [T12]

License-specific periodic or completion reports have their own terms. Read every condition, not just the paragraph authorizing the transaction. A license can require an unblocking report despite the general regulatory exception. ORS registration does not create a universal route for license applications, VSDs or all license reports; use the channel designated for the submission actually being made.

Section 35. Records, valuation, and continuing control

Section 501.601's ten-year retention rule took effect March 12, 2025, and was finalized without change in March 2025. Generally retain full and accurate records of covered transactions for at least ten years; retain records of blocked property while it remains blocked and for at least ten years after release. Closing the account or filing an annual report does not start a shorter period. Keep designation evidence, ownership analysis, original statements, valuation work, instructions, reports, corrections, authorizations and proof of execution together in secure records available for future filings. [T07]

This obligation is independent of IEEPA's ten-year limitations amendments enacted April 24, 2024. OFAC's civil transition guidance addresses violations not time-barred on that enactment date, including the April 24, 2019 boundary discussed in Section 70. Do not convert that guidance into an automatic retrospective ten-year criminal period for every earlier act. Determine accrual, continuing omissions, tolling, criminal retroactivity and the particular statutory clock separately. A live block and present annual-report duty can continue even where an older transaction is beyond a penalty period.

Confirm who will maintain the inventory and submit the next required report, even after the underlying sale or other transaction is complete. Monitor changes in designation, ownership, license terms, asset location, income and custody. Reassess authority before any movement; a spreadsheet notation that an item is "cleared" is not sufficient if the legal basis has changed. Preserve who reviewed the decision, on what evidence and as of what date.

Section 36. Counsel fees, privilege, and client communications

For attorney funds, identify the remaining property interest under the engagement and applicable law. A label such as advance payment, earned on receipt or retainer does not itself determine whether the client retains a refundable or other blocked interest. Do not deduct fees from blocked funds based on an engagement clause, professional lien or bookkeeping entry alone. Apply §587.506 to the legal service and §587.507 or other authority to payment; a specific license may be needed. Section 50 develops the fee-source conditions. [T06]

The report should contain the required facts and documents without unnecessarily volunteering privileged legal analysis. Pre-existing records and underlying facts are not made privileged by counsel's involvement. Obtain authority to submit, explain the report's purpose and preserve the exact approved version. If counsel's own conduct is implicated, or co-clients have materially adverse positions about responsibility or control, evaluate conflicts and independent advice before making joint factual admissions. Neither a confidentiality designation nor the regulation's FOIA treatment promises immunity from lawful agency use or interagency access.

Section 37. Worked matters and completed reporting conclusions

These hypothetical matters illustrate the method; they are not findings about a real bank or client. Each assumes the stated interest and authority and requires reanalysis if the facts change. The schedules show the reporting conclusion and what remains unresolved, rather than imply that every difficult asset fits the same form.

Matter one A pre-existing personal account and arrival

A noncitizen who was not previously within U.S. jurisdiction arrives on June 15, 2026 with an existing account at a bank blocked only under E.O. 14024. Assume the person's possession/control and the bank's interest bring the account within blocking on arrival, no other authorization covers ordinary use, and the June 30 balance is RUB 900,000. The opening of the account before jurisdiction attached is not retrospectively prohibited. The holder must analyze the initial report from June 15 and the annual report because the property remains held June 30. For illustration only, a documented rate of RUB 90 per dollar yields a June 30 report value of $10,000; use the actual supported date-specific rate in a real filing.

Schedule: account A-01; owner and holder, individual; target, Bank A; authority, E.O. 14024/Part 587; trigger, June 15; annual snapshot, June 30; initial deadline, ten business days from trigger; annual deadline, September 30; release route, qualifying GL 50 closure only after all conditions are established. Unresolved facts: earlier U.S. presence, all designation tags, actual account control, valuation and bank feasibility. A July licensed release does not erase the June reportable holding.

Matter two Attorney escrow before closing

A New York attorney holds a $150,000 refundable purchase deposit. The beneficial owner becomes blocked under E.O. 14024 before closing. Assuming the owner's interest remains, the attorney must prevent release to either side without authority, preserve the funds in the legally appropriate blocked arrangement, and identify the responsible report. A normal escrow refund or payment to the seller would change the blocked interest; neither contractual instructions nor imminent closing supplies permission.

Schedule: escrow E-01; holder, law firm; owner/target, designated purchaser; value, $150,000 at blocking; trigger, effective designation; initial deadline, ten business days; annual reporting, each June 30 while held; release, applicable explicit license or other effective authority. Unresolved facts: ownership under escrow terms, interest allocation, another bank's actual covering report, independent authorities and fee arrangements. If litigation begins, add §501.605 notices; do not substitute them for the property report.

Matter three Debt to a designated creditor

A U.S. company owes $40,000 to a newly blocked supplier and also claims $7,000 in damages. It cannot net the claims and send $33,000 without authority. Identify the creditor's blocked claim, the company's payment obligation and the appropriate blocked holding treatment. For an outstanding loan or comparable negative-balance reporting category, apply §501.603's zero-value convention with the full obligation explained; an ordinary cash amount actually segregated has its own reported value. Avoid using a zero field to obscure the debt.

Schedule: obligation D-01; holder/controller, debtor as applicable; target, creditor; gross obligation, $40,000; disputed counterclaim, $7,000; prohibition, §§587.201 and 587.405; initial clock, blocking of the relevant interest; annual reconciliation, outstanding interest as of June 30; release, authorization before payment or setoff. Unresolved facts: debt characterization, due date, other obligors and collateral. In the reverse case, collection from a blocked debtor can involve blocked property and requires its own authorization; a valid debt does not authorize execution.

Matter four A blocked minority fund investor

A designated person owns 20% of an otherwise unblocked fund, with no other blocked ownership. On these facts, the investor's interest and distributions must be blocked, but the fund is not automatically blocked solely under the fifty-percent rule. The fund must prevent redemption or payment, map voting and economic rights, and coordinate with its administrator and custodian. It may not compel a redemption and pay the investor merely because the governing agreement gives it that contractual right.

Schedule: interest F-01; target/owner, investor; holder/controller, determined from fund and custody arrangements; value, supportable interest value at blocking and June 30; initial clock, designation; annual obligation, continuing interest; release, authority for any redemption or transfer. Unresolved facts: aggregate indirect ownership, additional blocked investors, valuation, manager control and any independent fund designation. Section 83 supplies fund-governance cross-references.

Matter five Real estate trust and foreign account authority

A U.S. property manager administers a U.S. apartment owned by a newly blocked person. Identify the property and rents, the applicable real-property reporter and any co-owner's separate interest. Routine expenses cannot automatically be debited from blocked rents. If the blocked person is instead merely a tenant, identify the lease and deposit rights before concluding that the landlord's whole building is blocked. If a trustee owns the property for a blocked beneficiary, analyze the trust interest and the trustee's primary reporting responsibility.

Schedule: property R-01; address/title, verified deed and management agreement; target interest, ownership or specified lease/trust rights; holder/controller and reporter, fact-specific under §501.603(a)(2); value, actual or estimated with method; initial clock, applicable blocking trigger; annual snapshot, June 30; disposition, only with sufficient authority. Unresolved facts: beneficial rights, joint ownership, maintenance services, account location and legal scope of control. A U.S. relative holding a foreign-account power of attorney requires a parallel control inquiry; signature authority alone does not prove that the foreign owner is blocked or that the entire account falls within the rule.

Matter six Late discovery followed by proposed release

An executor discovers in September 2026 that property in the executor's control became blocked in May 2025 and was held on June 30 in both years. No initial or annual reports were filed. Reconstruct the May trigger and both snapshots, preserve the property and submit the necessary overdue/corrective reports with truthful explanations. The 2026 annual report remains due September 30. A license application for distribution does not suspend it or replace the missed 2025 annual report.

Schedule: estate asset X-01; original trigger, May 2025 fact to be established; overdue initial and 2025 ARBP; current 2026 ARBP; values separately ascertained at blocking and each June 30; proposed release, contingent on actual authorization; VSD, separately assessed; retention, throughout blocking plus ten years after release. Unresolved facts: decedent and beneficiary interests, earlier control, actual third-party reports, intervening income/distributions and potential criminal exposure. Confirm who will submit each report, obtain proof of submission and retain the reconciled inventory.

Additional examples for employers trustees and foreign account controllers

Employer. Assume a U.S. employer holds $8,000 of earned but unpaid wages payable to an employee who becomes blocked June 15, 2026. Identify the employee's entitlement and preserve the payment obligation; do not pay a relative instead. Any segregated cash and the underlying obligation must be described without double counting. The initial reporting clock begins when the

interest becomes blocked, giving June 30 on these assumed facts. If held June 30, include the reportable interest in the September 30 annual filing. Payment, deductions, termination benefits and continuing employment require separate legal analysis; reporting the wages does not authorize any of them. The reporting value follows the property actually reported, not an automatic assumption that all unpaid wages use the loan convention. [T03, T06]

Trustee. Assume a U.S. trustee holds a bank deposit solely for a beneficiary with a fixed, vested right to the entire fund, and that beneficiary becomes blocked June 15. On those facts the trustee must address the beneficiary's blocked interest and bears primary reporting responsibility under §501.603(a)(2). Identify the trust, the beneficiary, the instrument creating the entitlement, the deposit and its value. File by June 30 on the same calendar assumptions and report June 30 holdings by September 30. Do not distribute, change beneficiaries or pay trust expenses from blocked funds without authority. A discretionary interest shared with other beneficiaries needs a different analysis; the fixed-entitlement example does not establish that every trust with an SDN beneficiary is entirely blocked. [T03, T06]

Executor. Assume a U.S. executor holds $60,000 allocated under a binding estate instrument to a beneficiary designated June 15. Determine whether the entitlement is vested, contingent or subject to competing estate obligations, and identify the actual property interest before assigning value. A distribution deadline under local probate law does not itself authorize transfer of blocked property. On the assumed June 15 trigger the initial report is due June 30; June 30 holdings require the September 30 annual report. A proceeding that may affect the interest also requires consideration of §501.605. Any license request should describe the estate, beneficiary, competing rights and proposed distribution; it does not suspend reporting. [T03, T06]

Foreign account authority. Assume a U.S. resident has effective authority to direct withdrawals from a relative's foreign account. The relative becomes blocked June 15 and the resident continues to control the account. Analyze that actual control under §501.603(a)(2), even though the resident does not own the money. Record the account, owner, bank, authority instrument and balance; examine the foreign-held-funds provisions before moving it. The same initial and annual dates follow on these assumptions. If the relative and bank are unblocked and no blocking authority applies, a power of attorney alone does not turn the account into blocked property; separate FBAR signature-authority questions can nevertheless arise. [T03, T06, M28]

Litigant. A creditor sues to attach property already blocked under an OFAC program. The client may have a §501.605 notice obligation even if it never possessed the asset and has no initial holder's report to file. Identify the proceeding, property, parties and relief requested and supply the notices and documents required by that provision. Permission to litigate does not necessarily

authorize attachment, execution or payment from the blocked property. The separate litigation notice is not a duplicate annual property report. [T03, T06]

Calendar and inventory for the six worked matters

For Matters two through five, the following calendar assumes an effective June 15, 2026 designation and continuing June 30 holdings. These added dates are hypothetical. Actual dates, federal holidays and property interests govern a real case. Matter six retains its historical dates and needs immediate correction of overdue filings.

Matter and inventory	Required calendar and authorization
1 Account A-01	Initial June 30, 2026; annual September 30, 2026. RUB 900,000 at the hypothetical RUB 90/USD rate gives USD 10,000 on June 30. A July GL 50 release does not remove the annual snapshot; verify full closure and all authority exclusions.
2 Escrow E-01	Initial June 30; annual September 30. USD 150,000 at block and USD 150,150 on June 30 in the expanded example. Freeze release; legal services, fees and disbursement have separate authorization questions.
3 Obligation D-01	Initial June 30; annual September 30 if still held. Preserve the USD 40,000 gross obligation and separately describe the USD 7,000 counterclaim. Do not net without authority; apply the valuation rule to the actual property category.
4 Fund interest F-01	Initial June 30; annual September 30. Document the blocked investor's 20% interest, aggregate ownership and supported valuations at both dates. No automatic blocking of the entire fund on these facts; no unlicensed redemption payment.
5 Property R-01	Initial June 30; annual September 30 on the assumed trigger. Identify title, location, blocked rights, rents and responsible U.S. reporter. Separate the building from lease or beneficiary rights; do not fund expenses from blocked rents without authority.
6 Estate X-01	The original May 2025 trigger date must be established to calculate the overdue initial deadline. The 2025 annual report was due September 30, 2025; the 2026 report is due September 30, 2026. Reconstruct separate values and seek required distribution authority.

VI. THE CONDUCT THAT TRIGGERS LIABILITY

This Part examines the conduct that creates exposure: direct dealings with blocked persons and property; facilitation and offshore operations; causation, evasion, and conspiracy; the secondary-sanctions "significant transaction" standard; and the reach of Executive Order 14114 to foreign financial institutions that support Russia's military-industrial base.

Section 38. Direct dealings with blocked persons and property

The most straightforward category of prohibited conduct is the direct one. **A U.S. person may not, absent authorization, transfer property to, receive property from, provide goods or services to, or otherwise engage in any transaction with a blocked person or in property in which a blocked person has an interest**. The interpretive provision at 31 C.F.R. § 589.405 makes the point in detail: subsection (b) provides that the prohibitions of § 589.201 apply to services performed in the United States or by U.S. persons, wherever located, on behalf of or for the benefit of any person whose property and interests in property are blocked. Subsection (c) extends the prohibition to services received in the United States or by U.S. persons where the service is performed by or at the direction of a blocked person. Subsection (d), by way of illustration, provides that U.S. persons may not provide legal, accounting, financial, brokering, freight forwarding, transportation, public relations, or other services to any person in the Crimea region of Ukraine or any blocked person, or negotiate with or enter into contracts signed by a blocked person, except as authorized. Section 589.408 extends these prohibitions even to charitable contributions, including contributions of food, clothing, or medicine. Unless specifically authorized by OFAC, no such contribution may be made by, to, or for the benefit of, or received from, a blocked person.

Where the property of a blocked person comes within United States jurisdiction or the possession or control of a U.S. person, blocking is automatic; the asset must be frozen in place and reported. Section 589.504 requires that any payment of funds or transfer of credit in which a blocked person has any interest, coming within the possession or control of a U.S. financial institution, must be blocked in an account on the books of that institution. Section 589.410 prohibits setoffs against blocked property. Section 589.409 confirms that performance under any pre-existing credit agreement — including charge cards, debit cards, or other credit facilities — for the benefit of a blocked person is prohibited. Section 589.407 confirms that no debits may be made to a blocked account to pay obligations to U.S. persons or other persons, except as authorized.

Section 39. Facilitation (31 C.F.R. §§ 589.215 and 589.414)

Facilitation is, in OFAC's hands, a doctrine of striking breadth. Section 589.215 prohibits any U.S. person, wherever located, from approving, financing, facilitating, or guaranteeing a transaction by a foreign person where the transaction would be prohibited by §§ 589.206, 589.207, or 589.208 if performed by a U.S. person or within the United States. The interpretive provision at § 589.414 elaborates on the principle of prohibited facilitation, specifying that U.S. persons — including officers, directors, and counsel — may not alter operating policies, refer business opportunities to a foreign affiliate, or approve a foreign affiliate's transaction, where doing so would permit conduct that would be prohibited if performed directly by a U.S. person. Under § 589.414, a prohibited facilitation occurs,

among other instances, when a U.S. person alters its operating policies or procedures, or those of a foreign affiliate, to permit a foreign affiliate to accept or perform a specific contract, engagement, or transaction described in §§ 589.206 through 589.208 without the approval of the U.S. person, where such transaction previously required U.S.-person approval and would be prohibited if performed directly by a U.S. person or from the United States; refers to a foreign person purchase orders, requests for bids, or similar business opportunities involving a transaction described in §§ 589.206 through 589.208 to which the U.S. person could not directly respond; or changes the operating policies and procedures of a particular affiliate with the specific purpose of facilitating transactions that would be prohibited by Part 589 if performed by a U.S. person or from the United States.

The consequences are far-reaching. A New York-based lawyer who structures or papers a transaction under which a non-U.S. client will sell goods to a Russian SDN may facilitate that transaction, even if no U.S. person is a counterparty. The line is not the subject matter but the function performed. Advising a client on whether a proposed transaction is lawful, and representing a client in a proceeding, are not facilitation; §§ 589.506 and 589.507 address authorized legal services and the conditions on payment for them, and OFAC has separately addressed compliance services. Drafting the operative documents, approving the transaction, or arranging its financing is a different act, and it is that act rather than the lawyer's involvement as such that the prohibition reaches. Note also that an authorization to provide legal services does not of itself authorize the receipt of fees from blocked funds. The compliance officer of a multinational who signs off on a Singapore subsidiary's consulting engagement with a Crimea-based NGO facilitates, even if every business step is taken outside the United States. The treasurer who approves a payment route designed to avoid United States correspondent banks may facilitate evasion. Where a sanctioned-country transaction touches the United States in any meaningful way, the safest approach for the non-U.S. participant is to ensure that no U.S. person assists, supports, or otherwise becomes involved in any capacity — operationally, legally, financially, or in approvals.

Section 40. Causation, evasion, and conspiracy (31 C.F.R. § 589.213)

The companion doctrines to facilitation are causation, evasion, and conspiracy. Section 589.213 of Title 31 of the Code of Federal Regulations provides that any transaction on or after the effective date that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions set forth in Part 589 is prohibited; and that any conspiracy formed to violate the prohibitions of Part 589 is prohibited. The provision is broad and reaches conduct, including conduct entirely outside the United States, that causes a U.S. person to violate the sanctions. The most common factual setting is the one already noted: a non-U.S. counterparty strips or misrepresents payment information so that a U.S. correspondent bank processes a

transaction it would have refused had the underlying parties been disclosed. The non-U.S. originator becomes liable for causing the United States bank's violation under § 589.213.

Common indicators of evasive intent — the use of front companies, shell entities, last-minute changes of payment instruction, layered intermediaries, alternate financial messaging systems (such as the Russian System for Transfer of Financial Messages, SPFS, the subject of OFAC's November 21, 2024 alert), the inappropriate use of cryptocurrency, automatic-identification-system spoofing for vessels, and ship-to-ship transfers in high-risk maritime zones — have all featured prominently in OFAC alerts and enforcement actions and are themselves cited by OFAC as grounds for finding a transaction 'significant' under § 589.413 and the separate guidance governing the E.O. 14024 foreign-financial-institution authority.

Evasive purpose narrows the field of lawful restructuring. The anti-evasion prohibition of § 589.213 and the federal conspiracy statute, 18 U.S.C. § 371, together close off restructuring options that would otherwise be available. A corporate or ownership structure that is lawful on its face becomes unlawful once it is adopted with an evasive purpose, or agreed upon with others for that purpose. The recurring fact patterns OFAC and the Department of Justice pursue as willful evasion under IEEPA are familiar: nominal transfers of shares to non-sanctioned relatives, rapid pre-designation dilution of a designated person’s holding below the fifty-percent threshold, and the routing of payments or title through shell intermediaries created for the occasion. The lesson for counsel is that the timing and documented purpose of a restructuring are as important to its lawfulness as its formal architecture, and that a restructuring designed in anticipation of a designation will be read against the person who designed it.

Section 41. Secondary sanctions and the 'significant transaction' standard (31 C.F.R. § 589.413)

Secondary sanctions are the program's principal instrument for compelling compliance by persons outside United States jurisdiction. They do not, technically, prohibit conduct: a French bank that processes a euro-denominated transaction with a Russian counterparty is not, by that fact alone, violating any United States law. **What secondary sanctions do is present that French bank with a commercial choice: continue to do business with the Russian counterparty, or continue to do business with the United States — but not both.** The threat is exclusion from the United States correspondent-banking system, denial of access to the United States dollar, designation as an SDN in extreme cases, or imposition of a menu of restrictions under CAATSA Section 235.

Several secondary-sanctions authorities use a significant-transaction criterion, but other authorities have different predicates, including services under E.O. 14024 section 11. A single

threshold must not be imported into all of them. Section 589.413 of Title 31 of the Code of Federal Regulations is the operative interpretive provision: in determining, for purposes of §§ 589.201(a)(6)(vii) and 589.209, whether a transaction or financial transaction is significant, the Secretary of the Treasury or the Secretary's designee considers the totality of the facts and circumstances, including the size, number, and frequency of the transactions; the nature, including the type, complexity, and commercial purpose; the level of awareness or pattern of conduct (in particular, whether the transactions are performed with the involvement or approval of management or only by clerical personnel, and whether they are part of a pattern of conduct or business-development strategy); the nexus between the foreign person engaging in the transactions and the relevant sanctioned person (or, in the case of foreign financial institutions, between the institution and the relevant sanctioned person); the impact on the objectives of UFSA, SSIDES, CAATSA, and the covered Executive Orders; the use of deceptive practices to obscure or conceal the actual parties or true nature of the transactions; and any other relevant factors determined by the Secretary. Two further refinements appear in § 589.413(h) and (i): a transaction involving a person identified solely on the SSI List or the NS-MBS List must also involve deceptive practices to potentially be considered significant, and a transaction is not significant if U.S. persons would not require a specific license from OFAC to participate in it.

Several Russia-specific secondary-sanctions authorities operate in parallel. SSIDES, the 2014-era statute, reaches foreign persons who knowingly facilitate significant transactions for SSI-listed Russian entities through the operative paragraph at § 589.201(a)(6)(vii). CAATSA Section 228 reaches foreign persons who knowingly facilitate significant transactions for any Russia-related SDN. CAATSA Section 231 targets significant transactions with the Russian defense or intelligence sectors and was the basis of the 2020 designation of the Republic of Türkiye's Presidency of Defense Industries for the S-400 acquisition. CAATSA Sections 232, 233, and 234 supply additional, narrower triggers. Executive Order 14039 implements PEESA's mandatory sanctions on pipeline-related conduct. Section 589.209 implements the parallel UFSA-based CAPTA framework, authorizing the Secretary of the Treasury to determine that a foreign financial institution has knowingly facilitated a significant financial transaction on behalf of a Russian SDN, with the consequence that the Secretary may prohibit the opening, or prohibit or impose strict conditions on the maintaining, of a correspondent or payable-through account for the foreign financial institution in the United States.

Section 42. Executive Order 14114 and foreign financial institutions

The single most consequential expansion of the Russia program's secondary-sanctions reach is Executive Order 14114, issued December 22, 2023. It amends Executive Order 14024 — implemented at 31 C.F.R. Part 587 — to add a new Section 11, authorizing the Secretary of the

Treasury to impose either full blocking sanctions or correspondent-account and payable-through-account sanctions on any foreign financial institution determined to have conducted or facilitated significant transactions for, or provided any service to, the Russian military-industrial base. Three features distinguish this authority and merit close attention.

First, the designation criterion does not require knowledge. Unlike CAATSA Section 228 and most other secondary-sanctions authorities, Executive Order 14114 does not require that the foreign financial institution have acted knowingly before it may be designated. The point is about the criterion for a discretionary designation, and it should not be conflated with the strict-liability standard that governs OFAC's civil penalty liability for a prohibited transaction by a U.S. person, discussed in Section 57. They are different propositions about different exposures. As OFAC's June 12, 2024 Updated Guidance for Foreign Financial Institutions explains, a foreign bank can be designated even where it lacked actual knowledge that a particular counterparty was on a sanctions list, where the applicable section 11 predicate is established. The significant-transaction limb must be distinguished from the separate provision-of-service limb. Nor is the consequence a single automatic outcome. Section 11 authorizes either full blocking or correspondent-account and payable-through-account restrictions, and which is imposed is a matter of selection rather than of operation of law. The corollary is that foreign banks are now expected to implement Russia-specific risk-mapping, customer reviews, attestations, and account-closure protocols that go well beyond ordinary list-based screening.

Second, the scope of 'Russia's military-industrial base' was substantially widened on June 12, 2024. OFAC's revised FAQ 1151 now defines the term to include all persons blocked under Executive Order 14024 — not only persons operating in the originally enumerated technology, defense and related materiel, construction, aerospace, and manufacturing sectors. Combined with the broad ongoing pace of Executive Order 14024 designations, the practical effect is that a significant transaction or service by a foreign financial institution for any Executive Order 14024 SDN can now trigger Section 11 exposure.

Third, the definition of foreign financial institution is unusually broad. The operative definition is the one supplied by the Order and the accompanying guidance rather than by Part 587, whose abbreviated definitional subpart contains no definition of the term. The closely corresponding regulatory definition, at 31 C.F.R. § 589.316, includes not only depository institutions and securities brokers and dealers, but also investment companies, mutual funds, money services businesses, insurance companies, operators of credit card systems, and other entities engaged in the business of accepting deposits, making loans or credits, or purchasing or selling foreign exchange or securities. The exact definition and covered activity are supplied by E.O. 14024 as amended and OFAC's guidance, including FAQ 1151. Part 587's abbreviated definitional subpart does not define

foreign financial institution; § 587.310 defines person. Section 589.316 can assist comparison but must not replace the applicable order's definition. Institution size or absence of a highly publicized enforcement example is not a safe harbor. [S11, S48]

Additional exposure under the 2026 Act

Section 103(a)(1)(B)(vi) addresses a foreign financial institution engaging in significant transactions with the institutions in clauses (i)–(v). Section 103(c) gives Treasury a stated economic/foreign-policy exception to imposing those sanctions, but customers cannot assume it has been exercised. Section 103(b)'s transaction prohibition refers back to the institutions described in (a)(1)(B), including the foreign-bank limb; this creates a direct client issue alongside the foreign institution's designation exposure. Obtain the actual determination and prohibition rather than equating secondary-sanctions risk with automatic customer blocking. [T01]

The Act's Section 102(b)(2)(G)(iv) reaches certain deceptive or structured dealings circumventing sanctions, including digital or physical assets, within its government-benefit predicate. It does not make every cryptocurrency transaction or bilateral exchange an offense. The exact predicate, jurisdiction, actors and mental-state wording must be applied. Section 101(8)'s constructive-knowledge definition is relevant where the operative provision uses knowing or knowingly; it does not erase the distinction between designation criteria and criminal willfulness. Part XIV-A explains lawful-transfer analysis without treating a change of currency or intermediary as a cure.

VII. THE TRADE, INVESTMENT, AND SERVICES PROHIBITIONS

This Part addresses the trade and investment restrictions that operate alongside the blocking regime: the import and export bans, the new-investment prohibition, the broad prohibitions on providing services, and the price-cap regime governing Russian-origin crude oil and petroleum products.

Section 43. Import bans

The United States has progressively prohibited the importation of a widening category of Russian-origin goods. Executive Order 14066 bars the importation of Russian-origin crude oil, petroleum, petroleum fuels and products of their distillation, liquefied natural gas, coal, and coal products. Executive Order 14068 prohibits the importation of Russian-origin fish, seafood, and preparations thereof; alcoholic beverages; non-industrial diamonds; and gold, together with any further products determined by the Secretary of the Treasury. As amended by Executive Order 14114 in December 2023, **the regime also reaches products of Russian Federation origin that have been incorporated or substantially transformed into another product in a third country before importation into the United States** — a closure of the so-called substantial-transformation loophole that had previously permitted Russian seafood to enter the United States after processing in third countries.

Successive determinations under Executive Order 14068 have expanded the list. As of May 2026, the import-ban regime covers aluminum, copper, and nickel of Russian Federation origin (effective April 13, 2024); diamond jewelry and unsorted diamonds of Russian Federation origin and Russian-Federation-exported diamond jewelry and unsorted diamonds (effective March 1, 2024); and further categories of diamonds (effective March 1, 2024 and subsequently). The geographic-embargo provisions of 31 C.F.R. § 589.208 separately prohibit the importation into the United States, directly or indirectly, of any goods, services, or technology from the Crimea region of Ukraine.

Section 44. Export bans and the new-investment prohibition

On the export side, Executive Order 14068 prohibits the exportation, reexportation, sale, or supply, directly or indirectly, from the United States or by a U.S. person wherever located, of luxury goods, and of U.S.-dollar-denominated banknotes, to any person located in the Russian Federation. The list of items considered luxury is maintained by the Department of Commerce and is operationalized in part through the Export Administration Regulations. Section 589.207 separately prohibits the exportation, reexportation, sale, or supply of any goods, services, or technology to the Crimea region of Ukraine.

The investment ban, established by Executive Order 14066 (energy sector) and Executive Order 14071 (all sectors), prohibits U.S. persons, wherever located, from making new investments in the Russian Federation. The scope of that nationwide prohibition is set by Executive Order 14071 and the guidance issued under it. Part 589 supplies a definition of “new investment” at § 589.326, but that definition governs the Crimea provisions of Part 589 and does not control the nationwide ban; it is set out here because it is the fullest regulatory articulation of the concept and is commonly used as a starting point. Under it, new investment means a transaction on or after the effective date that

constitutes a commitment or contribution of funds or other assets, or a loan or other extension of credit as defined in § 589.324. The term 'loans or other extensions of credit' is broadly construed in § 589.324 to include overdrafts; currency swaps; purchases of debt securities issued by persons subject to the prohibitions of Part 589; purchases of a loan made by another person; sales of financial assets subject to an agreement to repurchase; renewals or refinancings whereby funds or credits are transferred to or extended to a prohibited borrower or recipient; the issuance of standby letters of credit; and drawdowns on existing lines of credit. As with all of the major Russia prohibitions, the investment ban also reaches any approval, financing, facilitation, or guarantee by a U.S. person of a transaction by a foreign person where that transaction would be prohibited if performed by a U.S. person. **A note on which definition governs.** Section 589.326 defines “new investment” for the Crimea provisions of Part 589 and does not control the nationwide prohibition, which rests on Executive Order 14071 and the guidance issued under it. The two are not coextensive. An ordinary commercial sale is not automatically new investment, though other prohibitions may reach it. The acquisition of Russian debt or equity raises distinct questions. And the prohibition on making new investment does not imply an obligation to divest a holding already owned.

Section 45. Existing ownership, maintenance, expansion, and exit

Existing ownership is different from a new investment

Existing OFAC guidance does not require U.S. persons to dispose of every previously acquired Russian security. It permits continued holding of preexisting Russian-issued debt and equity and distinguishes divestment from a new investment, subject to other sanctions. Purchasing additional equity or debt, increasing a commitment of capital, or making a new investment can be prohibited even when the entity itself is not blocked. [M18, M21]

OFAC describes new investment as a commitment of capital or other assets for the purpose of generating returns or appreciation. Maintenance of preexisting projects and operations is distinguished from expansion. Merely exercising a right contained in an old agreement does not necessarily make a new capital commitment permissible. Shareholder loans, capital calls, reinvested distributions, guarantees, and restructuring consideration therefore need substantive review rather than being grouped under “supporting an existing company.” [M18–M20]

An ordinary distribution of profit from a lawful preexisting investment can present a different issue from reinvesting it in Russia. But the company, paying bank, owners, and transaction remain subject to blocking and other restrictions. If the entity is blocked or the proposed distribution depends on an unauthorized blocked-bank payment, the absence of a new investment does not authorize receipt.

Passive ownership also does not authorize the exercise or transfer of rights in blocked property. [M4, M18–M21]

A foreign holding company requires an additional investment analysis. FAQ 1055 permits the described lending or acquisition of debt or equity in an entity outside Russia where funds are not specifically intended for new Russian projects or operations and the entity derives less than fifty percent of revenues from investments in Russia. For this calculation, OFAC excludes revenues from commercial sales of goods or services by the foreign entity to persons in Russia. The test is not simply whether the business has Russian customers, and it is separate from ownership-based blocking. [M39]

Custody can independently prevent an otherwise permissible disposal. FAQ 1197 treats U.S.-controlled securities held at NSD, and those held at the designated Russian registrars it discusses, as blocked, together with relevant income. Moving previously blocked securities to a local registrar does not necessarily release them: an unauthorized transfer can be ineffective under §587.202. This is not a statement that every security at every Russian registrar is automatically blocked. Identify the actual custody chain and authorization. [M40]

The Act does not impose a universal divestiture requirement

Section 107 prohibits new investment beginning thirty days after enactment; it does not state that every U.S. person must sell all existing Russian company interests. The existing executive-order prohibitions already apply on their own earlier effective dates. The new October date therefore does not reopen an investment opportunity that closed in 2022. The precise adoption of existing maintenance interpretations under the new authority should be monitored rather than assumed. [M1, §107; M18–M20]

Section 104 requires review and blocking determinations for entities controlled or majority-owned by, or otherwise affiliated with, the Russian government. “Affiliated” is not defined by a universal numerical threshold in that section. Government links can therefore raise new designation issues even when a simple blocked-owner screen is negative. This is not the same as saying that every private Russian business is automatically blocked because it is regulated or pays taxes. The operative determination and facts must be identified. [M1, §104]

The 270-day winddown exception in §114(i) is also not a universal command to divest all Russian holdings. It temporarily protects specified winddown or divestiture activity and qualifying U.S.-owned or controlled Russian entities where the U.S. person is engaged in good-faith winddown or divestiture, including ongoing operational support for that purpose. A business that needs this protection must satisfy its conditions. A business whose activities are independently permissible

does not become prohibited solely because it is outside an exception to a prohibition that does not apply. [M1, §114(i)]

The statutory window also does not revive permission for activity already prohibited under another authority. Nor does it necessarily cover an individual's personal apartment or personal account: the text uses specified entity and operational criteria. Dual U.S.–Russian nationality can affect the alternative ownership tests. The U.S.-owned route should be examined on its terms rather than treating Russian citizenship as automatically defeating every form of relief. [M1, §§101, 114(i)]

Foreign entities do not eliminate U S owner obligations

A separately incorporated Russian subsidiary is not automatically a U.S. person merely because a U.S. person owns it, whereas a foreign branch of a U.S. entity is included in the U.S.-person definition. Nonetheless, U.S. owners, directors, and employees remain subject to their own restrictions on dealings, services, investment, approval, financing, facilitation, and guarantees. The legality of the company's local conduct and the legality of a U.S. owner's participation are separate questions. [M1, §§101, 107(3); M3, M4]

Using a nominee or foreign holding company does not resolve a prohibited U.S.-person transaction if the U.S. person continues to approve, finance, or facilitate it. A bona fide sale to an eligible non-U.S. purchaser is different from nominal ownership changes that leave the prohibited transaction's substance intact. Any sale also requires review of restrictions concerning blocked property, the buyer, the payment banks, and Russian approvals. [M1, §107(3), §116; M18, M20, M21]

Section 107(3) specifically concerns foreign-person transactions that would be prohibited by that section if performed by a U.S. person or in the United States. It should not be cited as a stand-alone facilitation prohibition for everything prohibited elsewhere in the Act. For a Russian subsidiary's blocked-bank transaction, identify the applicable blocking, services, causation or other rule governing the U.S. owner's actual conduct. A paper recusal does not by itself establish lawful separation if the U.S. person continues to direct, fund or execute prohibited activity. [M1, §§107, 116; M4]

Existing rules allow a narrower set of activity than ordinary business language suggests

Operating in Russia is not governed by one universal yes-or-no rule. A preexisting unblocked business may be able to maintain operations without making a prohibited new investment, but its actual products, services, customers, employees, suppliers, banks, and financing must be permissible. Exports and reexports can also require separate Commerce Department analysis. Permission under the new-investment rules does not authorize a prohibited export or service. [M18–M20; M4]

OFAC's maintenance guidance includes continuity payments to employees, suppliers, landlords, lenders, and partners, preservation of preexisting tangible property, and maintenance of preexisting capital or equity investments. It can accommodate replacement suppliers, repairs, and certain new or amended contracts supporting established operations. It excludes expansion beyond preexisting projects or operations and fresh commitments arising from the exercise of old contractual rights. Every maintenance transaction must still avoid blocked persons and other prohibitions unless authorized. [M19]

There is no general employee exemption for providing restricted services. An individual's payroll status does not automatically permit accounting or management consulting for a Russian entity. Conversely, the exclusion for services to a U.S.-owned or controlled Russian entity can be relevant where its conditions are satisfied. Analyze what the employee actually does, the recipient entity, and the applicable services determination. [M13, M14, M29]

Banking may make an otherwise permissible business difficult to continue

The Act's principal operational consequence for many ordinary clients may arise from payments rather than from a new prohibition on their product. A business could qualify as maintenance of an existing investment and still be unable to use its bank for payroll, rent, customer receipts, or tax payments. Section 103's broad bank category, §105's covered government-related transfers, and §104's government-affiliated entities must be examined together. [M1, §§103–105, 107]

For example, an existing repair business with unblocked customers does not become new investment merely because it replaces a supplier. But if it uses a bank covered by §103, that payment requires separate authorization. If the business needs to expand facilities or inject capital for a new project, the new-investment prohibition presents an additional question. Describing both transactions as "ordinary business" would conceal the difference that controls the result. [M1, §§103, 107; M19]

If the client elects to rely on §114(i), good faith should be evidenced by an actual exit plan, decisions and contracts consistent with it, and operational support reasonably connected to winddown. The provision does not say that normal growth becomes winddown because an eventual sale is contemplated. The 270-day period begins September 18, 2026; treating enactment as day one gives June 14, 2027 as day 270. The exact operative cutoff and any subsequent clarification should be confirmed, with completion planned before the boundary. [M1, §114(i)]

For clients who wish to continue rather than exit, counsel should identify the legal basis for each necessary recurring activity without assuming access to the winddown exception. That analysis should cover the real payment institutions, allowed services, maintenance versus expansion, and

expiration of any enabling license. A permitted ownership position can survive while the practical ability to operate becomes substantially constrained.

Section 46. The services prohibitions

Among the most operationally important developments of the modern Russia program — and particularly important for professional-services firms — is the steady expansion of the services-prohibition list under Executive Order 14071. Acting by determination, the Secretary of the Treasury has prohibited the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a U.S. person wherever located, of accounting, trust and corporate formation, and management consulting services to any person located in the Russian Federation (effective June 2022); quantum computing services (determination of September 15, 2022, effective October 15, 2022); architecture and engineering services (effective June 2023); information-technology consultancy and design services (effective September 2024); and, most recently, petroleum services (effective February 27, 2025). A further line of determinations prohibits services in connection with the maritime transport of Russian-origin crude oil and petroleum products at prices above the applicable price cap, discussed in the next subsection.

The scope of the accounting determination, and why it matters to individuals. The determination of May 8, 2022, effective June 7, 2022, prohibits the exportation, reexportation, sale, or supply, directly or indirectly, from the United States or by a U.S. person wherever located, of accounting, trust and corporate formation, or management consulting services to any person located in the Russian Federation. The recipient need not be designated, and no blocked person need be involved: the prohibition attaches to the service and the recipient's location. Accounting services are understood to include tax preparation and filing, which is the point of contact for most individual clients. Management consulting covers specified strategic, organizational, and operational advisory services and should not be paraphrased as all managerial services. Trust and corporate formation services cover specified formation, registered-office, nominee, and trust-administration activities. Advice on the legality of a proposed transaction is analyzed under its own authorities and is not automatically management consulting.

"Located in the Russian Federation" is a defined idea, not a nationality test. OFAC's guidance treats the concept as reaching persons in Russia, persons ordinarily resident there, and entities organized under Russian law. A short trip abroad does not remove an ordinary resident from the rule. Conversely, Russian citizenship alone does not make an individual who genuinely resides elsewhere a person located in Russia. An intermediary outside Russia does not solve the problem where the service is indirectly supplied into Russia, but a genuinely foreign operation does not become a prohibited recipient merely because it has a Russian shareholder. What must be recorded is the engagement scope, the actual recipient, the deliverables, and the ultimate use.

The exclusions are specific to each determination and must not be borrowed across them. The accounting determination excludes services to entities located in Russia that are owned or controlled by U.S. persons, and specified wind-down or divestiture services for entities not owned or controlled by Russian persons. Those carve-outs belong to that determination. The petroleum-services determination carries its own exclusions, including certain price-cap-related activity, and the quantum-computing, architecture and engineering, and information-technology determinations each carry theirs. An exclusion also lifts only the services prohibition; it does not authorize anything otherwise prohibited.

Authorization of the service is not authorization of the payment, and this is the error most often made. Russia-Related General License 44 authorizes specified tax preparation and filing services for U.S. individuals located in Russia that would otherwise be caught by the services prohibition. It does not authorize the receipt of the fee through a blocked bank, and it does not make the client's account at such a bank usable. The two questions — may the service be provided, and may this payment be made through this institution — are answered by different instruments and must be answered separately. The same discipline applies in the opposite direction: an authorization covering a bank transaction does not authorize an underlying export, which may independently require a license under the Export Administration Regulations.

The petroleum-services determination merits particular attention. OFAC has defined the term broadly in FAQ 1216 to include exploration, drilling, well completion, trade, distribution, marketing, and any activity contributing to the development, maintenance, or expansion of Russia's domestic petroleum resources, production, or refining. Three exclusions apply: petroleum services related to isotopes derived from petroleum manufacturing that are used for medical, agricultural, or environmental purposes (such as Carbon-13); services in connection with the maritime transport of Russian-origin crude or petroleum products purchased at or below the applicable price cap; and services in connection with the winddown or divestiture of an entity located in Russia that is not owned or controlled by a Russian person.

Section 47. The price-cap regime

The price-cap regime is a distinctive feature of the Russia program and reflects the multilateral character of the broader effort against Russian energy revenues. Under determinations issued on November 21, 2022 (crude oil) and February 3, 2023 (petroleum products), services in connection with the maritime transport of Russian-origin crude oil and petroleum products are prohibited unless the cargo is purchased at or below the applicable price cap set by the Price Cap Coalition. The covered services are explicit and broad: trading and commodities brokering, financing, shipping, insurance (including reinsurance and protection-and-indemnity cover), flagging, and customs brokering.

Operationally, the cap functions as a conditional safe harbor. A service provider — a shipper, insurer, broker, or financier — may continue to support cargoes of Russian-origin oil or petroleum products if it obtains price attestations from upstream actors in the supply chain confirming that the cargo was purchased at or below the cap. The integrity of the regime therefore depends on the credibility of those attestations. The shadow-fleet designations of January 10, 2025, and the continuing OFAC alerts on price-cap evasion, reflect the agency's view that falsification of attestations is widespread and constitutes a significant enforcement priority.

Section 48. Applying the services prohibitions to individual clients

The service, recipient and payment route require separate answers. A U.S. preparer advising an individual physically or ordinarily resident in Russia should determine whether the engagement is tax preparation and filing, tax advisory work, management consulting or another specified service. GL 44's tax preparation and filing authorization does not turn every accounting or tax-planning engagement into licensed work. The recipient must fit its individual U.S.-person condition; an entity return or a non-U.S.-person client needs its own analysis. The May 8, 2022 determination and OFAC's definitions control the classification. [S14, S15]

For example, preparing a qualifying U.S. individual's return while that person is located in Russia raises a different authorization question from advising a Russian company on its accounting systems. The fact that an engagement concerns U.S. tax law does not itself exempt the service. Likewise, moving the invoice to a third-country company does not cure an indirect supply of restricted services to Russia. Identify who actually receives and uses the work, who directs it, and whether an applicable exclusion or license covers that recipient and activity. [S14, S16]

Payment then requires a separate bank analysis. Even if GL 44 covers the preparation and filing, it does not independently clear a payment from an account at an E.O. 14024-blocked bank. An instruction to debit that account is not made lawful by the preparer's federal filing deadline. Review the exact blocking authority and any separate authorization for the payment, or establish a lawful fee arrangement using unblocked funds. Keep the service authorization and payment authorization in distinct portions of the memorandum so that one is not mistaken for the other.

An engagement letter should describe the authorized work accurately, require information about the recipient's location and residence, and identify material changes that require review before further performance. If the client travels, moves residence, changes the contracting entity or adds advisory work, reassess the scope. Do not assume that a brief trip outside Russia changes ordinary residence under OFAC's guidance or that Russian nationality alone prohibits every service worldwide. A dated facts-and-services schedule is more useful than a broad statement that Russian clients are permitted or prohibited. [S15, S16]

Section 49. Services clients may obtain

Russian nationality alone does not prohibit professional services

Russian nationality alone does not determine which services a client may obtain. Existing services restrictions turn heavily on whether the service is supplied directly or indirectly to a person located in Russia. OFAC interprets that expression to include people in Russia, individuals ordinarily resident there, and Russian-organized entities. Services can also be prohibited when their benefit is ultimately received by such a person. A Russian citizen ordinarily resident in the United States who needs advice about a U.S. matter is not equivalent to a Russia-resident individual merely visiting another country. [M12]

The May 8, 2022 determination under E.O. 14071 already prohibits specified accounting, trust and corporate formation, and management consulting services to persons located in Russia, subject to exclusions and authorization. It applies to the substance of the work, including work performed by a law firm. An engagement letter using the term “legal services” does not protect an accounting, nominee, formation, or business-consulting function that falls within the prohibition. [M13, M14]

There is no general citizenship exception for a U.S. citizen ordinarily resident in Russia. FAQ 1058 includes ordinarily resident individuals without excluding U.S. citizens. Treat the location element as satisfied in that example; then analyze the particular service and any actual exclusion or license. Whether an individual has in fact changed ordinary residence can be a factual question. [M12]

Tax preparation is already a restricted accounting service

OFAC expressly states that tax preparation and filing fall within accounting services. Consequently, preparing a return for a person located in Russia can be prohibited even when the return concerns U.S. taxes. The fact that the client must comply with U.S. tax law is not a general exemption for every tax-preparation engagement. The analysis must identify an actual exclusion, license, or other applicable authorization rather than infer one from the filing obligation. [M14]

Tax litigation, advice on the meaning of a U.S. tax statute, return preparation, bookkeeping, valuation, and transaction structuring are not interchangeable tasks. Genuine legal analysis and representation must be distinguished from restricted accounting and management consulting. In a mixed engagement, define the authorized work precisely and avoid using a permitted legal task as a vehicle for prohibited supporting services. For a close classification question, seek OFAC guidance or licensing before performing the disputed service. [M13–M16]

Two exclusions in the existing determination are relevant: services to a Russia-located entity owned or controlled directly or indirectly by a U.S. person, and services connected with winddown or divestiture of a Russia-located entity not owned or controlled by a Russian person. These are

exclusions from that services determination, not blanket exemptions from blocking, banking, export, or investment restrictions. The first refers to an entity; it does not automatically exempt tax preparation for a U.S. individual ordinarily resident in Russia. [M13, M14]

Formation and consulting work need particularly careful scoping

The services definition includes assistance forming or structuring legal persons; nominee, director, registered-agent and address functions; and certain trust administration. Management consulting includes strategic business advice, organizational planning, marketing, mergers and acquisitions, and human-resources work. Forming a third-country shell for a Russia-resident client can therefore be prohibited even if the shell is outside Russia. [M13, M17]

OFAC recognizes that a real non-Russian business can receive services even when Russian persons own it, provided the service is not indirectly supplied or reexported to Russia. Its examples distinguish a functioning foreign business from an intermediary arrangement whose ultimate benefit is delivered to Russia. The analysis must identify the actual recipient, operations, intended use, and ultimate benefit of the work. Russian ownership alone is neither an automatic prohibition nor a universal clearance. [M17]

FAQ 1060 is narrow: the trust and corporate formation prohibition does not, by itself, prohibit genuine board service, while nominee director services are prohibited. It is not a comprehensive authorization for all managerial conduct, accounting, consulting, financing or dealings with a blocked bank undertaken by a director. [M34]

The Act adds a statutory services framework and more payment constraints

Section 107(2), effective thirty days after enactment, prohibits supplying Treasury-identified service categories to persons located in Russia. The statutory language does not itself enumerate all legal, tax, accounting, or consulting services or prohibit every professional service. Existing determinations remain central; clients should check whether Treasury adopts, incorporates, expands, or revises them for the new authority. Existing FAQ interpretations are useful but should not be presented as an issued interpretation of the new statute. [M1, §107; M13]

Section 114(h) preserves qualifying pre-enactment general-license activity. It should not be assumed without analysis that every exclusion in an old determination is itself a preserved general license. The legal-services authorizations codified in Part 587 also need to be matched to all authorities implicated by a newly sanctioned client. The banking provisions may affect collection of fees even when the service itself remains permitted. Clients need separate confirmation that the requested service and the proposed payment route are permitted. [M1, §§103, 105, 107, 114; M15, M16]

Section 50. Legal representation and receipt of fees

Section 587.506 authorizes specified legal services, including the covered compliance advice, defense and proceedings, to or on behalf of blocked persons; it is not unlimited permission for every transaction counsel might negotiate. Actions affecting blocked property and payment of fees require separate authority. Representation, litigation notice under §501.605 and execution of a settlement are distinct. The parallel Part 589 provisions must be applied where a separate Ukraine-program authority is present. [T06]

Section 587.507(a) authorizes specified fees and incurred-expense reimbursements for services authorized by §587.506(a) from funds originating outside the United States, subject to important source limits. The funds cannot originate from a source in the United States, from any source wherever located in a U.S. person's possession or control, or from another blocked person other than the represented person within the stated exception. Paragraph (a)(2) also excludes funds in which another blocked person has an interest. A blocked bank's involvement may therefore prevent reliance even though the client's own fee payment otherwise appears eligible. Trace the source and other interests rather than accepting an assurance that money is "offshore."

Under §587.507(b), retain the prescribed payment records for ten years from the relevant payment and furnish them on OFAC demand. The record identifies the originating person and amount, and, where applicable, related service providers, the services and amounts paid. This is a recordkeeping rule, not an automatic periodic report under this provision. Preserve any separate license-report condition and Part 501 obligation. The current text reflects the December 2024 legal-fees amendment; the July 2026 administrative amendment discussed in the review correspondence does not justify replacing this with a different reporting rule. [T06]

If funds are already blocked in the United States or another blocked party has an interest, assess a different applicable license or request a specific license before receipt, debit or refund. Neither an advance-payment-retainer clause nor a refundable-fee duty independently authorizes use of blocked funds. Screen investigators, experts and other fee recipients, and distinguish professional-responsibility accounting from the sanctions permission required to make the payment.

Legal representation and payment of fees require separate analysis

The instruments reviewed do not establish a blanket prohibition on all legal services to every Russian client. An unblocked client's U.S. litigation, immigration matter, or sanctions-compliance advice is not prohibited merely by Russian nationality. The service can nevertheless be restricted because of its actual content, prohibited transaction facilitation, a blocked party, or a restricted payment route. [M4, M13, M15]

For blocked persons, §587.506 authorizes specified legal services, including advice on compliance with U.S. law that does not facilitate a violation, representation in specified U.S. proceedings, and representation concerning U.S. sanctions. Other legal services generally need a specific license unless otherwise authorized. Entry into a settlement or enforcement against blocked property can require authorization even where the litigation itself is permitted. Winning a judgment does not independently authorize execution against a blocked asset. [M15]

Permission to provide legal services is distinct from permission to receive fees. Section 587.507 authorizes certain payments for services covered by §587.506(a) from foreign-origin funds, subject to source and blocked-interest restrictions. It does not generally permit payment using another blocked party's property, including an independently blocked bank's interest. Current recordkeeping conditions must be observed. A permitted representation funded through an unauthorized bank transaction remains a problem. [M16]

Section 51. Representative client outcomes

For a nonblocked Russian citizen genuinely ordinarily resident in Florida, Russian nationality alone does not trigger the Russia-location services ban. Determine whether the work is actually for the individual or indirectly for a Russian business, and clear the fee route separately. For a U.S. citizen ordinarily resident in Moscow, citizenship does not remove the location test; GL 44 may cover qualifying tax preparation/filing but not a broad advisory package. For a Russian company owned or controlled by a U.S. person, verify the entity exclusion in the actual determination rather than borrowing an individual license.

For a non-Russian foreign company whose deliverable will be used by its Russian affiliate, examine the indirect beneficiary, use and exclusion. A foreign billing address is insufficient. For an otherwise permitted legal engagement funded through a blocked bank, service authorization does not answer payment authorization; require a separately lawful fee arrangement or appropriate license. These conclusions should be reassessed on a change of residence, recipient, ownership, bank or scope, including new implementation under Section 107. Neither Russian nationality nor a general description of legal services settles an individual client's eligibility. [T01, T06, T11]

VIII. THE LIMITS OF THE SANCTIONS AND THE LICENSING FRAMEWORK

This Part defines the boundaries of what the sanctions actually forbid: statutory exclusions and exempt transactions; the operation of general licenses and the authorizations most frequently relied upon; the procedure and standards for specific licenses; and the interpretive weight of OFAC FAQs, advisories, and compliance commitments.

Section 52. Statutory exclusions and exempt transactions (31 C.F.R. § 589.214)

IEEPA itself excludes certain categories of transactions from regulation, and these statutory exclusions are reflected in Part 589 at § 589.214. Subsection (a) provides that the prohibitions of Part 589 do not apply to any postal, telegraphic, telephonic, or other personal communication that does not involve the transfer of anything of value. Subsection (b) excludes activities subject to the reporting requirements of Title V of the National Security Act of 1947 or any authorized United States intelligence activities. Subsection (c) excludes activities of the National Aeronautics and Space Administration, including the supply by any entity of the Russian Federation of any product or service, or the procurement of such product or service by any contractor or subcontractor, relating to or in connection with any space launch conducted for NASA or any non-Department-of-Defense customer. Subsection (d) excludes the importation of any goods that would otherwise be prohibited solely because of the interest of a person blocked solely pursuant to § 589.201(a)(6)(i) through (v) — the SSIDES status-based designations of human-rights abusers and corruption-related officials. Subsection (e) excludes from §§ 589.201(a)(5), 589.206, 589.207, and 589.208 transactions for the conduct of the official business of the United States Government by employees, grantees, or contractors thereof.

These exclusions are not framed as licenses — they are jurisdictional carve-outs, and they cannot be re-introduced into the regime by regulation. Their boundaries are, however, contested in practice. The classification of software-as-a-service as either a 'service' (regulated) or part of 'informational materials' (excluded) has been litigated, as has the application of the travel exclusion to ancillary services. Practitioners reading the exempt-transaction list should also note that the protections do not extend to dealings with blocked persons under most modern programs. The carve-outs concern the regulated activity, not the regulated actor.

Section 53. General Licenses: operation and most frequently relied-upon authorizations

The 2026 Act’s statutory exceptions and Section 115 waivers supplement the licensing framework. Section 114(h) preserves specified pre-enactment general-license reliance and Treasury’s authority to extend or issue licenses; Section 105(b) separately addresses processing for an underlying licensed transaction. Do not assume every later license overrides every mandatory statutory provision. Preserve the license and its date, identify the restrictions it actually relieves, and explain any implementing guidance needed for a newly imposed statutory measure. The current license/version register is in Appendix D. [T01, T10]

If the statutory exclusions in § 589.214 mark the outer limit of OFAC's authority, the general-license library is the principal mechanism by which OFAC calibrates its reach within that authority. Section 589.323 of Title 31 of the Code of Federal Regulations defines a general license as any

license or authorization the terms of which are set forth in Subpart E of Part 589 or made available on OFAC's website. The defining feature of a general license is that it operates ex ante and impersonally: **any person whose facts fall within the scope of the license may engage in the authorized conduct in reliance on its published terms, without any individual application to OFAC and without any agency action specific to that person**. Section 589.501 confirms that the licensing procedures of 31 C.F.R. Part 501, Subpart E, apply to Part 589, and that general licenses and statements of licensing policy relating to Part 589 may also be available through the Ukraine-/Russia-Related Sanctions page on OFAC's website. Note 1 to § 589.501 records the further requirement, drawn from CAATSA Section 216, of Congressional review prior to the issuance of any license that significantly alters United States foreign policy with regard to the Russian Federation.

The general licenses appearing directly in Subpart E of Part 589 include several core authorizations that bear directly on day-to-day compliance. Section 589.504 authorizes a U.S. financial institution to make transfers between blocked accounts in its branches or offices, provided no transfer is made from an account within the United States to an account held outside the United States and no transfer is made from a blocked account except to another blocked account held in the same name. Section 589.505 authorizes the debiting of a blocked account for normal service charges owed to the institution, defined to include interest due, communications charges, postage costs, custody fees, minimum-balance charges, and similar items. Section 589.506 authorizes the provision of specified legal services to blocked persons and persons in the Crimea region of Ukraine — including the provision of legal advice and counseling on the requirements of and compliance with United States law, representation in domestic legal, arbitration, and administrative proceedings, initiation of such proceedings, representation in connection with the imposition, administration, or enforcement of United States sanctions, and the provision of legal services in any other context in which prevailing United States law requires access to legal counsel at public expense. Receipt of payment for such services is separately governed by § 589.507. Section 589.508 authorizes the provision and receipt of nonscheduled emergency medical services. Section 589.509 authorizes U.S. financial institutions to invest and reinvest blocked assets subject to the requirements of § 589.211. Section 589.510 authorizes transactions for the conduct of the official business of the United States Government. Section 589.511 authorizes transactions for the official business of certain international organizations and entities, including the United Nations and its specialized agencies, the International Centre for Settlement of Investment Disputes, the African Development Bank Group, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank Group, the International Committee of the Red Cross, and the International Federation of Red Cross and Red Crescent Societies. Section 589.512 authorizes certain derivatives transactions linked to underlying assets that would otherwise be prohibited by §§ 589.202 through 589.204. Section 589.513 authorizes the exportation or

reexportation of certain agricultural commodities, medicine, and medical supplies to the Crimea region of Ukraine, on detailed terms. Sections 589.514 through 589.520 authorize various other Crimea-related activities, including noncommercial personal remittances, account operation, telecommunications and mail, internet-based communications, publishing, emergency landings and air ambulance services, and certain activities by nongovernmental organizations. Section 589.521 authorizes the orderly closure of a correspondent or payable-through account subject to § 589.209, with reporting to OFAC within thirty days.

Beyond the general licenses incorporated directly into Subpart E of Part 589, OFAC publishes a parallel and substantially larger set of so-called web general licenses on its website. As of May 2026, the active library of Russia-related and companion general licenses comprises approximately forty Russia-related general licenses, ten Ukraine-/Russia-related general licenses, and a number of Belarus and cyber-related companion authorizations that intersect Russia compliance. Appendix A retains 55 selected instruments from the source manuscript, including expired historical entries, with links to the checked instruments. It is not an exhaustive inventory of every regulatory or web authorization. The following enumeration identifies the categories of activity most frequently encountered in day-to-day Russia compliance practice and the principal general licenses on which practitioners rely for each.

In the humanitarian and personal sphere, the principal authorizations are Russia-Related General License 6D (agricultural commodities, medicine, medical devices, replacement parts, software updates, COVID-19-related transactions, and clinical trials); Russia-Related General License 18 (United States-dollar-denominated banknote noncommercial personal remittances to and from the Russian Federation); Russia-Related General License 19 (personal-maintenance transactions for U.S. persons located in the Russian Federation); Russia-Related General License 27 (nongovernmental-organization activities, including humanitarian projects, democracy-building, education, non-commercial development, and environmental protection); and Russia-Related General License 38A (pension payments to U.S. persons and to non-U.S. persons not located in Russia). The corresponding Crimea-region authorizations appear directly in the regulations at 31 C.F.R. §§ 589.513 through 589.520 and in Ukraine General Licenses 18, 21, 22, 23, and 25.

In the diplomatic and intergovernmental sphere, the principal authorizations are Russia-Related General License 20 (third-country diplomatic and consular funds transfers); Russia-Related General License 53A (transactions for diplomatic and consular missions of the Russian Federation involving Gazprombank or otherwise prohibited by Directive 4); and Russia-Related General License 119 (historical Gazprom Neft transactions for diplomatic and consular missions outside Russia, including covered ownership interests; expired February 27, 2025). Section 589.511 authorizes transactions for the official business of certain international organizations, paralleling Ukraine General License 20.

In the communications and intellectual-property sphere, the principal authorizations are Russia-Related General License 25G (telecommunications and internet-based communications generally); Russia-Related General License 65 (telecommunications involving MegaFon PAO or Digital Invest LLC in Tajikistan and Uzbekistan); Russia-Related General License 31 (patents, trademarks, and copyrights); and Russia-Related General License 52 (journalistic activities and the establishment of news bureaus).

In the financial-infrastructure sphere, the principal authorizations are Russia-Related General License 13R (administrative transactions, principally tax, fee, and license payments, otherwise prohibited by Directive 4 — the single most frequently renewed general license in the Russia program); Russia-Related General License 14 (clearing and settlement transactions where the Directive 4 entity acts solely as a clearing-and-settlement operator); Russia-Related General License 50 (orderly closure of personal accounts at blocked Russian banks); Russia-Related General License 84 (ten-day winddown of correspondent or payable-through accounts of foreign financial institutions subject to Section 11(b)(i) of Executive Order 14024, paralleling the in-regulation authorization at 31 C.F.R. § 589.521); and Russia-Related General License 94 (continuing liquidation of OWH SE i.L., the former VTB Bank Europe SE).

In the transportation, energy-supply, and safety sphere, the principal authorizations are Russia-Related General License 7A (overflight payments, emergency landings, and air ambulance services); Russia-Related General License 40C (civil-aviation safety); Russia-Related General License 55F (specified Sakhalin-2 services and transactions, with the Japan-import limitation applying to its crude-oil maritime-services limb, expiring December 18, 2026); Russia-Related General License 56A (European Union derogations for landlocked and otherwise dependent member states); Russia-Related General License 57A (vessel emergencies); Russia-Related General License 115D (civil nuclear energy maintenance, expiring December 18, 2026); Russia-Related General License 124B (Caspian Pipeline Consortium, Tengizchevroil, and Karachaganak projects); and historical Russia-Related General License 134B (specified delivery and sale of crude oil and petroleum products loaded by its cutoff; expired May 16, 2026).

In the divestment, winddown, and post-designation sphere — the category in which licenses are issued most rapidly and amended most frequently — the principal authorizations are Russia-Related General License 42 (Federal Security Service licensing fees for information-technology products, paralleled by Cyber General License 1C); Russia-Related General License 44 (tax preparation services to U.S. persons located in Russia); Russia-Related General License 117 (winddown of transactions involving Gazprom Neft, Surgutneftegas, and additional entities blocked on January 10, 2025, which expired February 27, 2025 and is therefore no longer available); Russia-Related General License 128C (Lukoil retail service stations outside Russia, expiring October 29, 2026);

Russia-Related General License 129A (Rosneft Deutschland GmbH and RN Refining & Marketing GmbH); Russia-Related General License 130A (Lukoil entities in Bulgaria, expiring October 29, 2026); Russia-Related General License 131J (contingent-contract negotiations for the sale of Lukoil International GmbH and related maintenance activities, issued September 18, 2026 and expiring October 22, 2026); and Russia-Related General License 132 (Paks II Civil Nuclear Power Plant project).

Three rules govern reliance. First, identify the precise license number, suffix, issue date and operative interval. Some licenses have fixed expiry dates; others do not, but can be amended or revoked. A suffix is an identifier, not sufficient evidence of an amendment count, current availability or substantive continuity. Second, follow the particular payment terms: some instruments require payments into blocked accounts, while others expressly permit unblocking or particular transfers. Neither instruction is universal. Third, apply exclusions individually. GL 6D, for example, contains specific correspondent-account and sovereign-account-debit exclusions and specified services authorizations; it does not exclude all Directive 4 transactions. A description such as humanitarian, personal or tax-related identifies a topic, not the complete scope of permission. Appendix A provides the instrument-specific analysis. [S1, S2]

Diligence before reliance. General licenses are narrowly construed, and small variances between a client's actual transaction and the license's stated conditions can invalidate the authorization entirely. Before relying on one, counsel should build a factual record of the transaction as it will actually be performed, map that transaction step by step against each of the license's specific conditions, evaluate any residual facilitation exposure arising from the participation of U.S. persons or U.S.-origin services, confirm compliance with the recordkeeping requirements of 31 C.F.R. § 501.601, and memorialize the analysis in a formal legal memorandum. That memorandum is not a formality. It is the primary evidence of good-faith reliance if the transaction is later questioned. Its absence is not an independently enumerated aggravating factor under the Enforcement Guidelines, and it should not be described as one. What the Guidelines weigh is the quality of the compliance program and the care actually taken, and on both of those a contemporaneous written analysis is the most persuasive evidence available. The transaction's size is relevant here too. There is no de minimis exemption from the prohibitions, but amount, actual harm, and the sophistication of the parties remain General Factors bearing on penalty, and a risk-based program may properly calibrate the depth of its diligence to them.

Section 54. Specific licenses: procedure, standards, and common categories

Where no general license fits, U.S. and non-U.S. persons may apply to OFAC for a specific license under 31 C.F.R. § 589.501 and the cross-referenced procedures of 31 C.F.R. Part 501, Subpart E. A specific license is, by definition under § 589.323, any license or authorization issued

pursuant to Part 589 but not set forth in Subpart E or made available on OFAC's website. The defining feature of a specific license is that it is individual and prospective. It is issued to a named applicant, in respect of a particular transaction or course of dealing, on the basis of facts disclosed to the agency in the license application, and its terms determine which applicants, counterparties, intermediaries and transactions it covers. It must not be assumed available to an unrelated transaction. It should not be described as operating ex post. A subsequently issued authorization does not ordinarily erase liability for conduct that preceded it: § 589.502(a) provides that no license authorizes a transaction effected before its issuance unless the license says so. Where retroactive effect is needed it must be sought expressly and must appear in the terms of the instrument.

Applications are submitted through OFAC's online license-application portal, and must describe the proposed transaction in detail. The agency expects information sufficient to permit a meaningful national-security review, including a complete description of the proposed transaction and its commercial purpose; the identities of all counterparties, including beneficial owners and any sanctioned persons whose property or interests in property are involved; the proposed payment routing, including the identities of the financial institutions through which any payment will be processed and the currency in which payment will be made; the end-use and end-user of any goods, services, or technology; the relationship, if any, between the applicant and any blocked persons involved; the applicant's prior compliance history; and the legal authority on which the applicant relies in seeking the license, including any prior OFAC FAQ, guidance, or interpretive ruling relevant to the request. License applications are evaluated against the underlying program statutes, the relevant Executive Order, the operative determinations under that Order, OFAC's stated licensing policies, and the foreign-policy objectives of the program. As noted in Section 5 above, OFAC's general posture in the Russia program is one of presumptive denial for transactions inconsistent with the program's objectives, balanced against humanitarian, contractual, judicial, or other compelling factors. Most specific-license applications take months to process. Complex applications, particularly those involving major divestments, may take a year or more, and may be conditioned on extensive compliance undertakings.

Common categories in which Russia-program specific licenses are issued include the following. First, the release of limited blocked funds for payment of legal fees and basic living expenses by designated individuals, in accordance with OFAC's published Guidance on the Release of Limited Amounts of Blocked Funds for Payment of Legal Fees and Costs Incurred in Challenging the Blocking of U.S. Persons in Administrative or Civil Proceedings. Second, the unwinding of pre-existing contracts and the orderly closure of operations involving blocked counterparties, sometimes referred to as wind-down licenses, where a corresponding general license does not adequately cover the facts. Third, the divestment of designated persons' international assets to non-blocked acquirers, on the conditions discussed in Section 68 below — completely severing ties with the

blocked parent, blocking funds owed to the blocked parent until sanctions are lifted, and avoiding any windfall to the blocked parent. Fourth, the satisfaction of judgments and arbitral awards involving blocked property, where the prevailing party seeks to enforce the award against blocked assets. Fifth, the receipt and processing of insurance and reinsurance payments in respect of pre-existing policies, including the satisfaction of valid claims by non-blocked beneficiaries. Sixth, the conduct of regulatory and judicial proceedings, including securities-disclosure obligations of issuers with Russian operations or shareholders, bankruptcy-trustee functions in respect of blocked debtors, and proceedings before the United States Patent and Trademark Office or other administrative tribunals. Seventh, the carrying out of humanitarian and academic activities that fall outside the scope of any applicable general license. Eighth, transactions involving blocked vessels, aircraft, or cargo where the relevant safety, environmental, or commercial considerations support a tailored authorization.

Section 589.502 of Title 31 of the Code of Federal Regulations is the operative provision on the effect of any license, whether general or specific. Subsection (a) provides that no license authorizes any transaction effected prior to the issuance of the license unless specifically so provided. Subsection (b) requires that any regulation, ruling, instruction, or license referring to Part 589 must be issued by OFAC and must specifically refer to Part 589 in order to authorize a transaction otherwise prohibited under Part 589. Subsection (c) makes clear that an authorization removes a prohibition only to the extent specifically stated, and does not create rights, duties, or obligations beyond those that would otherwise exist under ordinary principles of law. Subsection (d) preserves the requirement of compliance with the authorities of other federal agencies, including the Department of Commerce and the Department of State. Subsection (e) provides that no license authorizes transfers of, or payments from, blocked property or debits to blocked accounts unless the license explicitly so authorizes — a provision the operational significance of which is discussed in Section 9 above. Subsection (f) advises that any payment relating to an authorized transaction routed through the United States financial system should reference the relevant general or specific license to avoid blocking or rejection of the transfer.

Section 55. Interpretive guidance: FAQs, advisories, and compliance commitments

Alongside the regulations, Executive Orders, and licenses, OFAC publishes a substantial body of interpretive guidance. The Russia FAQ topic page, hosted at https://ofac.treasury.gov/faqs/topic/6626, collects more than two hundred entries and addresses recurring questions on the interpretation and operation of the program, including the Fifty Percent Rule (FAQ 401), the foreign-financial-institution and military-industrial-base definitions under Executive Order 14114 (FAQ 1151), the petroleum-services determination (FAQ 1216), and the Lukoil divestment licenses (FAQs 1224 and 1225). FAQs are not legally binding but operate as authoritative agency interpretations, and they are routinely cited by courts and counsel alike. Where

OFAC publishes a substantive change of view, it customarily does so through an amended FAQ rather than a new regulation. The June 12, 2024 expansion of the definition of 'Russia's military-industrial base' to encompass all persons blocked under Executive Order 14024 was effected in this manner.

OFAC also publishes a series of advisories and alerts that, while non-binding, materially shape compliance expectations. Recent advisories of particular relevance to the Russia program include the Updated Guidance for Foreign Financial Institutions on OFAC Sanctions Authorities Targeting Support to Russia's Military-Industrial Base (June 12, 2024); the Russian Attempts to Evade Sanctions Using New Overseas Branches and Subsidiaries Alert (September 4, 2024); the Sanctions Risk for Foreign Financial Institutions that Join Russian Financial Messaging System, System for Transfer of Financial Messages Alert (November 21, 2024); the updated Advisory for the Maritime Oil Industry and Related Sectors (October 21, 2024); and the various price-cap guidance documents. The 2019 Framework for OFAC Compliance Commitments — discussed further in Section 60 below — supplies the agency's authoritative statement of the elements of an effective sanctions compliance program, and is treated as the operative benchmark in agency enforcement evaluations.

IX. ENFORCEMENT AND PENALTIES

This Part explains how the regime is enforced and why the penalties are so severe: the national-security purposes and distinct elements of the program; civil penalties under strict liability; the Pre-Penalty Notice and Finding-of-Violation process; criminal penalties and current enforcement priorities; and the mitigating value of voluntary self-disclosure and a genuine compliance program.

Section 56. The national security purpose and the elements of liability

Before turning to the operative provisions of the civil and criminal penalty regime, it is worth pausing on a question that consistently puzzles persons encountering the program for the first time: why are sanctions penalties so severe in absolute terms, and why is there no de minimis threshold for liability? The statutory civil maximum, which is the greater of the inflation-adjusted per-violation amount discussed in Sections 57 and 60 below or twice the value of the transaction, the criminal maximum of twenty years' imprisonment and a one-million-dollar fine per count, and the principle that a twenty-dollar improper payment is no less a violation than a twenty-million-dollar one — all of these strike practitioners accustomed to ordinary commercial regulation as disproportionate. Their proportionality in a particular case is a separate legal and enforcement question. National-security objectives explain the legislative framework but do not establish that every maximum penalty is appropriate.

OFAC's location within Treasury's Office of Terrorism and Financial Intelligence and its administration of multiple sanctions programs explain institutional overlap, not identical statutory elements. The SDN List includes persons designated under distinct authorities, and Part 501 provides common procedures and Enforcement Guidelines. Nevertheless, designation predicates, exceptions, licensing terms and penalty statutes can differ by program. The Russia-related IEEPA analysis should not be replaced by rules concerning terrorist organizations, narcotics trafficking or another country program merely because they use the same list. The task is to establish the applicable authority, the property interest, jurisdiction, conduct and absence of authorization, then apply the relevant civil or criminal standard. [S1, S2, S6, S7]

The absence of a general de minimis exemption follows from the scope of the applicable prohibition. It does not require counsel to prove a further material-support theory, and it does not establish a material-support offense. A personal purchase can involve a prohibited debit or service even where the customer disagrees with Russian state policy and intends no support for it. Conversely, the humanitarian purpose or modest size of a transaction may be relevant to an authorization or enforcement outcome without supplying blanket permission. Separate statutory elements from the policy reasons advanced for adopting sanctions. [S6, S7]

The Russia program reflects the same policy judgment about value rather than conduct, and it is important to be precise about what a designation does and does not establish. Executive Order 14024 supplies several distinct designation criteria. Some rest on a determination about the person's own conduct. Others do not: a person may be designated on the ground that it operates, or has operated, in a sector of the Russian economy identified by determination of the Secretary of the Treasury — financial services, energy, and the other sectors listed in Section 13 above — which

requires no individual finding that the person has engaged in or supported any threatening conduct at all. Designation on that basis is a judgment about the sector and the person's membership of it. Treasury expressly identified operating or having operated in Russia's energy sector as the designation ground for Rosneft and Lukoil in October 2025. Its discussion of war revenues explained policy rationale; it did not replace the stated legal criterion. Other designees require their own designation records, and no collective assertion about thousands of individuals is warranted from these examples. [S8] The restrictions on the Central Bank and the Ministry of Finance rest on Directive 4 rather than on blocking designation, as explained in Section 6 above. It follows that the legal consequence of dealing with a designee should be stated as what it is. The dealing is prohibited because the counterparty is blocked, and liability turns on the fact of the transaction, the absence of an applicable exemption or authorization, and, for the penalty assessment, the General Factors of the Enforcement Guidelines discussed at Section 57. It does not turn on any characterization of the U.S. person as having supported the underlying conduct, and counsel should not describe a client's position to it in those terms. The severity of the penalty regime reflects the gravity the Government attaches to the program, not a finding about the person who transacted.

Three consequences follow for defense practice. Civil strict liability does not eliminate the need to establish the applicable prohibition or negate an authorization; any knowledge condition in the operative rule remains relevant. Amount is not a general liability threshold, but value and harm remain relevant to penalty assessment and, under particular secondary authorities, to significance. Finally, facilitation, causation, evasion and conspiracy are distinct legal theories; proximity to a blocked person alone does not establish all of them. Identify the conduct supporting each alleged violation and resist duplicative counts that lack an independent legal and factual basis. [S6, S7]

The practical corollary, for businesses and individuals contemplating Russia-related activity, is that the sanctions regime should be approached with the same gravity that one would bring to compliance with the counter-terrorism financing rules, the export controls applicable to weapons of mass destruction, or the narcotics-control regime. The absence of a minimum transaction threshold means that no payment is too small to be a violation, and screening must therefore reach every transaction. It does not mean that amount is irrelevant to risk assessment. As Sections 57 and 60 explain, transaction value, actual harm, and the sophistication of the parties are General Factors under the Enforcement Guidelines, and a risk-based program properly varies the depth of its inquiry with them while leaving nothing unscreened. The proportionality of one's compliance investment must be measured against the gravity of the regulated harm, not against the commercial value of the transaction at hand. It is for this reason that the cost of a serious sanctions compliance program — meaningful beneficial-ownership diligence, comprehensive payment screening, rigorous training, periodic independent testing, and competent counsel — is, properly understood, not an extraordinary

expense but the ordinary cost of doing business in any jurisdiction where Russian counterparties may be involved.

Section 57. Civil penalties and strict liability (31 C.F.R. § 589.701)

Civil violations of IEEPA-based sanctions are governed by a strict-liability standard. OFAC need not prove intent — even negligence is not required as a matter of law — to establish a civil violation. The existence of a prohibited transaction is itself the violation. Section 589.701 implements the penalty regime of Section 206 of IEEPA, 50 U.S.C. § 1705. Subsection (a) provides that a civil penalty not to exceed the amount set forth in Section 206 may be imposed on any person who violates, attempts to violate, conspires to violate, or causes a violation of any license, order, regulation, or prohibition issued under IEEPA. The statutory formula is the greater of the applicable inflation-adjusted per-violation amount or twice the transaction value. Select the monetary adjustment governing the assessment and conduct dates rather than treating a figure in an earlier edition as permanently current. Each prohibited transaction may constitute a separate violation, and in matters involving systematic conduct the aggregate exposure routinely reaches into the hundreds of millions of dollars.

OFAC's Economic Sanctions Enforcement Guidelines, codified at 31 C.F.R. Part 501, Appendix A, govern the assessment of civil penalties. They identify a familiar set of factors: willfulness or recklessness; the level of awareness of senior management; the harm caused to United States foreign-policy objectives and to the integrity of the financial system; the size and sophistication of the regulated person; the existence and quality of a sanctions compliance program; and the regulated person's response — including voluntary self-disclosure, cooperation, and remediation. A well-implemented compliance program does not provide a legal defense, but it is among the most effective mitigating factors and is consistently invoked in OFAC enforcement releases.

Reporting and recordkeeping failures require the separate analysis in Sections 32–35. Those sections state the reviewed late-report and information-demand guideline amounts, distinguish them from the IEEPA maximum and explain why a missed deadline is not automatically criminal. The 2026 Act’s Section 116 incorporates IEEPA penalties for covered prohibitions and implementing orders or regulations; it does not make every statutory instruction to the President a directly violated customer duty. [T01, T09]

Section 58. Pre-penalty notice, penalty imposition, and findings of violation

The procedural rule applicable to the notice date controls. The mailing, email and personal-delivery computation below must not be backdated to a notice governed by earlier text. Part 589 prescribes the administrative process for civil enforcement at §§ 589.702 through 589.705. Where OFAC has reason to believe that a violation has occurred and determines that a civil monetary

penalty is warranted, it issues a Pre-Penalty Notice under § 589.702 informing the alleged violator of the agency's intent to impose a penalty. The alleged violator has the right to respond in writing, and the period is computed under § 589.702(b) from an event rather than from the date printed on the notice. Section 589.702(b)(2)(i) states three trigger events. Where the notice was mailed, the period runs from the postmark date on the envelope. Where the notice was emailed, it runs from the date the notice was emailed. Where the notice was personally delivered by a non-U.S. Postal Service agent authorized by OFAC, it runs from the date of delivery. The response itself must be postmarked or date-stamped by the postal or courier service, or dated if sent by email, on or before the thirtieth day after the applicable trigger. Section 589.702(b)(3) confirms that a response may be sent by mail, courier, or email, and that an electronic signature is acceptable. A due date falling on a Federal holiday or weekend extends to the following business day. Any other extension is discretionary and must be requested of OFAC specifically, which means a request neither creates nor suspends the deadline. Counsel should calendar from whichever of the three events actually occurred, and should confirm the computation in the version of the regulation then in force. The parallel provisions across OFAC's other program regulations are not uniformly worded — several still omit email — so the Part 589 text should not be assumed to govern a notice issued under a different program. Failure to respond within the period is deemed a waiver of the right to respond. Settlement may be initiated by either OFAC or the alleged violator, as contemplated by § 589.702(c). If, after considering the response and the relevant facts, OFAC determines that a violation has occurred and that a civil monetary penalty is appropriate, it issues a Penalty Notice under § 589.703. The issuance of the Penalty Notice constitutes final agency action, subject to judicial review in federal district court. Section 589.704 governs administrative collection and referral to the Department of Justice in the event of non-payment. § 589.705 provides for the issuance of a Finding of Violation, in lieu of a civil monetary penalty, where OFAC concludes that documentation of the violation is warranted but a penalty is not the most appropriate response.

Section 59. Criminal penalties and recent enforcement priorities

Willful violations of IEEPA are criminal. Section 589.701(a)(3) provides that a person who willfully commits, willfully attempts to commit, willfully conspires to commit, or aids or abets in the commission of a violation of any license, order, regulation, or prohibition may, upon conviction, be fined not more than one million dollars, or if a natural person be imprisoned for not more than twenty years, or both. The criminal penalties are subject to adjustment under 18 U.S.C. § 3571. Section 589.701(c) further incorporates 18 U.S.C. § 1001, which criminalizes the knowing and willful falsification of, concealment of, or making of materially false statements concerning any matter within the jurisdiction of the executive, legislative, or judicial branch of the United States Government.

Russia-related criminal prosecutions accelerated sharply after the Department of Justice established Task Force KleptoCapture in March 2022 to coordinate investigations targeting Russian-elite asset concealment, sanctions evasion, and money laundering. The Task Force was disbanded by the Attorney General's memorandum of February 5, 2025, which returned the attorneys assigned to it to their previous posts and redirected its resources to cartels and transnational criminal organizations. That is a stated change of departmental priorities. It is not, on the face of the memorandum, a statement about how any particular sanctions matter will be handled, and counsel should neither assume that pending investigations have lapsed nor that the Department's appetite for sanctions prosecutions has diminished. Criminal sanctions enforcement continues to be conducted through the National Security Division and the United States Attorneys' Offices under the ordinary architecture described above. The 2023 establishment of the joint Department of Justice and Department of Commerce Disruptive Technology Strike Force broadened the focus to include export-control violations involving the diversion of advanced United States technology to Russia. A distinctive enforcement emphasis of the 2025–2026 period has been the targeting of so-called gatekeepers — professional service providers, including attorneys, accountants, investment advisers, and trust and corporate service providers — whose work for Russia-linked clients failed to identify or escalate sanctions risk. OFAC has repeatedly stressed that gatekeepers are expected to conduct diligence that looks beyond corporate formalities to identify the indirect interests of blocked persons. For practitioners providing services that intersect with Russia exposure, this trend has substantially raised the floor of expected diligence and elevated the operational stakes of an inadvertent miss.

Section 60. Voluntary self-disclosure: qualification, mechanics, and effect

Voluntary self-disclosure is the single most consequential discretionary decision a person facing an apparent violation will make, and it is routinely described in terms that are close enough to be dangerous. It is not amnesty. OFAC operates no amnesty program. It does not authorize the conduct to continue, it does not bind the Department of Justice, the Internal Revenue Service, the Financial Crimes Enforcement Network, or the Bureau of Industry and Security, and it is not a discount applied to a final penalty. What it does is change the base amount from which the civil penalty calculation begins, and it weighs in the exercise of enforcement discretion, including the discretion to close a matter with no action or a cautionary letter.

Qualification is defined, and the definition contains traps. The Enforcement Guidelines define a voluntary self-disclosure as self-initiated notification to OFAC of an apparent violation, made prior to or at the same time that OFAC or any other federal, state, or local government agency discovers the apparent violation or a substantially similar one. Two features of that definition are frequently missed. The timing test is not "before any agency becomes aware"; simultaneous

notification qualifies. And the comparison is to a substantially similar apparent violation, not only to the precise transaction disclosed, so that a disclosure may fail to qualify because the agency already knows of a related course of conduct.

The third-party report is the disqualifier that most often controls. A notification is not a voluntary self-disclosure where a third party is required to and does notify OFAC of the apparent violation, or a substantially similar one, because that third party blocked or rejected the transaction. The disqualification operates regardless of when OFAC receives the third party's report and regardless of whether the subject person knew the report had been made. For the client whose payment was stopped by a correspondent bank, this is decisive and it cannot be outrun: racing the bank's report does not create eligibility. Counsel should establish, early and specifically, what the processing institutions actually reported. The remaining disqualifiers are that the disclosure contains false or misleading information, that it is materially incomplete when considered with any supplemental information supplied, that it is not self-initiated — including where it follows a suggestion or direction from a government agency — and that it was made on an entity's behalf by an individual without authority. A license application is not a disclosure and does not become one.

The mechanics are two-stage. A qualifying disclosure must include, or be followed within a reasonable period by, a report of sufficient detail to afford OFAC a complete understanding of the circumstances of the apparent violation. Where that report does not accompany the initial notification, OFAC generally expects it within one hundred and eighty days of the notification. That structure is useful: an initial notification can be made on the basis of enough reliable information to avoid being materially misleading, with the detailed report following the completion of the internal investigation. It is an expectation rather than an entitlement, and the filer must remain responsive to the agency's follow-up requests throughout. Submissions are made through OFAC's disclosure portal, and the agency's published production submission standards govern the form of any document production. Procedural guidance checked September 12, 2026: OFAC FAQ 13, updated September 9, 2026, states the 180-day expectation and Disclosure Portal instructions. The Guidelines themselves require a reasonable period. The expectation does not postpone initial notification, override a case-specific deadline or extend mandatory reports. This Disclosure Portal is distinct from the reconsideration portal for list-removal petitions. [S6, S58]

What disclosure actually does to the penalty calculation. The Guidelines set the base amount of a proposed civil penalty by reference to two variables: whether the case is egregious and whether it was voluntarily self-disclosed. In a non-egregious case disclosed voluntarily, the base amount is one-half of the transaction value, capped at $188,850 per violation under Guidelines § V.B.2.a.i (amount checked September 12, 2026), or one-half of the applicable statutory maximum if that maximum is below $377,700. These are dated figures: apply the monetary adjustment and effective-

date rules governing the assessment. In a non-egregious case that comes to OFAC by other means, the base amount is the applicable schedule amount, capped at $377,700 per violation under the same dated figures, or the applicable statutory maximum if lower. In an egregious case disclosed voluntarily, the base amount is one-half of the applicable statutory maximum; in an egregious case not disclosed, it is the full statutory maximum. The benefit is therefore structural rather than a fifty-percent reduction of whatever OFAC would otherwise have demanded, and the aggravating and mitigating General Factors continue to operate on the base amount once it is set. These caps limit the base amount, not the final penalty after application of the General Factors; the applicable statutory maximum remains the outer limit. [S6]

Disclosure to OFAC is not disclosure to anyone else. A submission to OFAC addresses OFAC's civil enforcement. It does not resolve export-control exposure, which belongs to the Bureau of Industry and Security and its own disclosure policy; it does not address tax exposure, which is governed by the Internal Revenue Service's own practice and its own eligibility rules; and it creates no agreement with the Department of Justice. The Department's corporate enforcement policies, including those administered through the National Security Division, are directed at organizations and confer nothing on an individual account holder, an employee, or an owner. Any proffer, cooperation, or immunity arrangement must be evaluated on its own terms. Where credible criminal exposure exists, the decision to make any substantive submission should be shaped by criminal counsel before it is made, because a disclosure can contain consequential factual admissions. A truthful submission can also distinguish disputed legal conclusions and authorized conduct; it is not necessarily an admission of every alleged offense. For noncitizens, the immigration analysis in Section 71 must be coordinated before substantive submission.

Mandatory reports are not disclosure and are not optional. The obligations to report blocked property and rejected transactions under 31 C.F.R. §§ 501.603 and 501.604 run independently of any decision about voluntary disclosure. They are not satisfied by a disclosure, they are not suspended while counsel considers one, and a late report is its own problem to be analyzed on its own terms. Its date must never be misstated.

Compliance-program credit. The five pillars identified in OFAC's 2019 Framework for OFAC Compliance Commitments — management commitment, risk assessment, internal controls, testing and auditing, and training — remain the framework against which agency reviewers evaluate a program, and the Framework is the authoritative agency statement of what good faith looks like in this domain. It should be applied with a sense of proportion. An individual who held a personal account at a bank that was later designated does not need a multinational's compliance infrastructure, and presenting one is not credible. What the agency looks for is a credible account of what failed and what now prevents recurrence: recurring instructions stopped, a documented closure

route pursued, a screening process established for future dealings, and lawful tax reporting coordinated rather than deferred.

Section 61. Reliance on counsel and other professionals

The relevant tax concept is reasonable cause and good faith, including qualifying reliance on professional advice under IRC § 6664(c) and Treasury Regulation § 1.6664-4. It is not blanket immunity for hiring an adviser: the advice, disclosure of relevant facts, assumptions, competence, conflicts and taxpayer's actual reliance matter. United States v. Boyle, 469 U.S. 241 (1985), distinguishes substantive tax advice from delegating the duty to meet a known filing deadline; delegation alone does not establish reasonable cause for missing that deadline. Do not import the tax exception wholesale into sanctions law. [S44, S45]

For an ordinary unauthorized dealing with an E.O. 14024-blocked bank, reliance on a lawyer, accountant, bank employee or screening vendor does not create a general reasonable-cause defense to strict civil liability. Even a careful but mistaken private opinion cannot supply an OFAC authorization. It may nevertheless substantiate good faith, diligence and an adequate compliance effort, support mitigation, or help persuade OFAC not to impose a monetary penalty. The value of reliance depends on the actual advice and conduct, not the existence of a retainer or memorandum. [S6]

That conclusion must not become a claim that knowledge is irrelevant to every civil sanctions rule. Some prohibitions or authorizations contain their own knowledge, reason-to-know, or reliance conditions. Where the governing text makes such a condition material, evidence obtained from a third party can bear on whether a violation occurred. Epsilon Electronics, Inc. v. U.S. Department of the Treasury, 857 F.3d 913 (D.C. Cir. 2017), concerned Iran's § 560.204 third-country export rule and its express knowledge/reason-to-know standard. It is not a universal distribution-chain rule for every Russia sanction, nor permission to ignore evidence contradicting a distributor's assurances. [S46]

Criminal IEEPA liability requires willfulness. Genuine reliance on legal advice may negate the required unlawful intent and therefore defeat a criminal charge, although it is generally treated as evidence bearing on intent rather than a freestanding affirmative defense. The prosecution retains the burden of proving the offense. A useful formulation, reflected in the Ninth Circuit's advice-of-counsel instruction, asks whether the person sought advice before acting, disclosed all material facts, obtained advice addressing the actual course of conduct, and followed it in good faith. Instruction requirements and terminology depend on the governing court. [S47]

Do not assume IEEPA imports every aspect of criminal tax willfulness. In United States v. Mousavi, 604 F.3d 1084 (9th Cir. 2010), the court required knowledge that the conduct was unlawful,

not knowledge of the particular licensing provision. The appropriate standard must be checked for the charged offense and circuit. Advice merely that detection is unlikely, or that another country permits the conduct, does not establish a good-faith belief that the U.S. conduct is lawful. Advice from a nonlawyer may also be relevant evidence, but does not automatically entitle the defendant to an advice-of-counsel instruction. [S54]

For a client with an SDN-bank account, preserve the contemporaneous questions, facts disclosed, opinion, qualifications, instructions and proof of compliance. Concealed accounts, incomplete facts, ignored conditions, contradictory warnings, or advice obtained only after the transaction can undermine reliance. Invoking the advice in a proceeding can put otherwise privileged communications at issue; assess waiver and the scope of disclosure before advancing the position. [S57] Section 91 addresses the separate Fifth Amendment analysis. The statutory compliance protection discussed in Section 72 does not turn a private legal opinion into a license or a general reasonable-cause exception to an OFAC penalty.

Section 62. Culpability without a misleading tax ladder

The sequence mistake → negligence → substantial understatement → willfulness → fraud is not a single statutory ladder even in tax law. Substantial understatement under § 6662 is principally a quantitative condition, not a mental state between negligence and willfulness. Civil fraud and criminal willfulness arise under different provisions and burdens of proof. Sections 6662 and 6663 generally prescribe 20-percent accuracy-related and 75-percent civil fraud penalties, respectively, but their conditions, exceptions, special rules and non-stacking rules matter. Reasonable cause is an exception where the statute permits it, not the first rung of a universal scale. [S44, S55]

For sanctions, keep three questions separate: does the applicable prohibition cover the conduct after all elements and authorizations are considered; how serious is the apparent violation under OFAC's General Factors; and can prosecutors prove the elements of a criminal offense beyond a reasonable doubt? The table describes how facts bear on these questions. It does not assign automatic outcomes. [S6, S7]

Facts or characterization	Civil sanctions significance	Criminal or disclosure significance
Mistake or inadvertence	Can still violate a strict prohibition; may support mitigation. Non-egregious treatment is not guaranteed.	Does not by itself establish criminal willfulness.
Negligence or inadequate diligence	Can show deficient compliance or awareness of warning signs. Assess actual facts and applicable elements.	Negligence alone does not establish willfulness; criminal exposure needs separate proof.

Facts or characterization	Civil sanctions significance	Criminal or disclosure significance
Recklessness	An important aggravating factor in assessing egregiousness, together with other General Factors.	Does not automatically satisfy IEEPA criminal willfulness; deliberate-ignorance issues depend on the evidence and governing law.
Knowing unlawful conduct or willfulness	Strong evidence supporting a serious enforcement response, but not an automatic egregious classification.	May establish criminal intent if the prosecution proves the applicable elements. A qualifying VSD is still possible.
Concealment, evasion or false statements	May aggravate the case and, where the rule's elements are satisfied, constitute additional violations.	Can support intent or separate charges. Earlier concealment does not automatically bar a later qualifying truthful VSD; a false or materially incomplete disclosure can disqualify it.

Egregiousness is a totality assessment, with particular emphasis on willful/reckless conduct and awareness, and substantial weight also given to harm and individual characteristics. The Guidelines expressly provide a penalty category for egregious cases with VSDs. Consequently, neither willfulness nor past concealment automatically destroys VSD eligibility. Section 60 states the actual qualification rules. Fraud, conspiracy and false-statement charges require their own elements; do not invoke 18 U.S.C. §§ 371 or 1001 merely because conduct is described as structured. [S6]

There is no general sanctions category corresponding to substantial tax understatement. Transaction size affects penalty calculations, potential harm and sometimes whether a transaction meets a specific significant-transaction criterion, including under the secondary-sanctions authorities discussed in Section 41. It is therefore too broad to say magnitude matters only to the penalty schedule. FBAR remains a separate regime: its civil willfulness can include recklessness, as illustrated by United States v. Horowitz, 978 F.3d 80 (4th Cir. 2020), whereas criminal liability requires the applicable criminal standard. Do not transfer either test to OFAC without examining the governing provision. [S11, S56]

Section 63. Preparing and coordinating a disclosure

1. Establish counsel’s role, identify the client and any conflicts, and preserve evidence. Separate legal advice and investigation materials from routine business records. Attorney involvement does not make pre-existing records or underlying facts privileged.

2. Build a transaction chronology. Include bank designation and ownership history, U.S. status and presence, account balances, each relevant debit and credit, the client’s knowledge, available authorizations, and any third-party reports or government contact.

3. Analyze liability transaction by transaction. Do not disclose a licensed payment as an admitted violation without checking the license; do not omit unfavorable transactions merely because they complicate the narrative. Identify uncertainties honestly.

4. Decide whether to send an initial notification promptly. Describe the apparent conduct and investigation status accurately, identify a contact, and request an appropriate timetable for a complete report where necessary. Avoid an empty placeholder that conceals material facts already known.

5. Prepare the detailed submission: parties, dates, amounts, routes, legal authorities, discovery method, root cause, scope, responsible decision-makers, harm, prior compliance record, corrective actions, and supporting exhibits. Explain why VSD treatment is requested and separately support other mitigation.

6. Complete remediation and verify it. Suspend unauthorized routes, implement a lawful account disposition, correct reporting deficiencies as appropriate, train responsible staff or the individual, and preserve evidence that the changes work.

7. Maintain consistent responses across OFAC, banks and other agencies. Correct material errors promptly. Track commitments, supplemental requests, deadlines and the final disposition.

These steps are a case-management method, not a prescribed OFAC form. The report must fit the actual facts. A client should not invent a compliance program that did not exist or label a deliberate payment accidental without evidence.

Section 64. Building the investigation and mitigation record

The initial investigation should produce a common factual chronology and separate legal assessments. Include the institution's designation authorities and effective dates, the client's status and location, the property interests, each instruction and automatic entry, and the authorization available at the time. Classify each event as apparently authorized, apparently prohibited, outside the identified jurisdictional reach, or unresolved, with reasons. Do not turn a preliminary uncertainty into an unqualified admission, and do not suppress an adverse event because it complicates the account. The full report should allow OFAC to understand both the apparent violation and its context. [S6]

Where the client relied on a professional, obtain the engagement scope, instructions, facts supplied, actual advice, timing, qualifications and evidence of conformity. An opinion obtained after the transaction may assist present remediation but cannot establish that the client relied on it beforehand. A contemporaneous opinion also cannot supply an authorization that the applicable rule did not provide. Its civil value generally concerns enforcement factors, while its criminal significance

depends on the relevant intent element and the facts. Before relying on the advice in a submission, evaluate whether doing so puts privileged communications at issue. Section 61 develops that analysis. [S47, S54, S57]

Distinguish the explanation for the past event from proof of present remediation. For an individual, useful evidence may include cessation of recurring instructions, a completed review of all related accounts, a documented authorized closure plan, corrected reporting, and a simple screening and escalation practice for future payments. For a business, address who controlled the conduct, what controls failed, whether the issue affects other operations, and how corrective measures were tested. Do not invent the history of a compliance program or describe post-discovery improvements as though they had existed before the transaction. [S6]

For a noncitizen, retain a separate assessment of the immigration use of that record. An explanation supporting OFAC mitigation may contain facts relevant to good moral character, an application question or an alleged ground of removal. Later remediation can support rehabilitation without necessarily qualifying as an extenuating circumstance for an earlier unlawful act. The chronology can be shared among advisers, but legal conclusions should be tailored to the actual statute and proceeding. Section 71 explains why neither a favorable OFAC outcome nor a valid privilege assertion determines the immigration result. [S60, S62]

Section 65. Illustrative disclosure decisions involving an SDN bank

Example one concerns an account opened lawfully before designation and before the holder's U.S. presence. The file contains no client-directed dealing after arrival, but property may have become blocked and a report may be overdue. Counsel should identify the actual holding and reporting duties before describing the case as repeated prohibited transfers. Preserve the designation and arrival evidence, identify the original reporting trigger, and address the late filing accurately. A VSD analysis may concern an omission rather than a series of payments; the narrative should not erase that distinction.

Example two concerns several card payments after the holder arrived in the United States. The card merchant's nonblocked status, ruble denomination and personal nature do not supply a general defense to use of the blocked bank. Nevertheless, each event requires the actual prohibition, authority, date and available license to be checked. Separate automatic bank entries from client instructions. Assess awareness and advice without confusing civil strict liability with criminal willfulness, and determine whether a bank's required blocking or rejection report affects VSD qualification. [S1, S6, S7]

Example three concerns an attempted transfer stopped by a correspondent. Do not assume that no liability exists because the transfer failed: the governing rules may reach attempts or causation.

Equally, do not infer a completed transfer from the original instruction alone. Obtain the return, rejection or blocking information and reconstruct the route. The third-party reporting exclusion must be analyzed under the Guidelines, including its timing-independent operation. If VSD status is unavailable, a truthful explanation, cooperation, remediation and a supported merits defense may still matter. [S6, S7]

Example four concerns a licensed closure that later encounters a bank's operational refusal. Preserve the authorization analysis and ask what prevented execution. A lawful proposal does not become prohibited solely because the receiving bank declines it; a rejected operational route also does not authorize the client to improvise another. Reassess any substitute intermediaries, conversion or securities-sale steps, and keep the pending account in an authorized holding arrangement. Avoid describing an unsuccessful licensed plan as a completed unblocking or as a cure for earlier unlicensed conduct.

X. REMEDIES AND DEFENSES

This Part sets out the paths available when a sanctions problem arises: delisting and specific licensing for designated persons; judicial review of OFAC designations; winddown, divestment, and contractual mechanisms for counterparties; and the defenses available in civil and criminal enforcement actions.

Section 66. Remedies for designated persons: delisting and specific licensing

A person designated on the SDN List, the SSI List, the CAPTA List, or the Non-SDN Menu-Based Sanctions List may petition OFAC for removal under 31 C.F.R. § 501.807, the cross-referenced reconsideration provision applicable to Part 589 by virtue of § 589.501 and the Note to § 589.201. The petition is an administrative submission, ordinarily confidential, and may proceed on one or more of three theories: factual error in the basis for designation; a change in circumstances since the designation (most commonly, divestment from the sanctioned conduct, sale of the entity, or genuine change of ownership and control); or the petitioner's commitment to verifiable compliance measures sufficient to satisfy OFAC that the conduct will not recur. OFAC may issue interrogatories, require document production, and negotiate compliance undertakings.

Timelines run from months to years; the burden of persuasion rests on the petitioner. Delisting is uncommon but real: the March 2026 removal of three Russian-flagged vessels confirms that the agency does remove entities following the conclusion of its internal-review process.

There is no mandatory timeline. OFAC is under no regulatory deadline for resolving either a delisting petition under 31 C.F.R. § 501.807 or a specific-license application. Delays of a year or more without substantive communication are common, and a petitioner should plan its commercial affairs on that assumption rather than on an expected decision date. Where delay becomes unreasonable, the petitioner may seek to compel a decision under 5 U.S.C. § 706(1), which authorizes a reviewing court to compel agency action unlawfully withheld or unreasonably delayed. Submission method. On June 29, 2026, OFAC launched an online reconsideration portal with revised submission guidance for § 501.807 petitions. The announcement indicated that electronic-mail submission would be phased out in future; it did not state that email submission ceased on launch, and a petitioner should confirm the accepted method at the time of filing. The portal may affect how quickly petitions are docketed and processed. It creates no binding timeline and does not alter the petitioner’s burden of persuasion. Confirm the accepted submission route when filing; the Third Edition cutoff is September 20, 2026.

Where outright delisting is not available, a specific license may authorize otherwise prohibited dealings on a tailored basis. For designated individuals, the most operationally important specific licenses are those authorizing the release of limited blocked funds for payment of legal fees and costs incurred in challenging the designation, and for basic living expenses. OFAC's published guidance on legal-fee licenses, available on the Russian Harmful Foreign Activities Sanctions program page, is the operative agency statement of the relevant policies, and § 589.506(b) and the Note thereto confirm the procedural framework. Section 589.507 further authorizes the receipt of payment of professional fees and reimbursement of incurred expenses for the provision of

authorized legal services, where the funds originate outside the United States and outside the possession or control of any U.S. person, on the additional condition that the funds do not originate from any other blocked person. Record-keeping requirements applicable to such receipts are set out in § 589.507(b) and require retention of records for ten years.

Section 67. Judicial review of OFAC designations

Designations are subject to judicial review under the Administrative Procedure Act, principally in the United States District Court for the District of Columbia. Courts apply a deferential arbitrary-and-capricious standard and review the administrative record before the agency, with limited access for the petitioner to any classified portions of that record. Constitutional challenges — under the Fifth Amendment's Due Process Clause, the First Amendment's freedom of association, and the Fourth Amendment's protection of property — have produced incremental procedural gains but have generally left the substantive Russia framework intact. A noteworthy 2024 development is the United States Court of Appeals for the Fifth Circuit's decision in Van Loon v. Department of the Treasury, which held that immutable smart-contract code is not 'property' subject to OFAC blocking. The decision narrows the scope of OFAC's blocking authority over decentralized software but does not directly affect traditional Russia-program designations, which involve identifiable persons, entities, and conventional property interests of the kinds enumerated in 31 C.F.R. § 589.331.

Section 68. Remedies for counterparties: winddown, divestment, and contractual mechanisms

When a Russian counterparty is newly designated, the counterparties on the other side of existing transactions have, in the ordinary case, only a short window — often weeks — to extricate themselves. OFAC has consistently issued short-fuse winddown general licenses on the day of major designations, authorizing the completion of in-transit shipments, the closure of accounts, the unwinding of derivative contracts, and the payment of receivables into blocked accounts. The Rosneft and Lukoil winddown licenses of October and November 2025 (Russia-related General Licenses 126 and 127), and the parallel divestment licenses for Lukoil's international assets (Russia-related General License 131 in its successive amended forms, currently 131J), are recent illustrations of the standard architecture. Section 589.521 supplies the underlying ten-day winddown authorization for U.S. financial institutions maintaining correspondent or payable-through accounts for foreign financial institutions newly added to the CAPTA List, with the reporting requirements of subsection (b).

Where the counterparty's exposure is to assets rather than to flows, OFAC may also authorize divestment to a non-blocked acquirer. Such divestment licenses are typically conditional: they require that the sale completely sever ties between the divested entity and the blocked parent; that

any funds owed to the blocked parent be deposited into a blocked account subject to United States jurisdiction; and that the transaction not provide a windfall to the blocked parent, for example by means of up-front consideration or asset-swap arrangements. As of September 20, 2026, General License 131J authorizes negotiations and entry into contingent contracts for the sale of Lukoil International GmbH and its majority-owned subsidiaries. The actual closing of any such sale requires a further specific license from OFAC. GLs 128C and 130A authorize their own specified operations; neither should be treated as the same contingent-sale template as GL 131J. Their separate scopes and exclusions appear in Appendix A.

Beyond the licensing mechanisms, contractual remedies are an increasingly central component of cross-border risk allocation. Modern commercial contracts touching Russia exposure routinely include representations as to non-blocked status of counterparties and their beneficial owners; covenants restricting onward dealings with blocked persons; sanctions-event termination rights; specific authorization to refuse performance where doing so would breach United States, United Kingdom, or European Union sanctions; and indemnities allocating residual loss. The interaction of these clauses with force majeure provisions, the doctrine of frustration, and choice-of-law clauses has been the subject of substantial litigation in the commercial courts of New York, London, Singapore, and elsewhere since 2022. In the insurance markets, the Lloyd's Market Association sanctions-limitation clauses (LMA 3100 and 3100A) are the industry standard, and the price-cap-attestation regime has introduced new conditional-coverage architectures for protection-and-indemnity cover.

Section 69. Defenses to civil and criminal enforcement actions

Because civil violations of IEEPA are strict-liability offenses, lack of knowledge or intent supplies no general defense to an otherwise established strict-liability violation. A knowledge or reason-to-know condition in a particular rule, however, remains part of that rule’s analysis. They do, however, materially affect penalty exposure under the Economic Sanctions Enforcement Guidelines at 31 C.F.R. Part 501, Appendix A, and they remain central to defense practice. The principal defenses, in approximate order of operational importance, are the following.

First, **the transaction was authorized**: the alleged violator may show that the conduct fell within a statutory exemption under 31 C.F.R. § 589.214 (or the parallel statutory exclusions of 50 U.S.C. § 1702(b)), within the scope of a general license, or within the terms of a specific license then in force. This defense is dispositive of liability where it succeeds, but its scope must be read narrowly. Section 589.502(c) provides that an authorization removes a prohibition only to the extent specifically stated, and creates no rights, duties, or obligations beyond those that would otherwise exist under ordinary principles of law. A license is therefore construed to its terms and no further, and conduct outside those terms is unauthorized even where it is closely connected to conduct that was authorized.

Reliance on informal advice, on a prior license issued to another person, or on a bank's willingness to process a payment is not equivalent to an applicable authorization.

Second, **no jurisdiction**: the alleged violator may show that the transaction was outside OFAC's jurisdictional reach altogether — for example, because no U.S. person, no U.S. property interest, no U.S. dollar clearing through a U.S. correspondent bank, no U.S.-located server, and no U.S.-routed approval was involved. This defense is most often available to non-U.S. persons facing causation theories under 31 C.F.R. § 589.213, and turns on a careful factual reconstruction of the payment flow and the operational structure of the transaction.

Third, **the counterparty was not blocked**: the alleged violator may show that the counterparty was not, at the time of the transaction, a blocked person — because the counterparty was not on the SDN List, because the Fifty Percent Rule was not triggered, in that the alleged owners' aggregate interest fell below fifty percent, or because the counterparty had been delisted prior to the transaction. A failure to establish ownership through documentation is not a version of this defense and should never be presented as one. It is an unresolved uncertainty, and it tends to aggravate rather than excuse, because proceeding in the face of it is a choice. The defense requires affirmative evidence that the ownership threshold was not met, documented as the analysis stood at the time of the transaction, including the lists checked, the screening tools used, and the diligence performed.

Fourth, mitigating-factor defenses: even where liability is established, the Enforcement Guidelines permit substantial mitigation. The principal mitigating factors are the existence and quality of a sanctions compliance program; the absence of recklessness or willfulness; cooperation with OFAC during the investigation; remedial measures taken upon discovery of the conduct; the absence of prior violations within a five-year look-back period; and, most consequentially, timely and complete voluntary self-disclosure, which changes the base-penalty calculation as explained in Section 60 rather than guaranteeing a percentage reduction of the final penalty. The five pillars of a sanctions compliance program identified in OFAC's 2019 Framework for OFAC Compliance Commitments — management commitment, risk assessment, internal controls, testing and auditing, and training — are the operative checklist against which agency reviewers evaluate compliance-program credit, and a regulated person preparing for a possible OFAC investigation should be prepared to demonstrate adherence to all five.

Fifth, for criminal liability, the willfulness defense: while civil liability is strict, criminal liability under 31 C.F.R. § 589.701(a)(3) requires that the violation be willful. In this context willfulness means that the defendant acted with knowledge that the conduct was unlawful. It is not satisfied by recklessness, and the civil formulations — reckless disregard of a known duty, conscious disregard of a substantial and unjustifiable risk — should not be imported into the criminal element, however familiar they are from the penalty and reporting cases. Counsel should charge the element from the

statute and the controlling circuit's pattern instructions rather than from a general description of scienter. The willfulness requirement is the principal substantive defense available in criminal prosecutions, and its application must be supported by the facts and controlling authority rather than by an assumption about how recent cases ended. Closely related is the defense of duress, available in extraordinary circumstances where the defendant can establish that the conduct was compelled by an immediate threat to safety and that no reasonable alternative was available.

Sixth, **constitutional and administrative-law challenges**: in addition to the merits defenses, regulated persons may challenge OFAC enforcement actions on procedural grounds, including failure to comply with the Pre-Penalty Notice procedures of 31 C.F.R. § 589.702, denial of meaningful opportunity to respond, and reliance on undisclosed evidence. Constitutional challenges, under the Due Process Clause of the Fifth Amendment, the property protections of the Fourth and Fifth Amendments, and the freedom-of-expression protections of the First Amendment, are available in limited circumstances and have produced incremental procedural gains in the courts of appeals. As discussed in Section 67 above, the substantive program has largely withstood constitutional attack, and these arguments are better understood as means of preserving procedural rights and shaping the administrative record than as routes to invalidating a designation. Due process, fair notice, and excessive-fines arguments should be preserved where the facts support them, and they should not be presented to a client as ordinary escape routes from a clear prohibition.

Section 70. Limitations: which historical transactions remain exposed

The question a client asks first is rarely doctrinal. It is whether an account opened years ago, or a payment made in 2021, can still be reached. The answer turns on a limitations regime that changed materially in 2024 and that is frequently described using the superseded period.

The period is ten years. Section 3111 of the 21st Century Peace through Strength Act, Pub. L. No. 118-50, signed April 24, 2024, extended the limitations period for civil and criminal violations of IEEPA and the Trading with the Enemy Act from five years to ten, codified at 50 U.S.C. §§ 1705(d) and 4315(d) and effective on signature. The period runs from the latest date of the violation on which the penalty is based. Before the Act, OFAC's civil actions were governed by the five-year period of 28 U.S.C. § 2462.

The transition rule is the part that decides most files. The extension reaches any violation that was not already time-barred when the Act was enacted, and it does not revive one that was. Stated that way rather than as a flat denial of retroactivity, the rule is accurate: the ten-year period does apply to conduct predating enactment, provided the old five-year period had not already run on it. OFAC's published position is that it may commence a civil enforcement action within ten years of the latest date of the violation where that date was after April 24, 2019. A violation whose latest date fell

before that boundary will ordinarily have run under the old five-year period, and one that had run cannot be revived. That is a conclusion to be reached on the particular facts rather than assumed from the date alone: a tolling agreement, or any other circumstance affecting the running of the period, can mean that a claim which appears expired on the face of the calendar had not in fact expired when the Act was enacted. A violation dated after it carries a ten-year exposure: conduct on April 25, 2019 remains actionable until April 25, 2029, absent tolling or any other circumstance altering the computation. Use the boundary to prioritize civil exposure, not to discard earlier records or postpone urgent blocking and reporting. Earlier history may establish ownership, lawful source or the context of later conduct.

Commencement, for these purposes, is the agency's act rather than a court filing. The Act provides that the commencement of a civil enforcement action includes the issuance of a pre-penalty notice or a finding of violation. A limitations analysis therefore measures to the date of that instrument, not to the date of any later settlement or litigation.

Completed and continuing violations must be distinguished, and the distinction should not be conceded. Each prohibited transaction is ordinarily its own violation with its own date, and the last unrelated use of an account does not extend the period for every earlier transaction. Where the alleged violation is an omission — a failure to block, a failure to file a required report — the analysis differs, and the agency may characterize the conduct as continuing. That characterization is contestable and counsel should preserve the objection rather than adopt the agency's framing. Neither does an old account-opening date start a single clock governing everything that followed.

Tolling and the criminal side require separate treatment. A voluntary self-disclosure is not a tolling agreement and does not suspend the period. Where OFAC requests a tolling agreement, it should be reviewed for scope, parties, duration, and strategic consequence, and signing one is not a routine precondition to responding. On the criminal side, the constitutional prohibition on reviving an already-expired limitations period, addressed in *Stogner v. California*, 539 U.S. 607 (2003), is a distinct question from the civil transition rule and the two should not be collapsed. And the IEEPA period governs only IEEPA claims. Tax, FBAR, money laundering, false statement, and conspiracy allegations each carry their own periods, which must be calendared independently.

A limitations defense can defeat a penalty or criminal charge when its elements are established. It does not unblock property, authorize future dealing, or extinguish present reporting duties. Section 501.601's ten-year recordkeeping rule took effect March 12, 2025; blocked-property records must remain available throughout blocking and for at least ten years after unblocking. Apply the statutory transition and criminal retroactivity analysis in this section independently of retention. A document-destruction instruction must also respect litigation holds, subpoenas and other regulatory periods. [T07]

Section 71. Immigration consequences of disclosure and silence

The benefit sought determines the burden

A noncitizen can invoke a valid privilege against criminal self-incrimination, but that protection does not establish eligibility for an immigration benefit. Naturalization applicants must demonstrate good moral character during the applicable statutory period and through the oath, including the interval after examination. Good moral character is broader than the absence of a conviction. It is not, however, a universal continuing proof obligation imposed on every noncitizen simply to retain existing status. Distinguish denial of an N-400, denial of another benefit and a legally supported ground for removal. [S60, S61, S65]

In a benefit proceeding, withholding information necessary to prove eligibility may leave the applicant unable to carry the burden even without an inference of wrongdoing. The effect depends on the question, its relevance and the remaining evidence. Baxter permits adverse inferences in appropriate civil settings, but it is not an automatic rule that invocation proves an offense or an investigation. In Matter of Guevara, the BIA held that silence alone did not establish the government's prima facie case of alienage. Apply the forum's allocation of burdens: § 1240.8 distinguishes DHS's burden to establish deportability from the applicant's burden to establish eligibility for relief. [S61]

Truthful answers and good moral character

An honest account of a bank transaction is not necessarily an admission of an unlawful act: jurisdiction, designation, the particular prohibition and any authorization must first be established. Section 316.10(b)(3)(iii) addresses unlawful acts during the statutory period that adversely reflect on moral character, subject to extenuating circumstances. USCIS's unlawful-acts guidance encompasses civil as well as criminal law and does not require a charge or conviction. Thus, an underlying sanctions violation can matter even without a prosecution, but strict civil liability alone should not be equated automatically with a moral-character determination. [S60, S62]

A no-penalty OFAC disposition does not answer the immigration question. Distinguish no action, a finding of violation and a settlement of apparent violations; examine findings, admissions, disputed facts and any nonadmission clause. Lack of a monetary penalty neither proves that the conduct was lawful nor establishes the unlawful act and adverse character reflection required for this particular bar. This guide identifies no sanctions-specific immigration holding making every such settlement conclusive. Counsel should assess the underlying evidence rather than importing the settlement label as an immigration result. [S6, S60, S62]

Extenuating circumstances concern circumstances preceding or accompanying the act; later cooperation, restitution or improved compliance is not automatically an extenuating circumstance for

that act. Keep contemporaneous explanations separate from later rehabilitation evidence in the file. In the Ninth Circuit, Hussein v. Barrett requires consideration of all relevant factors in the ultimate assessment under this regulatory catch-all rather than treating it as a per se bar. OFAC mitigation and immigration character evidence may overlap, but their legal tests are different. [S62]

False answers are a separate danger

Do not present lying as a permissible strategy. Under INA § 101(f)(6), as construed in Kungys, false testimony means oral statements under oath made with the subjective intent to obtain an immigration benefit; materiality is not required for that bar. It is generally a statutory-period bar, not an automatic lifetime bar for every inaccurate statement. A written falsehood outside that definition can nevertheless create other misrepresentation, criminal or eligibility problems, and an oral adoption under oath requires separate analysis. [S63]

Naturalization obtained illegally or through the statutory forms of concealment or misrepresentation can be revoked under 8 U.S.C. § 1451. Do not equate every false answer with automatic denaturalization: the applicable ground and its elements must be established. Maslenjak requires a connection between illegality and obtaining citizenship for the criminal procurement offense it addressed. Distinguish that holding from the separate false-testimony GMC rule. The practical instruction remains to answer truthfully or obtain advice about a valid privilege assertion and procedural alternatives. [S64]

Sequencing and disclosure visibility

There is no sound universal conclusion that silence is the least damaging choice. Before an N-400, interview, oath, VSD or consequential response, sanctions, criminal and immigration counsel should review the actual questions, existing record, incrimination risk and benefit requirements together. Consider whether a properly supported continuance, deferral or withdrawal is available and appropriate; none is guaranteed or automatically suspends other duties. Passage of time can affect a statutory-period analysis, but earlier conduct may remain relevant to present character, and new conduct requires its own analysis. An open investigation alone is not a finding of misconduct or an automatic rule stopping the moral-character period. [S60]

A refusal during an immigration interview is directly before the adjudicator. An assertion to OFAC, a court or a tax authority has a different visibility analysis; assess the particular record, lawful sharing channels and applicable confidentiality rules, including IRC § 6103 where relevant. Neither an OFAC submission nor a privilege notation should be assumed automatically public, routinely transmitted to USCIS, or insulated from lawful access. A VSD can supply relevant factual evidence and must be reconciled with truthful immigration responses, but there is no basis here to rank it categorically as more damaging than silence. Preserve context and correct errors promptly. Do not

delay a mandatory report or make a misleading disclosure to protect an immigration application. [S67]

Benefits and removal require separate analysis

GMC also matters for specified forms of relief, such as nonpermanent-resident cancellation of removal; it is not a universal statutory element of all adjustment applications or of permanent-resident cancellation. Adjustment under § 1255 is discretionary, so adverse conduct can matter independently of a formal GMC requirement. Apply the actual benefit statute, relevant exceptions and allocation of burdens. [S66]

INA § 237(a)(4)(A)(i), 8 U.S.C. § 1227(a)(4)(A)(i), reaches specified activity violating or evading laws prohibiting exports from the United States of goods, technology or sensitive information, as well as espionage or sabotage. Some IEEPA conduct may implicate that text; an ordinary SDN-bank debit is not automatically an export of those items merely because IEEPA is involved. Evaluate the actual conduct and any other applicable inadmissibility or deportability ground. Filing for a benefit can bring relevant facts to the government's attention, but invocation of the Fifth Amendment or denial of naturalization does not by itself terminate lawful permanent residence. [S65]

Worked immigration assessment for an account holder

Assume an LPR preparing an N-400 learns that past Russian-bank card payments may have violated E.O. 14024. The first task is to determine whether those payments were actually prohibited, what facts any professional advice addressed, and what the immigration application asks. A licensed payment should not be characterized as an unlawful act merely because its bank is an SDN. If conduct was unlawful, assess the character implications, relevant period, contemporaneous circumstances and applicable circuit law. Do not infer from a strict-liability civil theory that a willful offense or a removable offense has necessarily been established. [S1, S60, S62]

Next compare the existing record with the proposed OFAC narrative and anticipated sworn answers. Counsel should identify which questions present a real criminal-incrimination risk, whether a particularized privilege assertion is available, and what information remains necessary to meet the applicant's burden. A valid assertion is not false testimony, but it may leave a benefit claim unproved. A false answer under oath made to obtain an immigration benefit introduces a distinct danger under Kungys. The response cannot be chosen from a slogan that disclosure always cures the matter or silence is always safest. [S61, S63]

If an OFAC settlement is proposed without an admission or penalty, read the actual terms. Determine what it resolves, what findings it contains and what the client has already stated elsewhere. Immigration authorities apply their own eligibility and evidentiary rules. A negotiated nonadmission clause should not be represented as binding USCIS, while an unresolved apparent

violation should not automatically be presented as a judicial finding of misconduct. The practical objective is a truthful, legally precise and coordinated record, with the client informed of the remaining consequences before making a consequential submission.

XI. COMPLIANCE-DRIVEN BREACH: CONTRACT, TORT, AND GOVERNANCE EXPOSURE

This Part addresses the consequences of lawful compliance. It begins where Part X ends, at the point where a sanctions-driven refusal to perform stops being a regulatory question and becomes a dispute between contracting parties. It treats the contract-law excuse doctrines and their limits, force majeure and the independence principle, good faith and overcompliance, the collision between United States sanctions and foreign blocking statutes, exposure in tort, governance, insurance, and financing, the litigation and remedial landscape, and the deliberate contractual allocation of sanctions risk.

The preceding Parts ask a single question in many forms: is this transaction permitted? Part X then asks what a person may do about an answer it regards as wrong — petition for delisting, seek judicial review, apply for a license, wind down, divest. This Part asks a different question, and one that the regulatory literature largely ignores. Assume the sanctions analysis was correct and the compliance decision was right. The payment was declined, the guarantee was not honored, the account was frozen, the relationship was terminated. What is the exposure that the correct decision itself creates?

The answer, in a growing body of cross-border litigation, is that it can be substantial. Every sanctions decision of any consequence is taken inside a contract, and contracts have their own rules about what excuses non-performance. Those rules were not written with sanctions in mind, they are not administered by OFAC, and in many cases they are not applied by a United States court at all. The result is a structural mismatch that counsel must manage from both sides of the transaction: the same act that satisfies the regulator can generate a judgment, an asset seizure, or a tort claim in a forum the complying party does not control.

Section 72. Public-law legality is not private-law immunity

The organizing proposition of this Part is easily stated and frequently missed. A party can be simultaneously compliant with public law and liable under private law. Clearance under the sanctions regulations answers the regulatory question — was this act permitted, or required, under United States law? — and nothing more. It says nothing about whether the same act breached a guarantee, a letter of credit, a correspondent banking agreement, or a supply contract governed by a different legal system. Those are separate questions, answered by separate bodies of law, and an institution must clear both rather than one.

One statutory qualification belongs at the outset, because the proposition above is sometimes stated without it. IEEPA is not silent on private-law consequence. Section 203(a)(3), 50 U.S.C. § 1702(a)(3), provides that compliance with any regulation, instruction, or direction issued under the chapter is, to the extent of that compliance, a full acquittance and discharge of the obligation of the person complying, and further that no person shall be held liable in any court for anything done or omitted in good faith in connection with the administration of, or pursuant to and in reliance on, IEEPA or any regulation, instruction, or direction issued under it. A United States institution that blocks a payment because the regulations require it therefore has a statutory answer to a domestic claim that the block was a breach, and the answer is a discharge of the obligation rather than merely a defense to damages.

The provision is nevertheless narrower than blanket immunity, and the difference accounts for most of the litigation surveyed in this Part. Three limits matter. First, it protects what was done in

good faith *in reliance on* the regulations. A refusal driven by an institution's own risk appetite, rather than by an applicable prohibition — the overcompliance problem treated in Section 75 — is not obviously conduct undertaken pursuant to and in reliance on IEEPA at all. Second, the acquittance runs to the extent of the compliance and no further, so it does not reach collateral conduct such as the manner of termination, the adequacy of notice, or a representation made to the counterparty before the block. Third, it is a rule of United States law. A foreign court applying its own overriding mandatory provisions, or a counter-sanctions court of the kind described in Section 76, is under no obligation to give it effect, and the asset seizures that have generated this field of litigation have occurred in precisely those forums. The proposition that public-law legality is not private-law immunity therefore holds, but it holds as a statement about the residual exposure that § 1702(a)(3) leaves open rather than as a claim that no protection exists.

OFAC is institutionally indifferent to the second question. Nothing in Part 587 or Part 589 conditions a prohibition on the absence of contractual consequence, and § 589.201(d) states the point affirmatively: the prohibitions apply notwithstanding any contract or license predating the effective date. The regulatory regime thus creates the occasion for breach, and the defense it supplies — the good-faith protection of 50 U.S.C. § 1702(a)(3), set out below — is bounded in ways that leave a substantial residue of exposure. A firm can therefore pay twice for the same decision — once in forgone business, and once in damages, seized assets, or a judgment entered against it abroad.

The structure is not peculiar to sanctions. Export controls, anti-money-laundering rules, anti-boycott law, and cross-border data-transfer restrictions all produce the same shape of conflict, in which doing what the regulator requires breaches what the counterparty was promised. Sanctions are the sharpest current instance because the stakes are large, the triggers move quickly, and the jurisdictions in conflict are openly hostile to one another. The distinction between the compliance question and the liability question should therefore be built into the structure of the advice given, not discovered after a claim is filed.

Section 73. The excuse doctrines and the foreseeability problem

When a party invokes sanctions to justify non-performance, United States contract law offers three doctrinal routes, none of which was designed for this purpose. The first is **impossibility and impracticability**, under Restatement (Second) of Contracts § 261 and, for the sale of goods, Uniform Commercial Code § 2-615: performance must be objectively impossible, or so much more burdensome as to be commercially impracticable, by reason of an event the non-occurrence of which was a basic assumption of the contract. The second is **frustration of purpose**, under Restatement § 265: performance remains possible, but the purpose for which the party contracted has been destroyed by a supervening event. The third is **illegality**: where performance would itself

violate the law, illegality can excuse performance outright, but only where the governing law actually forbids performance of the contract as written rather than merely rendering it inconvenient or risky.

Each doctrine shares the same weak point in a sanctions setting, and it is foreseeability. Courts routinely deny impossibility and frustration defenses where the risk that gave rise to non-performance was foreseeable at the time of contracting. After 2014, and unmistakably after February 2022, sanctions risk in a Russia-linked transaction is not an unforeseeable event in the way that a natural disaster or the sudden outbreak of war may be. The party invoking the excuse is therefore arguing against the public record of the very program on which it relies.

Contract vintage is accordingly a substantive variable, not a filing detail. Agreements concluded before the target jurisdiction had any meaningful sanctions history carry the strongest impossibility and frustration arguments. Agreements signed or renewed after 2014 but before 2022 sit in a contested middle zone, where the question is whether the specific escalation was foreseeable even though some measure of sanctions risk plainly was. Agreements signed or renewed after February 2022, with an active and well-publicized regime already in force and the relevant sector already under scrutiny, face the steepest climb. Any assessment of an existing book of guarantees, letters of credit, or long-term supply agreements should be sorted along this timeline, and not merely by counterparty or jurisdiction.

The point generalizes beyond the Russia program and beyond recent practice. Courts have long declined to excuse performance on frustration grounds where strained diplomatic relations and the prospect of future restriction were already apparent when the parties contracted. The corollary for drafting is developed in Section 79 below: a party that wants protection against sanctions risk should allocate that risk expressly rather than rely on a doctrine that grows weaker with every month the program remains in the news.

Section 74. Force majeure clauses and the independence principle

Because the common-law excuses are narrow and foreseeability-sensitive, sophisticated contracts increasingly rely on bespoke force majeure clauses that list sanctions, embargoes, or governmental restrictions as qualifying events. The controlling instrument in that case is the contract, not the statute, and drafting quality determines the outcome. In *MUR Shipping BV v. RTI Ltd* [2024] UKSC 18, the counterparty's parent had been added to the SDN List, and the shipowner invoked force majeure to refuse further dollar payments even though the charterer offered to pay in euros and to bear the conversion cost. The court held that a reasonable-endeavours proviso does not oblige a party to accept non-contractual performance: payment had been defined in dollars, and the proviso was not a license to rewrite that definition. The decision arose under English law, but United States counsel should treat it as instructive, because dollar-denominated cross-border instruments

are commonly governed by New York or English law and both systems construe force majeure provisions narrowly against the party invoking them.

The same interpretive rigor applies to bespoke sanctions clauses. Where a confirming bank declined payment under a letter of credit because internal screening had flagged a possible — but unlisted and unconfirmed — ownership link affecting the carrying vessel, the clause was held to require objective application. The question was whether the vessel was in fact subject to an applicable restriction, not whether the bank's internal risk appetite made refusal commercially rational. A sanctions carve-out is not a free option to decline performance whenever compliance risk feels elevated. It must bite on the facts.

The independence principle sharpens the problem to its point. Letters of credit are governed in the United States by Article 5 of the Uniform Commercial Code, which applies to undertakings meeting its definition and not to every independent guarantee; a demand guarantee issued under foreign law, or one falling outside Article 5's scope, is governed by its own rules and should not be analyzed as though Article 5 applied to it. In cross-border practice these instruments commonly incorporate the ICC's UCP 600 or URDG 758. Both regimes rest on the independence, or autonomy, principle: the issuer's obligation to pay is independent of the underlying commercial contract and of any dispute between applicant and beneficiary. That independence is precisely what makes these instruments function as reliable payment mechanisms, and it is precisely what a sanctions refusal strains. The independence principle does not, however, displace federal law. Where honoring a presentation would itself be a prohibited transaction, the issuer is not obliged to make an unlawful payment, and the absence of a sanctions clause does not convert a prohibition into a duty to pay. The exposure arises in the space between those two positions: where the prohibition does not in fact reach the presentation, and the refusal rests on apprehension rather than on an applicable restriction.

The recognized exceptions are narrow. Uniform Commercial Code § 5-109 permits dishonor, or judicial injunction, where the required documents are forged or materially fraudulent, or where honoring the presentation would facilitate material fraud by the beneficiary. Neither Article 5 nor the ISP98 rules that commonly govern standby credits supplies a general illegality or sanctions exception beyond whatever the parties have expressly drafted into the instrument. Three consequences follow. A bank that refuses a conforming demand on sanctions grounds, absent an express and applicable sanctions clause, is in breach of the credit or guarantee. Where such a clause is present, it will be construed narrowly and objectively, and the bank bears the burden of showing that the restriction actually applied. And the bank faces this choice under time pressure, ordinarily before any license application could be resolved.

The remedy for getting it wrong is specific. Uniform Commercial Code § 5-111 gives the beneficiary of a wrongfully dishonored conforming presentation the face amount of the credit — or, for a non-monetary obligation, specific performance or its value — together with incidental damages, with interest from the date of dishonor and, in several states, attorneys' fees to the prevailing party. Consequential damages are generally excluded, but on a large guarantee the face amount alone is a serious exposure. Critically, § 5-111 gives the issuer no built-in right to set that liability off against what it may or may not recover from its own applicant. Unless the reimbursement agreement addresses dishonor for sanctions reasons expressly, the issuer can satisfy a wrongful-dishonor judgment out of pocket while pursuing a separate and slower claim against its customer.

Section 75. Good faith, contractual discretion, and overcompliance

A significant share of the litigation in this field is not framed as a dispute about whether sanctions applied. It is framed as a dispute about how the decision was made. The allegation is that the refusing party never genuinely tried: that it declined to apply for an available license, failed to investigate an ownership flag that proved stale or mistaken, ignored an obvious alternative payment route, terminated at once rather than engaging, or adopted the most defensive posture available because that was the path of least institutional resistance. Pleaded that way, the claim is for breach of an implied obligation rather than an express one — the covenant of good faith and fair dealing recognized in Uniform Commercial Code § 1-304 and across state common law, a duty to cooperate in achieving the contract's purpose, or abuse of a contractual discretion exercised reflexively rather than honestly.

The factual questions this theory raises are uncomfortable ones for a compliance function to answer after the fact. Did the party actually have to refuse, or did it choose the safest available posture? Did it investigate whether the specific transaction was caught, or act on an unconfirmed internal flag? Did it consider whether a general license already covered the transaction, or whether a specific license was available? Did it communicate with the counterparty and weigh workable alternatives before terminating? Was a contractual right to suspend, to request information, or to delay exercised as a genuine judgment, or as a formality constructed to support a decision already taken on other grounds? None of this requires proof that the underlying sanctions analysis was wrong. A correct conclusion about prohibited performance does not necessarily dispose of a distinct notice, misrepresentation or other collateral claim. The applicable duty, causation, loss and § 1702(a)(3) protection must still be analyzed; liability for the manner of the decision is not automatic.

Overcompliance is the recurring source of this exposure, and it must be distinguished from legal compulsion. The sanctions regulations do not require the elimination of every conceivable risk. They require that specific, defined prohibitions not be violated. Institutions nevertheless terminate whole categories of customer, decline transactions that are not in fact

prohibited, close correspondent relationships wholesale, and refuse payments merely because they touch a high-risk jurisdiction. That response is rational in the face of regulatory uncertainty and reputational risk, but it is a commercial choice rather than an act of compliance, and a commercial choice presented as a legal necessity receives no deference from a court applying ordinary contract doctrine. Part VIII of this Treatise describes a licensing architecture built precisely so that lawful activity may continue. A party that declines to use it, and then pleads compulsion, is arguing against the structure of the regime it invokes.

Section 76. Conflicts of law: blocking statutes and counter-sanctions regimes

A second layer of exposure arises because a sanctions decision frequently collides with the law of a third jurisdiction that does not recognize the sanctioning state's authority. For a multinational group the operative question is rarely which law governs the contract. It is which illegality prevails, where a single transaction may be prohibited by United States sanctions, required to continue by a European blocking statute, restricted under United Kingdom or Canadian measures, and exposed to Chinese or Russian countermeasures, all at the same time.

The character of the compliance obligation in each jurisdiction does most of the analytical work. Compliance is *mandatory* where the jurisdiction's own law directly requires the act, as it does for a United States person facing a primary prohibition under Part 587 or Part 589. Compliance is *prohibited* where another jurisdiction's law makes the complying act itself unlawful. Compliance is *voluntary* where no direct legal obligation binds the acting party in its own jurisdiction and it complies from commercial self-interest — most often to preserve access to the United States market or financial system under secondary-sanctions pressure. Mandatory compliance is the strongest answer to a private-law claim. Prohibited compliance creates a fresh source of liability in the second jurisdiction. Voluntary compliance is the weakest of the three, because there was no legal compulsion at all, only the ordinary business risk that any commercial actor bears for its own choices. The distinction maps directly onto the primary and secondary distinction drawn in Section 7: a non-United States entity responding to secondary-sanctions exposure is, in the eyes of its home court, frequently making a choice rather than obeying a command.

A carefully chosen governing-law clause does not dispose of the problem, because most conflict-of-laws systems permit a forum to apply certain of its own rules regardless of the law the parties selected, where those rules are treated as essential to the forum state's public interests. The doctrine is codified for European Union member states at Article 9 of the Rome I Regulation and is recognized in comparable form elsewhere. Selecting New York law protects a party's contractual analysis. It does not prevent a foreign court from reaching past the clause once it concludes that the dispute touches its own overriding public policy.

Three regimes illustrate the range. The European Union's Blocking Statute, Regulation 2271/96, prohibits European Union persons from complying with the extraterritorial United States measures specified in its Annex. The scope of that Annex is the threshold question and it is frequently skipped: the instrument is not a general European prohibition on complying with United States sanctions, and the Russia-related authorities discussed in this Treatise are not listed in it. The leading authority arose under the listed Iran-related framework. In *Bank Melli Iran v. Telekom Deutschland GmbH*, Case C-124/20, the Court of Justice held that a company terminating a contract to avoid United States sanctions exposure may be required to justify that decision before a national court, while requiring the national court to assess proportionality, including the probability and scale of economic loss, when considering annulment of the termination. It is not a categorical immunity from continued-performance relief whenever U.S. market access is threatened. The reasoning travels — a court asking whether compliance was compelled or merely commercially attractive is asking the question that recurs throughout this Part — but the holding does not, and it should not be cited as though it governed a Russia-related termination. Russia's mechanism is procedural rather than substantive: Articles 248.1 and 248.2 of its Arbitrazh Procedure Code confer exclusive jurisdiction on Russian commercial courts over disputes involving a Russian party affected by foreign sanctions, irrespective of any forum-selection or arbitration clause, and permit that party to enjoin its counterparty from proceeding elsewhere on pain of fines and asset seizure. China's 2021 Anti-Foreign Sanctions Law, with the associated blocking rules and the Unreliable Entity List, authorizes civil suits by parties harmed by a counterparty's compliance with foreign sanctions and permits designation for countermeasures.

The practical consequence is that the mandatory, prohibited, and voluntary analysis must be run separately for each relevant legal system, often for a single transaction, and that the same facts will be asked a different legal question in each forum. English courts tend to construe the contract as written. United States courts reach more readily for illegality and impossibility as freestanding doctrines. Civil-law systems more often organize the inquiry around good faith, abuse of rights, and public policy, asking not merely what the contract says but whether the invocation of a contractual right was itself abusive. No approach is more correct than the others. The point for planning is that multi-jurisdictional sanctions disputes rarely settle on a shared theory of the case, because there is no shared question.

Section 77. Exposure beyond contract: tort, governance, insurance, and financing

Tort. Where a United States parent directs a foreign subsidiary to terminate a supply or offtake agreement solely because of secondary-sanctions exposure that the subsidiary is not itself legally compelled to avoid, the subsidiary's counterparty may have a claim against the parent for inducing the breach, distinct from any claim against the subsidiary. United States courts are divided on how

readily that claim reaches a parent-subsidiary relationship: many jurisdictions recognize a qualified privilege permitting a parent to direct a wholly owned subsidiary in the subsidiary's own economic interest, defeating the claim unless wrongful means were used or the parent acted against that interest. A bank that repeatedly assures a counterparty that a guaranteed payment is forthcoming, and then freezes it when a sanctions issue surfaces, may face a claim in negligent misrepresentation for reliance losses that exceed the contract measure. Where several entities within a group, or a bank and its correspondent, coordinate a refusal, unlawful-means conspiracy and related economic torts become live in some jurisdictions.

Governance. A sanctions decision of any size is taken or delegated by identifiable people and is capable of generating liability distinct from the contract and tort exposure just described. Under Delaware law, the *Caremark* line holds directors to a duty-of-loyalty standard — not the more forgiving duty of care — for a sustained or systematic failure to implement or monitor a reasonable compliance and reporting system, with the protection of the business judgment rule unless the failure amounts to bad faith. Sanctions compliance at an internationally active institution is the kind of mission-critical legal risk that recent Delaware decisions have flagged for board attention. Two things about that standard are frequently misstated and should be fixed here. It is a duty-of-loyalty theory, not a duty-of-care one, and it requires a sustained or systematic failure to implement or monitor a reporting system, amounting to bad faith. It is therefore not ordinary negligence in sanctions compliance, and a single mistaken call — however costly, and however plainly wrong in hindsight — does not meet it. The narrower point for present purposes is this: a sanctions decision taken without weighing the private-law exposure surveyed in this Part — contract breach, foreign litigation, blocking-statute liability, available insurance — is more vulnerable to the claim that it was taken irrationally, on top of whatever liability the decision itself produces.

Insurance. This is the element most often overlooked, and it is where the loss created by the compliance decision meets the program that was bought to absorb loss, and the two do not always meet cleanly. Directors-and-officers, trade credit, and political risk policies in both the London and United States markets carry broad sanctions exclusion clauses denying cover to the extent that payment would itself expose the insurer to sanctions risk — an approach OFAC's own published guidance treats as the standard means by which insurers operate globally without violating United States sanctions. What follows from that is narrower than it is often stated to be, and it is worth stating narrowly. Whether a directors-and-officers policy responds to a sanctions-related fiduciary claim, and on what terms, depends on the wording of the particular policy: defense costs and indemnity are separately treated in most forms, and whether a civil penalty is indemnifiable at all turns on the policy language and on the public-policy rules of the governing jurisdiction, which differ. Whether a trade credit or political risk policy responds to a loss arising from the insured's own compliance-driven withdrawal likewise depends on the wording: some forms address the insured's

own act expressly, others do not, and the sanctions exclusion itself is directed at the insurer's exposure rather than at the origin of the loss. The point for planning is not that cover is absent but that it cannot be assumed, and that the gap tends to open in exactly the scenario the rest of this Part describes. The entity compelled to comply, and to absorb the resulting loss, is frequently the entity whose insurance program was built to exclude that precise risk. The proposition should not be pressed into a rule that a sanctions exclusion defeats every claim connected to sanctions. These clauses are construed on their wording and against the facts: the question is whether payment of the particular claim would itself expose the insurer to a sanctions risk, which is narrower than whether the loss arose in a sanctions-related context. Policy wording, governing law, and the specific loss must be read together before coverage is written off.

Financing. Guarantees, letters of credit, and the receivables behind them are frequently financed further down the chain, through factoring, assignment, or securitization, which adds parties to the question of who absorbs a sanctions-driven loss. An assignee ordinarily takes the receivable subject to the defenses the account debtor could have raised against the assignor, so a sanctions dispute over the underlying obligation travels with the receivable unless the financing documents allocate that risk otherwise. In recourse factoring the originator typically remains exposed. In a non-recourse sale or true-sale securitization the payment-interruption risk is intended to sit with the purchaser or the special-purpose vehicle, assuming the transaction qualifies as a true sale — a fact-specific question that sanctions-driven non-payment tends to force into the open at the worst moment. Trade credit insurance is often layered over such programs to cover exactly this risk, which returns the analysis to the exclusion problem just described.

Section 78. Litigation, forum, and remedies

Where the compliance decision produces litigation, forum and enforcement determine outcomes as much as the merits. The first question is whether a hostile foreign judgment can be collected in the United States. Recognition of foreign money judgments is governed at state level — in New York, by Article 53 of the Civil Practice Law and Rules, enacting the Uniform Foreign-Country Money Judgments Recognition Act. The framework favors recognition, but it preserves mandatory and discretionary grounds for refusal, including repugnance to public policy, the absence of personal jurisdiction by standards a United States court would recognize, and conflict with a valid forum-selection agreement or an earlier judgment. A judgment obtained by disapplying a New York forum clause under Articles 248.1 and 248.2, or in defiance of a United States injunction, sits squarely within that zone. It is not, however, a guaranteed defense: recognition doctrine confers discretion rather than a bright-line rule. The same public-policy question arises one level up for arbitral awards, where Article V(2) of the New York Convention permits the enforcing forum to refuse recognition on

non-arbitrability or public-policy grounds, a power exercised narrowly but genuinely available where an award would require performance benefiting a blocked person.

The transaction-specific Russian-law framework is expanded in Section 112 and Appendix D: Decrees 81, 95, 618 and 302, Type C and Type In accounts, company-exit conditions, separate cash and outward-transfer rules, and the identified but not fully verified 2026 deposit instruments. Do not read any of these as U.S. permission. A required Russian tax, budget contribution, escrow deposit or compulsory transfer must independently satisfy applicable U.S. restrictions and any license terms. Local impossibility may affect remedy and enforcement analysis but does not itself authorize prohibited dealing.

Anti-suit relief protects proceedings, not assets. Where an entity faces both domestic and foreign exposure from the same decision, a strong governing-law and forum-selection clause, paired with a willingness to seek an anti-suit injunction promptly, gives real leverage over disputes touching United States assets or a United States correspondent relationship. It gives no protection whatever to assets held inside the counter-sanctioning jurisdiction, which are subject to attachment on that jurisdiction's own terms. Routing disputes to neutral international arbitration reduces the risk of a partisan forum and is harder to disapply, but it produces an award rather than protection: a clean result in a neutral seat does nothing to prevent attachment of whatever the losing party holds onshore. Litigation risk and asset risk must be planned for separately.

The remedial menu varies by theory, and the differences matter for sizing exposure. Wrongful dishonor of a letter of credit or guarantee carries the face amount and incidental damages under Uniform Commercial Code § 5-111, as described in Section 74 above. Ordinary breach carries expectation damages, subject to mitigation and to any enforceable liquidated-damages provision. Specific performance and injunctive relief are generally unavailable where damages are adequate, but become live where the obligation is not purely monetary — a demand to transfer specific instruments, or to release specific collateral. A declaratory judgment is frequently the fastest and lowest-risk first move for a party anticipating a dispute, since it can settle the applicability of a sanctions or force majeure clause before a beneficiary draws or a counterparty sues. Restitution and unjust enrichment matter where a benefit was conferred under a contract later excused. Whether a claimant may recover lost-opportunity damages — the value of a transaction it could not pursue because a compliance-driven payment failure tied up its capital or collateral — remains genuinely unsettled, and the foreseeability analysis that governs it cuts in both directions.

The compliance file is evidence. A point of practice deserves emphasis because it decides cases. Compliance-committee minutes, escalation memoranda, and internal risk correspondence routinely become the central exhibits in litigation over a sanctions-driven refusal, because they speak directly to the question raised in Section 75: did the institution believe performance was unlawful, or

did it believe performance was commercially undesirable and reach for the sanctions justification afterward? That distinction is visible chiefly in the institution's own contemporaneous records. The sanctions opinion and the decision memorandum should therefore be prepared on the assumption that a court will read them. Privilege is a separate question from discoverability and should not be assumed: routine business records do not become privileged because counsel collected them or was copied on them, and the protection available to a legal opinion differs from that available to the compliance committee minutes recording the decision. Counsel should identify, at the time the documents are created, which are intended as privileged legal advice and which are business records, and the obligation to preserve them attaches at the moment the issue arises, not when the complaint is served. The discussion here is confined to compliance-generated documentation as litigation evidence; the separate question of disclosure obligations to United States tax authorities is treated in Part XIII.

Section 79. Contractual allocation of sanctions risk and illegal performance

Everything to this point has asked a reactive question: once a sanctions event has occurred, may the affected party refuse performance, and what follows if it does? There is a prior and more useful question that the litigation framing obscures. Who should bear sanctions risk in the first place, as a matter of deliberate allocation at signing, rather than as a matter to be litigated afterward under whichever excuse doctrine happens to be available? Contracts already do this routinely for risks that are structurally identical — currency movement, new taxes, permit denial, political risk, change in law. Sanctions risk is not categorically different. It is newer, faster-moving, and harder to price cleanly, because the same transaction may be low-risk under one legal system and high-risk under another.

Allocation is a pricing decision as much as a legal one. A contract can state which party bears the cost of a sanctions-driven disruption, without qualification, rather than leaving the question to a court years later. A representation that a counterparty is not, and does not intend to become, exposed to a restricted sector is useful only if the contract also states who absorbs the loss, and on what timeline, should the representation later prove false through no failure of either party's diligence. An indemnity drafted for ordinary breach does not cover a loss arising from lawful compliance; if one party is to bear compliance-driven losses, the indemnity must say so in terms. And the tail must be priced, not merely the spread: a guarantee or long-term contract touching a politically exposed jurisdiction should be priced, through fees, collateral, or covenant structure, on the assumption that the allocated risk will at some point materialize.

The clause architecture that follows from this is granular. Force majeure is one tool among several. Modern cross-border agreements build in continuing representations that neither party nor its beneficial owners is a designated or blocked person, refreshed at defined intervals rather than

given once at signing; information and notification undertakings requiring prompt disclosure of a change in ownership, designation status, or applicable program; ownership covenants addressing the aggregation problem that the Fifty Percent Rule creates, on which see Section 23 and, for pooled vehicles, Part XII; a defined right to suspend rather than to terminate immediately, pending investigation or a license application; payment-rerouting and currency-substitution mechanics stated expressly rather than left to a reasonable-endeavours proviso; and license-cooperation and allocation-of-cost clauses specifying who must cooperate in a license application and who bears its legal cost and the delay it entails.

The license pathway deserves separate treatment, because a blocked obligation is suspended rather than extinguished. Blocked funds must ordinarily be placed in a segregated interest-bearing account under § 589.211 rather than returned or forfeited, and the underlying obligation may resume once a specific license issues or a general license comes to cover the transaction. Most contracts are silent on the mechanics of that suspension: who bears the cost of applying, whether the contractual clock is tolled while an application sits pending for the months described in Section 54, and what becomes of accrued interest, currency movement, or missed milestones during the freeze. Stating these terms expressly avoids litigating elementary questions of timing and cost on top of the underlying dispute.

Three further points of drafting practice recur. First, excuse and termination rights should be drafted to release a party where performance would be unlawful under the law applicable to either counterparty — its own sanctions regime, a blocking statute to which it is subject, or the other side's law — rather than relying on the home jurisdiction's illegality doctrine alone. Second, indemnification should be paired with a contractual right of set-off against other deposits, accounts, or receivables held for the same counterparty, since an indemnity is worth only the indemnitor's solvency and reach. That right must be drafted as conditional on legal authorization, because it cannot be exercised against blocked property. Section 587.405, and its counterpart at § 589.410, provide that a setoff against blocked property, including a blocked account, whether by a U.S. financial institution or any other U.S. person, is itself a prohibited transfer unless licensed. The same qualification governs netting, escrow release, the enforcement of security, and any other self-help remedy that would move blocked value: the contractual right survives, but its exercise requires an authorization the contract cannot supply. Third, the entity's asset map belongs in the transaction file: anti-suit relief and favorable forum clauses protect assets within the chosen court's reach, and guarantee or credit exposure booked or collateralized locally in a sanctioned jurisdiction carries residual risk that no drafting eliminates. To these should be added a confirmation that the relevant policies actually respond, which Section 77 suggests they frequently do not.

The four scenarios. Pulling the threads together, a sanctions-driven decision falls into one of four positions, and identifying which one applies is the most useful single diagnostic available to counsel facing a live issue. Compliance may be legally mandatory and contractually excused, where a sanctions or force majeure clause actually covers the situation and is drafted precisely enough to survive objective construction; the covered nonperformance may be excused, subject to the clause, other duties and governing law, and this is the position every recommendation in this subsection is directed toward reaching. Compliance may be legally mandatory but contractually uncompensated, where the party had no choice under sanctions law and the contract supplies no excuse, so that residual breach exposure must be assessed, including statutory protection, other excuse doctrines and the governing forum. Compliance may be commercially prudent but not legally required — the overcompliance scenario of Section 75 — which is the weakest of the four, because neither the sanctions defense nor any drafted excuse fits the facts. Or compliance with one jurisdiction's law may itself be unlawful under another, the scenario of Section 76. None of the doctrines surveyed in this Part changes which position a transaction occupies. What they determine is how severe the consequence is once it does, and how much of that severity can be shifted by drafting, pricing, insurance, or governance before the fact rather than litigated after it.

XII. SANCTIONS RISK FOR INSTITUTIONAL INVESTORS, POOLED INVESTMENT FUNDS, AND JOINT INVESTMENT ENTITIES

This Part treats the distinctive exposure of funds and pooled vehicles, where sanctions risk enters through investors and portfolio holdings rather than through a single chosen transaction. It addresses why the risk is structural, investor and limited-partner screening, portfolio and downstream-holding diligence, the management of newly blocked property, fund-level compliance and private-placement obligations, ongoing monitoring, and a catalogue of the situations that most demand vigilance.

The preceding parts describe sanctions risk as it presents itself to operating individuals and companies: a counterparty, a deal, a payment, an acquisition — a discrete transaction that can be screened, qualified, and cleared before it closes. Investment funds, pooled investment vehicles, and other joint investment entities face the same body of law, but the risk reaches them through a different mechanism and at a different scale. For these entities, exposure typically enters not through a single conscious decision but through **investors on one side and portfolio holdings on the other**, frequently several layers removed from anything the fund deliberately chose. A limited partner subscribes through a chain of feeder vehicles and nominees; a portfolio company is swept into blocked status overnight by a designation aimed at its ultimate parent; a downstream holding turns out to be majority-owned, through intermediate entities, by a person added to the SDN List last week. In each case the fund may hold, manage, or distribute blocked property without ever having transacted with a listed name. For institutional clients, therefore, sanctions compliance is not a back-office screening task but a **fund-governance function** that must be embedded in the vehicle's subscription, capital-call, distribution, and portfolio-management machinery.

What "swept into blocked status overnight" means. The phrase describes the automatic operation of the Fifty Percent Rule, not an exercise of agency discretion directed at the subsidiary. When OFAC designates a parent, an ultimate beneficial owner, or a general partner, any subsidiary or portfolio company in which that person holds a fifty-percent or greater direct or indirect aggregate interest is blocked immediately, without a separate listing, without notice, and without any investigation specific to the subsidiary. Counterparties must treat the subsidiary as blocked from the moment the parent is designated, and not from the moment — if it ever arrives — at which the subsidiary is separately named. For designations made under Executive Order 14024, the operative provisions are those of 31 C.F.R. Part 587. For E.O. 14024 blocking and ownership, see §§ 587.201 and 587.406. [S1]

This Part identifies the situations in which such entities must be especially vigilant and the policies and practices that mitigate the resulting risk. It builds on the foundational principles already established — strict liability and the absence of a de minimis threshold (Section 8), the Fifty Percent Rule (Section 23), the prohibition on dealing in or managing blocked property (Section 38), the facilitation and no-facilitation principles (Section 39), and the licensing framework (Part VIII) — and applies them to the particular architecture of pooled investment.

Section 80. Why the risk is structural, not transactional

Three features of the pooled-investment structure make sanctions exposure structural rather than transactional. **First, the fund holds and manages property on behalf of others.** Where a blocked person holds a limited-partnership or membership interest — directly, or by operation of the Fifty Percent Rule through intermediate entities — the fund is managing, and potentially distributing,

blocked property. The obligations to freeze and report attach to that interest immediately upon designation, and a distribution, redemption, or capital return to the blocked investor is a prohibited dealing in blocked property, even if the fund never communicates with the investor directly. **Second, the fund's risk migrates with its holdings.** A portfolio company that was a wholly compliant asset at acquisition can become blocked property the moment its controlling owner is designated, converting a lawful holding into a frozen one without any act by the fund. **Third, the Fifty Percent Rule operates silently.** Because an entity owned fifty percent or more, in the aggregate, by blocked persons is itself blocked without appearing on any list, neither an investor nor a portfolio company is cleared merely because its name returns no list-hit. Ownership must be traced to ultimate beneficial owners on both sides of the balance sheet.

Section 81. Investor, subscriber, and limited-partner screening

The first locus of vigilance is the **admission of capital**. A fund must screen every investor, subscriber, and limited partner — and, where the subscriber is itself an entity, trace beneficial ownership through feeder funds, nominees, trusts, and holding companies — so that a blocked person cannot, directly or through the Fifty Percent Rule, acquire an interest in the vehicle. The situations demanding particular care include: subscriptions routed through **feeder or master-feeder structures** and offshore nominees that obscure the ultimate investor; **secondary transfers** of existing interests, where a compliant original investor sells to a transferee who has not been screened; **in-kind or nominee subscriptions**; and investors from or connected to jurisdictions where designated persons are known to hold assets through layered structures. Mitigation is achieved through: mandatory sanctions representations and warranties in subscription agreements; contractual authority to compel disclosure of beneficial ownership and to refuse, freeze, or compulsorily redeem an interest upon a sanctions event; screening of investors at onboarding and on a periodic and event-driven basis thereafter; and a documented, defensible diligence file for each admitted investor. Because designation is prospective and can occur at any time, a screen that was clean at subscription must be repeated — the compliant investor of last quarter may be a blocked person today.

Section 82. Portfolio and downstream-holding diligence

The second, and often larger, locus of risk resides in the fund's **holdings**. Sanctions exposure in a fund most often enters through the assets it acquires and holds, not the investors it admits. The fund must diligence portfolio companies and their ownership chains at acquisition and monitor them over the life of the holding, so that a new designation — the kind that can sweep a subsidiary into blocked status overnight — does not quietly convert a compliant asset into a prohibited one. The situations demanding particular care include: **acquisitions of minority stakes** in companies whose controlling owners are not transparent; **portfolio companies with Russian operations, supply**

chains, or counterparties that may themselves touch blocked persons or embargoed regions; **co-investment vehicles and joint ventures** in which a joint-venture partner is later designated; and holdings in sectors — energy, finance, defense, and the seventeen sectors identified under Executive Order 14024 — where escalation from sectoral to full blocking status has repeatedly occurred, as the January 2025 and October 2025 energy-sector designations of Gazprom Neft, Surgutneftegas, Rosneft, and Lukoil illustrate. Mitigation is achieved through ownership-mapping to ultimate beneficial owners at acquisition; contractual sanctions representations and exit rights in acquisition and shareholders' agreements; and continuous, event-driven monitoring of portfolio companies against list changes and new Executive Orders, so that a designation can be identified and acted upon before it becomes a compliance failure.

Section 83. Managing blocked and newly designated property

When an investor or a holding becomes blocked, the fund's obligations change immediately and by operation of law. The interest or asset must be **frozen**; all dealings in it — distributions, redemptions, capital returns, sales, or transfers — must cease absent authorization; and blocked property must be **reported to OFAC**, generally within ten business days of blocking and annually thereafter. The fund may not distribute to, redeem, or return capital to a blocked investor. Nor may it sell, transfer, or restructure a blocked portfolio holding, without an applicable general or specific license. The situations demanding particular care include: **a designation announced mid-distribution or mid-capital-call**, where payments already in motion must be halted and segregated; **the need to divest a blocked holding**, which is itself a dealing in blocked property and ordinarily requires a specific license authorizing an orderly winddown or sale to a non-blocked acquirer; and **the interaction with tax and information-reporting obligations** discussed in Part XIII, where the duty to report a foreign account or interest can appear to conflict with the freeze. Mitigation is achieved through a pre-drafted blocked-property protocol that specifies who freezes what and when, how blocked interests are segregated on the fund's books, how and when reports are filed, and the license path (typically a specific license for orderly divestment) to be pursued where continued dealing is necessary.

Part V-A supplies the complete custody and reporting procedure. A blocked minority investor does not necessarily block the fund itself, but the investor's interest and distributions require restraint and reporting. No universal sanctions rule requires liquidation of a blocked asset; §587.203(g) addresses the absence of a liquidation duty merely to meet the interest-bearing-account rule. Contractual compulsory-redemption rights are enforceable only consistently with sanctions authorization. Coordinate the holder, trustee, custodian and administrator, and rely on another report only with actual knowledge that it covers the relevant property and period. [T03, T06]

Section 84. Fund-level compliance and private-placement obligations

For pooled vehicles, the most durable protection is a compliance program **built into the fund's structure** rather than bolted on afterward. Screening must be embedded in the subscription, capital-call, and distribution workflows so that no capital is admitted, called, or distributed without a current sanctions clearance; ownership-mapping must be a standing function, not a one-time exercise; and the program must be documented so that it withstands both investor due diligence and regulatory examination. For managers with cross-border operations, this includes **affiliate controls and a documented no-facilitation policy**, so that a foreign affiliate, sub-adviser, administrator, or co-manager does not become the conduit through which the fund does indirectly what a U.S. person could not do directly. As Section 39 explains, a U.S. person may not approve, refer, finance, or otherwise enable a non-U.S. affiliate to perform a prohibited transaction, and internal approvals, board sign-offs, and shared compliance platforms that touch a prohibited dealing can themselves constitute facilitation. Private-placement documentation should accordingly allocate sanctions risk expressly: subscription agreements, side letters, and fund constitutional documents should contain sanctions representations, ongoing compliance covenants, mandatory-redemption and transfer-restriction provisions, and the contractual authority the manager needs to act on a designation without breaching its duties to other investors.

Section 85. Ongoing monitoring and regulatory intelligence

Because the Russia program changes continually — often within days, as the October 22, 2025 designation of Rosneft and Lukoil demonstrated — and because amendments apply prospectively without retroactive forgiveness for past conduct, a screen that was clean last quarter may not be clean today. Institutional clients must therefore maintain ongoing monitoring against list changes, new Executive Orders, new sector determinations, and evolving Directives, with audit-ready records retained for the applicable period under 31 C.F.R. § 501.601: generally ten years for covered transactions, and throughout blocking plus ten years after unblocking for blocked property. The objective is to identify a material development — a new designation reaching an investor or a portfolio company, a new sector determination exposing a holding to escalation, a new geographic embargo touching a portfolio company's operations — and to act on it before it matures into a violation. This monitoring function is what converts the static, point-in-time diligence of subscription and acquisition into the continuous governance that pooled structures require.

Section 86. A catalogue of situations demanding vigilance

Distilled to practice, the recurring situations in which an institutional investor, pooled fund, or joint investment entity must be especially vigilant are the following. Each is paired with the practice that mitigates it.

Opaque or layered subscriptions. An investor subscribes through feeders, nominees, or trusts that conceal ultimate ownership. **Mitigate** by tracing beneficial ownership to natural persons and applying the Fifty Percent Rule before admitting capital, backed by contractual disclosure rights.

Secondary transfers of interests. A screened investor sells its interest to an unscreened transferee. **Mitigate** by transfer-restriction clauses conditioning any transfer on the manager's prior sanctions clearance of the transferee.

Mid-flight designation. An investor or holding is designated while a distribution or capital call is in progress. **Mitigate** by a blocked-property protocol that halts and segregates in-flight payments and triggers freeze-and-report duties immediately.

Portfolio escalation. A sectorally restricted or unlisted portfolio company is designated as an SDN, converting a compliant asset into blocked property. **Mitigate** by continuous, event-driven monitoring of holdings and pre-negotiated exit rights.

Co-investment and joint-venture partner risk. A joint-venture partner or co-investor is later designated, tainting the shared vehicle. **Mitigate** by sanctions representations, change-in-status triggers, and separation mechanics in joint-venture and co-investment agreements.

Geographic exposure through holdings. A portfolio company operates, sources, or sells into Crimea or into a region covered by Executive Order 14065. **Mitigate** by geographic diligence on portfolio-company operations, not merely name-screening of the portfolio company itself.

Foreign-affiliate facilitation. A non-U.S. sub-adviser, administrator, or affiliate executes what a U.S. manager could not. **Mitigate** by a documented no-facilitation policy and affiliate controls governing approvals, referrals, and shared systems.

Divestment of blocked holdings. There is no universal duty to sell a blocked asset. Preserve and report the blocked interest; assess whether an applicable general license or a specific license permits any proposed sale, redemption, restructuring or distribution. A contractual exit right cannot itself authorize dealing in blocked property. See Part V-A and § 587.203(g).

Taken together, these practices convert sanctions compliance from a reactive scramble at the moment of designation into a governance discipline embedded in how the fund admits capital, acquires and holds assets, and returns value to investors — which is precisely where, for pooled vehicles, the exposure lives.

XIII. SANCTIONS EXPOSURE IN TAX REPORTING, FOREIGN-ACCOUNT DISCLOSURES AND BANKING AML/KYC COMPLIANCE PROCEDURES

This Part addresses the collision between the sanctions freeze and the independent United States tax and foreign-account disclosure obligations. It explains how the two regimes pull in opposite directions, the penalty exposure on each horn of the dilemma, why the conflict is less symmetrical than it first appears, and the practitioner's response. It also examines how banking KYC/AML reviews can expose earlier sanctions dealings and require a coordinated response to source-of-funds requests (Section 93).

The provisions of the preceding Parts describe a regime that prohibits dealings with sanctioned banks and blocks property in which sanctioned persons hold an interest. A separate body of United States law — the international tax-disclosure regime administered by the Internal Revenue Service and the Financial Crimes Enforcement Network — independently compels United States persons to report their foreign financial accounts and foreign assets. For most taxpayers these two regimes operate on parallel tracks and never collide. For a United States person who holds, or who once held, an account at a Russian financial institution that has since been designated, they can converge into one of the most acute compliance dilemmas in this entire field: a position in which every available course of action exposes the person to a distinct and serious federal penalty. This Part isolates that dilemma, explains why it arises, and describes how it is, and is not, resolved.

Section 87. The independent force of the disclosure obligations

The foreign-asset disclosure obligations rest on authorities entirely separate from the sanctions laws. The **Report of Foreign Bank and Financial Accounts (FBAR)**, FinCEN Form 114, is required under the Bank Secrecy Act, 31 U.S.C. § 5314 and its implementing regulation at 31 C.F.R. § 1010.350, of every United States person who has a financial interest in, or signature or other authority over, one or more foreign financial accounts whose aggregate value exceeds ten thousand dollars at any point during the calendar year. The threshold is an aggregate one, it is measured by the highest balance rather than the year-end balance, and it is indifferent to whether the account produced any income or whether any tax was owed.

The FBAR is not the only such obligation. The same conduct frequently triggers reporting under **Form 8938 (Statement of Specified Foreign Financial Assets)** under the Foreign Account Tax Compliance Act, codified at 26 U.S.C. § 6038D; the foreign-corporation information returns on **Form 5471** and the foreign-disregarded-entity return on **Form 8858**; and, in the case of certain controlled foreign corporations and their shareholders, the Subchapter N filings on Forms 8992 and 8993. Each of these returns demands the identification of the foreign institution, the account or entity number, the maximum balance or value, and in many cases the name and address of the foreign financial institution at which the asset is held. The defining feature of the entire disclosure architecture, for present purposes, is that it requires the affirmative furnishing of identifying information about a foreign bank — the very institution that, in the scenario this Part addresses, has been placed on the SDN List.

Section 88. How the two regimes collide

Consider a United States person — a dual national, a recent immigrant, or a long-term resident — who maintains a deposit account at a major Russian bank that is later designated under Executive Order 14024 and added to the SDN List. The designation does not erase the account. The

funds remain on the books of the foreign institution, frequently inaccessible, and the United States person retains a reportable financial interest in them. When the next filing season arrives, the person confronts two mutually exclusive paths, each of which leads to a different federal penalty regime.

The first path is **disclosure**. The taxpayer files a complete and accurate FBAR and the corresponding income-tax and information returns, naming the sanctioned institution, the account number, and the maximum balance, exactly as the Bank Secrecy Act and the Internal Revenue Code require. This satisfies the tax-disclosure regime. But the act of preparing and transmitting these filings, and any associated steps — contacting the bank to obtain a year-end statement, arranging the conversion or movement of the funds, or paying a fee to the institution to obtain records — may themselves constitute prohibited dealings with, or the receipt of services from, a blocked person, and the underlying funds are blocked property. The concern is not the line on the form. It is the conduct that disclosure may require or reveal, and the prohibition on transactions with blocked persons does not contain a carve-out for steps taken in service of a tax filing.

The second path is **non-disclosure**. The taxpayer, fearing that disclosure will expose prohibited conduct or invite scrutiny of the sanctioned relationship, omits the account from the FBAR and the related returns, or answers “No” to the foreign-account question on Schedule B of Form 1040. This avoids any sanctions-adjacent conduct — but it is precisely the omission that the Bank Secrecy Act and the federal false-statement statutes punish, and, as developed below, doing so knowingly converts a reporting failure into a potential criminal offense.

The taxpayer is thus caught between two sovereign commands of the same government: one statute orders the account disclosed, while another body of law treats the conduct that disclosure entails — or the relationship that disclosure reveals — as a violation. Neither regime was drafted with the other in mind, and neither contains a built-in safe harbor that resolves the conflict in the citizen’s favor.

Section 89. The penalty exposure on each horn

The gravity of the dilemma is a function of the severity of the penalties at both ends. On the **non-disclosure** side, the Bank Secrecy Act distinguishes sharply between inadvertent and intentional failures. A non-willful failure to file an FBAR is a civil matter, carrying a penalty applied per annual report rather than per account, with a reasonable-cause defense available. A **willful** failure is a different order of exposure altogether. The civil willful penalty reaches the greater of roughly one hundred thousand dollars (as adjusted for inflation) or fifty percent of the account balance, assessable for each year of violation, so that the cumulative penalty can exceed the value of the account itself. More serious still, a willful violation is a **crime** under 31 U.S.C. § 5322: up to two hundred fifty thousand dollars in fines and five years’ imprisonment, rising to five hundred thousand

dollars and ten years where the violation is part of a pattern of illegal activity involving more than one hundred thousand dollars in a twelve-month period. A knowingly false answer to the Schedule B foreign-account question independently exposes the filer under the general false-statement statute, 18 U.S.C. § 1001, and under the tax-perjury statute, 26 U.S.C. § 7206.

Crucially, willfulness does not mean the same thing on the civil and the criminal sides of this provision, and the two must not be run together. For the *enhanced civil* penalty, the standard is broad. Courts have not confined it to a specific intent to break the law, and it extends to reckless disregard of a known reporting duty. A taxpayer who knows of the foreign account, is directed by Schedule B to the FBAR requirement, and nonetheless declines to learn or to file may be found to have acted willfully in that civil sense. For *criminal* liability the standard is narrower: the government must prove a voluntary, intentional violation of a known legal duty, and civil recklessness does not supply that element. Willful blindness occupies its own ground between the two. It is not a synonym for recklessness: it requires that the defendant subjectively believed there was a high probability of the fact and took deliberate steps to avoid confirming it, and a finding to that effect can support the criminal element where mere carelessness or inattention could not. Counsel should establish which standard the government is actually invoking before conceding that the client acted willfully at all. The dilemma is therefore not merely theoretical: the taxpayer who chooses non-disclosure precisely **because** of the sanctioned status of the bank has, by that conscious choice, supplied much of the evidence of willfulness that the government would need to prosecute.

On the **disclosure** side, the exposure flows from the sanctions regime described throughout this Treatise. Liability for civil violations of the International Emergency Economic Powers Act is **strict** — it requires no intent — and the per-violation civil penalty is substantial, with criminal liability under 50 U.S.C. § 1705 available where the violation is willful. As Part III explains, there is no de minimis exception: the small size of a personal deposit account does not place dealings with the blocking prohibition outside the regime. The taxpayer who takes affirmative steps to access, move, or obtain records concerning blocked funds in order to complete a disclosure may thus commit a sanctions violation in the very act of complying with the tax law.

Section 90. Why the conflict is not as symmetrical as it appears

The dilemma is genuine, but the two horns are not of equal sharpness, and recognizing the asymmetry is the beginning of a sound response. The disclosure obligation and the sanctions prohibition operate on different objects. The FBAR and the related returns require the **reporting of information**. Reporting the existence, number, and balance of an account is not, in itself, a transaction with the blocked person or a dealing in blocked property. It is the communication of facts to the United States Government. What the sanctions laws prohibit is **dealing** — transferring, withdrawing, paying, or providing services. The conflict, properly understood, lies not in the

disclosure as such but in the **conduct** that a taxpayer might undertake to facilitate disclosure or to deal with the funds. It is therefore frequently possible to satisfy the disclosure obligation in full while taking no prohibited action with respect to the blocked property: the account is reported and the funds are left untouched and frozen in place.

Moreover, the sanctions regime supplies a designed outlet for conduct that would otherwise be prohibited. Where a United States person genuinely must take some action with respect to blocked funds — to close a personal account, to make a permitted personal remittance, or to deal with the institution for a narrow purpose — OFAC's general licenses and its specific-licensing process exist precisely to authorize it. As Parts VIII and X describe, several general licenses address personal banking and the wind-down or closure of accounts, and a specific-license application can be filed where no general license fits. The disciplined path is to disclose fully under the tax law and, separately and in advance, to obtain authorization for any dealing with the blocked funds, rather than to treat the two regimes as forcing a single, unauthorized act.

Section 91. The privilege against self-incrimination and the required-records problem

A taxpayer whose foreign account or income is bound up with a blocked person faces a further question that the preceding subsections do not answer: whether the constitutional privilege against self-incrimination permits the account or the income to be left off the return altogether. There is no blanket permission to omit the account. Whether a particular compelled disclosure is privileged requires the item-specific analysis below. The privilege protects against compelled testimonial self-incrimination where the risk of criminal prosecution is real and appreciable, and exposure under IEEPA can supply that risk. But the privilege is not a substantive exemption from the sanctions or the disclosure laws, it authorizes no prohibited transaction, and it is never assessed in the abstract. It attaches, if at all, to a particular question, demand, record, or act of production, in a particular procedural posture.

What the leading cases do and do not hold. *United States v. Sullivan*, 274 U.S. 259 (1927), holds that the privilege does not justify a blanket refusal to file a return, and indicates that an objection to particular information should be raised in the return itself. It does not resolve which items are privileged, and it is not authority for a general rule that amounts must always be disclosed while sources may always be withheld. *Garner v. United States*, 424 U.S. 648 (1976), holds that incriminating information a taxpayer discloses on a return without asserting the privilege may be used against him in a later prosecution — a holding about the consequence of *not* asserting the privilege, not a template for asserting it. Neither decision supplies the filing technique sometimes attributed to them — report the figure, write "Fifth Amendment" in place of the source — and that technique should not be given to a client as a formula. What does follow is a narrower negative proposition, and it should be stated precisely rather than broadened into a rule that every item must

always be disclosed. A blanket refusal to file is not a privileged assertion, and a false entry — a zero where taxable funds were in fact received — is not a privileged assertion but a false statement. Those two expose the filer to the frivolous-return penalty of 26 U.S.C. § 6702 and to criminal exposure under 26 U.S.C. § 7203 and § 7206, on top of the reporting penalties described in Section 89. A blank line item belongs in a different category. Left unexplained it is simply an omission and carries the same risk. Accompanied by an express, item-specific claim of privilege, it is an assertion the taxing authority must evaluate on its merits, and *Sullivan* contemplates that an objection to particular information be raised in the return itself. The operative distinction throughout is between an unsupported omission or false statement and a properly asserted, particularized claim — not between amounts and sources.

The required-records doctrine is the decisive obstacle in this setting, and it is frequently overlooked. The contents of records a person prepared voluntarily are not privileged merely because they are incriminating; the privilege, where it operates on documents at all, operates on the testimonial aspect of the act of producing them. The required-records doctrine removes even that protection, but it does so only where its conditions are met. As the courts applying it have framed the inquiry, the recordkeeping requirement must be essentially regulatory rather than directed at an inherently suspect class, the records must be of a kind the regulated party customarily keeps, and the records must have assumed public aspects rendering them analogous to public documents. Each element has to be established for the particular records and the particular holder; the doctrine is not a general rule that any statutory recordkeeping duty defeats the privilege. Courts of appeals have applied the doctrine squarely to the foreign-bank records that the Bank Secrecy Act requires to be maintained, rejecting Fifth Amendment objections to their production — the Ninth Circuit's decision in *In re M.H.*, 648 F.3d 1067 (9th Cir. 2011), is the usual starting point, and the circuits that have addressed the question have largely followed it. The practical consequence for a client holding an account at a designated Russian bank is direct but not automatic: where the account is one the Bank Secrecy Act requires the holder to document, the records will in the ordinary case satisfy the doctrine and a summons for them is unlikely to be defeated on privilege grounds. Whether the particular records fall within the obligation is itself a question to be answered, not assumed. A further limit applies to entities, which have no personal privilege to invoke and cannot withhold their records on that basis, whatever the exposure of the individual who holds them.

What counsel should actually do. The analysis is particularized, not formulaic. Identify the actual criminal risk and whether it is real and appreciable rather than speculative. Identify the governing circuit, since the required-records case law is not uniform in every respect. Identify the precise demand — a line on a return, a summons, a grand jury subpoena, an OFAC administrative request — because the privilege operates differently against each. Determine which recordkeeping obligation applies. Then consider the available procedural routes: a particularized assertion directed

to specific items, a request for clarification or additional time, negotiated production terms, or a judicial determination where the question is genuinely contested. Counsel should also weigh the privilege against the disclosure strategy described in Section 92, because the two pull in opposite directions. A voluntary narrative creates admissions; an unsupported refusal creates independent exposure. Asserting the privilege where it is legally justified is not concealment, and failing to assert it where it applies may forfeit it. What must never be advised is an unsupported or misleading omission, a false figure, or a blanket refusal dressed as a constitutional claim. A properly supported assertion concerning a particular item belongs to a different category. Coordinate the immigration consequences under Section 71.

The First Amendment is a separate and much narrower point. The freedom-of-speech guarantee does not excuse non-disclosure on a tax form, and it should not be confused with the self-incrimination privilege just described. Its actual relevance in sanctions practice is statutory rather than constitutional: the Berman Amendment, 50 U.S.C. § 1702(b)(3), discussed in Section 9 above, exempts the importation and exportation of informational materials, publications, and news content from the prohibitions OFAC may impose under IEEPA. That exemption operates on the movement of information across a border. It has no bearing on the filing of a return, and conflating the two produces advice that is wrong on both counts.

Coordination with the immigration record

The naturalization or other immigration application must be examined alongside the return, account records and proposed OFAC submission. A valid Fifth Amendment assertion can have civil evidentiary consequences without constituting an admission of wrongdoing. A truthful factual narrative may likewise bear on good moral character or other benefit requirements without establishing every element of a removal ground. Section 71 distinguishes these outcomes and the allocation of burdens. Neither tax confidentiality nor the absence of an OFAC penalty should be treated as an immigration safe harbor. [S60, S61, S67]

Section 92. Coordinating sanctions tax and disclosure advice

Counsel must distinguish unlawful concealment from a valid, particularized privilege assertion. There is no universal instruction either to remain silent or to disclose every potentially incriminating answer without privilege analysis. An unsupported knowing omission can create serious additional exposure: tax non-compliance is detected through information-sharing arrangements, third-party reporting, and the very designations that placed the bank on the list, and the taxpayer's awareness of the sanctioned status of the institution is itself powerful evidence of willfulness. The sound course separates the two obligations. First, the foreign account is disclosed completely and accurately on every applicable return, because the act of reporting is not itself a prohibited dealing. Second, any

conduct touching the blocked funds is suspended until it is separately authorized, whether under an applicable general license or through a specific-license application to OFAC. Third, where past filings were incomplete, the corrective route is chosen rather than assumed. It is not a matter of filing with both agencies as a default. The OFAC voluntary-self-disclosure framework described in Section 60 and the Internal Revenue Service's disclosure mechanisms have different eligibility rules, different timing tests, and different consequences, and a submission to one neither satisfies nor binds the other. On the tax side in particular, the criminal voluntary-disclosure practice is not the ordinary route for every reporting error, and it excludes income derived from illegal sources — a limitation that requires its own analysis, because the designation of a bank does not of itself make the interest credited to an account at that bank illegal-source income. Counsel should assess, separately for each regime, whether the client qualifies, what the submission would concede, how privilege is affected, what the sequencing consequences are if one agency learns of the matter before the other, and whether criminal exposure makes any substantive submission premature. Truthful compliance is required, while any legally available privilege and its procedural consequences must be assessed; concealment is not a substitute. But which disclosure, to which agency, in what order, and on what facts is a decision for counsel on the particular record rather than a default. The dilemma is real, but it is a dilemma about how to comply, not about whether to comply. The law affords no safe harbor for concealment, and the appearance of a forced choice almost always dissolves once reporting and dealing are analyzed as the separate acts they are.

Section 93. Banking KYC and AML reviews as a source of sanctions exposure

A bank's request to substantiate wealth accumulated abroad can uncover an apparent sanctions violation that neither the client nor the receiving bank identified when the money arrived. The immediate problem may appear to be a customer-information update, a request for foreign tax returns, or a threatened account closure. The underlying records may reveal a designated financial institution, an intermediary with blocked ownership, or continued use of a foreign account after the client became a U.S. person. Counsel should treat the inquiry as both a banking matter and a potential source of evidence requiring the transaction-level analysis in Part XIV. A request is not itself evidence that the client violated sanctions.

This section addresses a U.S. bank's review of an individual or business customer with foreign wealth or receipts. "KYC" refers to know-your-customer processes, "AML" to anti-money-laundering compliance, and "EDD" to enhanced due diligence. These processes overlap with OFAC screening but do not replace the applicable sanctions rules. The authorities and operational guidance cited here were checked September 12, 2026; the later information-sharing guidance is expressly dated below. The recommendations describe a response protocol, not a prediction about any particular institution or customer.

How an ordinary banking inquiry becomes a sanctions inquiry

Under 31 C.F.R. § 1020.210, banks must maintain appropriate risk-based customer due diligence, including understanding the relationship and monitoring for suspicious activity. This does not impose an identical documentary checklist on every customer. FFIEC guidance identifies source of funds and wealth, business financial statements, business location, sales, customers and suppliers as information that may be relevant to higher-risk relationships. It also recognizes that CDD information may identify OFAC-sanctioned parties. A review can therefore extend well beyond the name of the bank that sent the final domestic transfer. [S68, S69]

A bank may combine payment records and screening results with incorporation records, earlier applications, telephone answers, tax documents and public business information. Automated alerts may lead to human review and further questions. Monitoring practices and investigative resources differ among institutions; no bank should be assumed to have complete visibility into every foreign transaction. The practical concern is that separate pieces of a customer's history can be assembled and compared long after account opening. [S73]

A broad request may be followed by a narrow demand for a particular year, entity or statement, then by a renewed request covering an earlier period. That sequence can reflect verification of a discrepancy or a change in the information available to the reviewer. It does not establish either that the concern has disappeared or that the bank is deliberately constructing an adverse narrative. For counsel, the appropriate response is to preserve the full request history and understand how the newly requested document relates to statements already supplied. Withdrawal of an attestation requirement or acceptance of untranslated records is a change in production mechanics, not a substantive clearance.

Source of wealth and the traceable source of a particular transfer

Source of wealth asks how the customer accumulated economic resources: employment, business profits, investments, an inheritance or an asset sale. Source of funds asks where the particular deposit or transfer came from. A credible history of wealth does not establish the legality of every payment used to move it. Conversely, a statement showing the last transfer into the U.S. account may say little about how the money was earned or about the financial institutions involved earlier.

Counsel should reconstruct the material chain from the economic event through collection and custody to the receiving account. A useful schedule identifies the payer, payee and beneficial owner; date; original currency and amount; conversion and fees; sending, intermediary and receiving institutions; account title; supporting document; and any unresolved gap. Reconcile transfers against the underlying receipt rather than treating every movement between the customer's own accounts as

new income. Distinguish customer funds from corporate funds, loans, distributions and gifts. Record what each item proves and what remains an inference.

This reconstruction is a method of preparing reliable evidence, not an assertion that every bank must trace every dollar without limit. Its depth should address the inquiry and the actual legal risks. Where funds are pooled or commingled, explain the tracing method and its limitations. Do not claim an exact path that the available records cannot establish. Nor should a recent transfer through an unlisted intermediary be presented as eliminating a legally relevant earlier blocked-property interest or prohibited transaction.

A sanctioned institution in the records is a starting point for analysis

An old statement bearing the name of a bank that is now an SDN does not, by itself, establish an unlawful transaction. Determine the exact legal entity, the relevant designation and effective date, the sanctions authority, ownership under the Fifty Percent Rule, the date and character of each dealing, the client's jurisdictional status and location, and any applicable exemption or authorization. A sectoral restriction, a correspondent-account restriction and full blocking are different legal measures. See Sections 94–96, 20–42 and 53–54. [S1, S2, S5, S48]

Keep historical conduct separate from the present status of property. A completed lawful transfer before designation does not automatically become unlawful because the former bank was designated later. A transfer made while the property was blocked requires a different analysis; an unauthorized transfer may not extinguish the blocked interest under the applicable regulations. Receipt by an unlisted bank is therefore neither automatic clearance nor automatic contamination. Counsel must identify the interest and the applicable rule rather than attach a permanent label to all wealth that once passed through Russia. [S1, S2]

A bank's discovery of records may also expose a timing error in the client's own assumptions. Physical presence can bring a noncitizen within the sanctions definition of U.S. person even while an exclusion from counting days applies for federal tax-residence purposes. A lawfully opened foreign account can become problematic when the holder continues using it after the relevant jurisdiction and blocking conditions attach. Account opening, designation, arrival, each later transaction and any licensed closure should appear separately in the chronology. The analysis of account inactivity and holding funds abroad remains in Sections 95 and 98.

Documents that invite misinterpretation and genuine inconsistencies

Foreign tax returns and financial records require interpretation on their own terms. Identify the filer, form, tax regime, reporting period, currency, accounting basis and whether the document is an original filing, amendment, assessment or payment confirmation. Gross receipts, taxable income, net profit, distributions, account turnover and accumulated wealth are not interchangeable. A declaration

may contain several of these figures. Explain the relevant field rather than asserting that a particular foreign form invariably reports only one measure. Absence of a requested form should be supported by an explanation of the applicable filing rules and available equivalent evidence, not an unsupported claim that the record was unnecessary.

Distinguish the age of an enterprise from the formation date of the entity that now operates it. A newly incorporated company may continue an older activity, but continuity requires evidence of the legal and economic transition; it does not make the corporation older. Similarly, distinguish the owner's personal receipts from company revenue, present staff from historical staff, contractors from employees, and the place of incorporation from where services were actually performed. A registered agent, signatory or manager is not necessarily an equity owner. These distinctions should be applied consistently across the bank's existing file.

Prepare a reconciliation of discrepancies before describing them as harmless terminology. Some differences can be explained by exchange rates, periods or accounting categories; others reveal inaccurate earlier answers or an underlying compliance problem. Identify the earlier statement, the supported correction, the reason for the difference and the evidence. If an answer was wrong, correct it expressly rather than silently replacing it with a new narrative. A carefully drafted cover letter cannot cure false records or an actual prohibited dealing.

A controlled and truthful response to successive requests

First, preserve the request, deadline, relevant statements, prior submissions and available account records. Identify one person to coordinate communications. Ask the bank to clarify ambiguous terms, the period sought, the acceptable evidence and the secure delivery channel. Request a reasonable extension where needed, but do not assume it has been granted. A bank's document deadline is distinct from an OFAC reporting deadline or a statutory filing obligation.

Second, collect the complete relevant record internally and index it by issuer, date, account or entity, period and purpose. Counsel's review should be broader than the eventual production where necessary to test accuracy. Use originals or reliable copies, retain originals separately from translations, identify incomplete records and preserve the basis for any currency conversion. If obtaining a fresh statement would require a new interaction with a blocked institution, assess that interaction under the relevant sanctions rules instead of assuming the bank's request authorizes it.

Third, compare the proposed response with prior bank answers and relevant tax, foreign-account and immigration filings. Seek factual clarification without suggesting an answer unsupported by the record. Distinguish a document-based fact, a client representation and an unresolved inference. If review identifies a possible violation, coordinate the independent analysis and response obligations promptly; do not postpone mandatory reports while trying to preserve the banking relationship.

Fourth, deliver responsive records with a factual index or explanation where it materially improves comprehension. Identify precisely which request each document answers. Produce complete requested documents or openly describe and obtain agreement to any limitation where appropriate. Redactions should protect legitimately irrelevant confidential information and be disclosed; they must not remove a bank name, transaction or other fact needed to understand the response. Never alter a statement, omit a responsive page to hide a discrepancy, or fabricate replacement evidence. A defined production scope is legitimate; a materially misleading production is not.

Finally, retain the exact delivered package and delivery confirmation, record subsequent questions, and correct any discovered error promptly. An unresolved factual question should be identified as unresolved, with the available explanation and proposed evidence. A request for additional time or clarification may have commercial consequences, but inventing certainty creates a more serious problem. This protocol is intended to make the record accurate and intelligible, not to prevent lawful scrutiny.

Privilege and the limits of an attorney or accountant letter

Keep confidential requests for legal advice and qualifying work product separate from the factual response intended for the bank. The presence of a lawyer, a privilege legend, or a promise of confidential handling does not automatically protect every document. Pre-existing tax returns and bank statements do not become privileged simply because counsel reviews them. Voluntarily sharing legal advice may waive protection; work-product and attorney-client questions require separate analysis under the applicable law. Section 91 addresses compelled production and the privilege against self-incrimination. [S34, S57]

An ordinary request from a private bank is not itself governmental testimonial compulsion. Invoking the Fifth Amendment does not require the bank to accept an incomplete KYC response, retain the account or disregard records already in its possession. A subpoena or actual governmental involvement presents a separate question for counsel. Where a response could create criminal or immigration exposure, coordinate advice before substantive statements are made, while respecting applicable deadlines. Do not describe silence as immunity, or treat an assertion of privilege as proof that a violation occurred. See Sections 71 and 91.

If the bank requests professional confirmation, define exactly what the professional reviewed and can attest to. Confirmation of a document's provenance or of an arithmetic reconciliation is different from a legal opinion that all wealth, transfers and business activity complied with every applicable law. Do not convert a limited review into a blanket certificate. Any opinion intended for external use should have an independently justified scope, factual foundation and stated limitations; it should not be a forwarded internal risk memorandum.

Reporting and disclosure consequences beyond account closure

A suspicious activity report (SAR) is distinct from an OFAC blocked-property or rejected-transaction report. Under 31 C.F.R. § 1020.320, reportable suspicion does not require an adjudicated violation. A SAR and information revealing its existence are confidential; the bank generally cannot confirm one to its subject. Supporting records are retained and available to authorized agencies on request. An unanswered question, a narrowed request or an account closure does not establish whether a SAR exists. Underlying transaction records do not acquire blanket secrecy merely because they support a SAR. [S70]

Do not assume information remains within a single institution. FinCEN's June 12, 2026 Section 314(b) Fact Sheet describes voluntary information sharing among eligible participants under a conditional safe harbor for activities that may involve money laundering or terrorist activity. It addresses sanctions evasion among the relevant concerns. This guidance is dated June 12, 2026. It does not mean every customer file is shared, that the SAR itself may be freely exchanged, or that a receiving institution must reach the same conclusion. [S72]

The October 9, 2025 interagency FAQs clarify that banks need not perform a separate post-SAR continuing-activity review, instead permitting appropriate risk-based monitoring. Successive requests therefore should not be attributed to a supposedly universal mandatory reinvestigation cycle. [S71]

A bank inquiry should trigger a prompt assessment of voluntary disclosure timing, not an automatic decision to disclose or a promise that the opportunity remains open. The OFAC Guidelines exclude VSD treatment where a third party is required to and does notify OFAC because it blocked or rejected the apparent violation, regardless of which notice arrives first. A SAR filed with FinCEN is not interchangeable with that particular exclusion, but actual discovery by a government agency can independently affect qualification. An inquiry alone does not resolve either question. Apply Section 60 to the facts that can be established; do not ask the bank to reveal protected SAR information. A statement made to the bank is not itself an OFAC VSD. [S6]

The resulting evidence may require separate review of tax reporting, FBAR, Form 8938 and immigration representations. These regimes have different jurisdictional rules, elements, defenses and procedures. A lawful source of wealth does not establish that all reporting duties were met, and a reporting error does not establish sanctions evasion. Coordinate any corrective filing or disclosure with the existing documentary record and the consequences described in Sections 61–71 and 87–92.

Account restriction or closure and the client's practical response

Separate a request for information, a temporary operational restriction, a decision to terminate the relationship and legal blocking. Ask what services are affected, the relevant deadlines and, to the

extent the bank may explain, whether the restriction concerns OFAC-blocked property or its own review and risk decision. A relationship manager's statement that an account is "frozen" may not identify the governing legal basis. Do not assume that the customer can withdraw funds merely because closure has been announced, or that funds must be blocked merely because additional documents were requested.

A SAR filing does not itself require termination of the relationship; Question 3 of the January 19, 2021 interagency SAR FAQs treats maintaining or closing an account as a bank decision informed by its assessment of the facts and risks. Counsel should review the account agreement and applicable law when assessing any closure notice or restriction. The commercial decision and the legal status of the funds remain distinct. Evidence that a particular transfer was authorized may address a sanctions concern without compelling the institution to continue the relationship. [S74]

If closure is lawful and the funds are available, arrange any permitted transfer transparently through an acceptable destination, preserve statements and identify outstanding payments and obligations. If property is legally blocked, use the applicable authorization or mistaken-identity procedure; opening another account does not authorize moving it. Do not split payments, change counterparties or route funds through another person to evade applicable reporting or sanctions restrictions. Any challenge to a mistaken restriction should present the bank's identity, relevant dates, ownership evidence and exact authorization, rather than merely asserting that the customer is not personally listed. See Sections 99, 105–107 and 66–69.

A hypothetical illustration and records to retain

Assume an individual accumulated savings from an overseas property sale and later deposited them in a U.S. account. The receiving bank first requests the sale agreement, then asks for an earlier deposit statement and the records of an intermediate transfer. The earlier statement identifies a financial institution that is currently blocked. Producing the sale agreement can establish the economic source of the wealth; it cannot establish whether the transfers were authorized. Equally, the institution's present designation does not establish that the earlier deposit or transfer violated a prohibition.

Counsel should establish when the institution became blocked, whether the customer was subject to U.S. sanctions at each relevant point, what interests were involved, and whether any exemption or license applied. A documented lawful pre-designation transfer should be explained by its actual chronology. If later conduct appears prohibited, preserve the evidence and analyze reporting, licensing and disclosure separately. Explain any discrepancy between the sale price and the deposited amount by supported deductions, conversions or intervening transactions. Do not substitute a general assertion that the proceeds were "clean."

Keep the request history, original evidence, transaction and status chronology, reconciliation of prior statements, legal advice subject to its applicable confidentiality protections, exact external production, deadline register, and the bank's communicated outcome. Record expressly what remains unknown. The aim is a defensible factual record and a coordinated legal response, while recognizing that neither careful production nor a favorable legal analysis guarantees retention of the account. Appendix C supplies the supporting client worksheets.

XIV. ACCOUNTS AT DESIGNATED RUSSIAN FINANCIAL INSTITUTIONS: AN OPERATIONAL FRAMEWORK

This Part is the operational core of the Treatise. It addresses the situation in which a United States person discovers that they hold, or have used, an account at a Russian financial institution subject to United States sanctions, and it sets out in sequence what must be established, what must be reported, what may lawfully be done with the account, and how historical activity is addressed. It is placed here because each step rests on the doctrine developed in the Parts that precede it, to which this Part refers throughout; the reader who begins here should follow those references rather than treat them as optional. It opens with the Third Edition client overview and implementation status, which states the position reviewed for this edition and the decisions that cannot wait.

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Third Edition client overview and implementation status

Law reviewed as of September 20, 2026. The President signed H.R. 5334, the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, on September 18, 2026. This Treatise calls Division A of that legislation the “2026 Act.” References to CAATSA, IEEPA and the REPO Act retain their separate meanings. The enrolled text and the White House signing notice establish the legislative baseline; an earlier bill version or a news summary cannot establish the wording of the enacted provisions. No public-law number is supplied without verification. [T01–T02]

The new legislation adds statutory requirements to an existing sanctions system. It does not make every Russian national a blocked person, confiscate every Russian account, or give every account holder permission to transact until October 18. The most urgent task is an account-by-account review of present restrictions, applicable licenses, reporting duties and the measures scheduled to take effect. Customers who are not themselves designated may nevertheless control blocked claims against a blocked bank. Part XIV separates ownership of that claim from authority to use it.

Immediate decisions for Russian bank customers

Do not move potentially blocked funds simply to avoid a forthcoming deadline. Establish the bank’s exact legal identity and ownership, the client’s relevant status and location, the blocking authority and effective date, and the authorization for each proposed action. If a genuinely lawful exit is available, begin execution planning promptly and allow time for conversion, settlement, Russian permissions and receiving-bank review. Completion before October 18 is a planning objective where lawful, not a statutory divestiture deadline or safe harbor.

Client situation	Immediate legal question	Operational response
Personal account at an E.O. 14024-blocked bank	Does GL 50 cover this individual, closure and complete transfer, and are there other blocking authorities?	Preserve and report as required; document license coverage and bank feasibility before instructions.
Company account at the same bank	Is any corporate authorization available?	Do not use the individual-account license; assess an applicable transaction license or specific application.

Client situation	Immediate legal question	Operational response
Account at an unlisted partly state-owned Russian bank	What applies now, and how does Section 103 affect the institution?	Investigate ownership and implementation; a clean name screen alone does not resolve the statutory category.
Third-country bank receiving Russian proceeds	Is it blocked, ownership-blocked, or exposed under Section 103(a)(1)(B)(vi)?	Review the whole payment chain and future designation risk; foreign location does not clear a prohibited Russian leg.
Client holds property for a blocked person	Who holds or controls which blocked interest?	Apply Part V-A immediately; stop unauthorized dealing and calendar independent reports.
Dual U.S.–Russian citizen or green-card holder	Which nationwide duties continue abroad?	Both fall within the Act's U.S.-person definition; Russian nationality creates no U.S. exemption.
Noncitizen temporarily in the United States	Which executive-order or territorial rules apply?	Physical presence remains independently relevant under Part 587 even though the Act's Section 101(11) is narrower.

Dates and the person whose duty is triggered

Date or event	Character of date	Required assessment
September 18, 2026	Enactment	Section 109's sovereign-debt purchase prohibition and Section 102(d)'s preservation provision; screen exceptions and existing measures.
September 30, 2026	Holder's annual reporting deadline	Report property blocked and held on June 30, 2026; later release does not erase that snapshot.
October 9, 2026 at 12:01 a.m. EDT	GL 13R expiration	For actual reliance on this license, plan for nonrenewal; it concerns specified Directive 4 administrative transactions.
October 18, 2026	Statutory 30-day date	Distinguish implementation duties from directly effective prohibitions in Sections 103, 105 and 107–108. Apply any instrument already issued.
April 16, 2027	Section 103(a)(2) 210-day date	First prescribed bank review/update, followed by 180-day reviews; review alone is not designation.
June 14, 2027	Conservative final day of Section 114(i)'s inclusive 270-day period	September 18 is day one; June 15 is the first day after 270 days. Do not plan settlement at the boundary without confirming implementation.

Date or event	Character of date	Required assessment
September 18, 2031	Section 203 sunset	Title I ceases under its sunset clause; independent sanctions and orders require separate analysis.

Initial blocking and rejection reports use event-based ten-business-day clocks; they do not wait for these calendar dates. Statutory deadlines directed to the executive do not become client filing deadlines. The October 18 date falls on a Sunday; the Act does not supply a general next-business-day extension for its substantive prohibitions. Appendix D provides the continuing implementation register. [T01, T03–T05, T10]

The question a client brings is almost never the question that has to be answered. It arrives as “I have a Russian bank account — is that a problem?”, and it cannot be answered in that form. A Russian financial institution may be a fully blocked SDN, an institution subject only to correspondent-account restrictions, an institution subject to one of the sectoral Directives, an institution blocked by operation of the Fifty Percent Rule without ever appearing on a list, or none of these. The applicable prohibitions, the reporting duties, and the available authorizations differ in each case. So does the answer for a given client, which turns on when he became subject to United States jurisdiction and on what he actually did and when.

What follows is a sequence rather than a checklist, because the steps depend on one another. It is written for the individual account holder and their counsel. The same sequence, with heavier apparatus, serves an institutional client, and the fund-specific overlay appears in Part XII.

Section 94. Identify the institution, the authority, and the dates

Existing law does not prohibit every Russian account

The existing system is not a single prohibition on all Russian banking. A bank may be fully blocked, restricted under a particular directive, subject to correspondent-account limitations, or outside those restrictions. Its ownership can create blocking even when its own name is absent from the SDN List: OFAC’s rule generally treats an entity as blocked when one or more blocked persons own it, directly or indirectly, 50 percent or more in the aggregate. Exact legal-entity identification matters, including whether a foreign office is a branch or a separately incorporated subsidiary. A familiar brand or foreign parent does not establish the status of the entity that holds the account. [M4, M5]

For a U.S. person, ordinary transactions with a fully blocked bank generally require authorization. This reaches deposits, withdrawals, transfers, currency conversion, fees, loans, and other dealings in the bank’s property or services. A personal purpose is not a blanket exemption. A ruble payment within Russia can be prohibited even though no American correspondent bank is involved. Conversely, a bank’s presence on a nonblocking sanctions list does not by itself establish that every retail transaction is prohibited; the actual directive and its scope must be read. [M4, M5]

The distinction between ownership of an account claim and authority to exercise it is essential. A client may retain a legal claim to a balance while being unable to withdraw or transfer it lawfully without a license. Blocking does not ordinarily transfer title to the U.S. government. Nor does a bank’s designation automatically block every unrelated asset belonging to its innocent customers. But a payment involving a blocked bank can itself be blocked when it reaches U.S. jurisdiction, even if the sender and beneficiary are not designated. [M4, M6]

There is no general obligation to undertake an otherwise prohibited withdrawal simply because an account becomes restricted. Section 587.203 addresses the holding of blocked funds, including certain funds already outside the United States. Those rules are not permission to keep using a blocked bank for ordinary payments or to roll deposits into new investments. Distinguish passive preservation, involuntary credits, an affirmative withdrawal instruction, account fees, and a fresh deposit. Each can raise a different issue. [M6]

OFAC FAQ 1080 answers the account question more directly: a U.S. person's accounts at an E.O. 14024 blocked Russian financial institution are generally themselves blocked, including checking and savings accounts, certificates of deposit, and loan and mortgage accounts. The individual must stop prohibited use even if the Russian institution still permits it. This does not mean that all of the individual's unrelated property is blocked or that title to the account has been confiscated. [M31]

What section 103 adds

Section 103 directs the President, within thirty days, to impose all three categories of subsection (d) sanctions on Sberbank, VTB Bank, Gazprombank, any other Russian-organized financial institution owned in whole or in part by the Russian government, their subsidiaries and successors, and covered foreign financial institutions engaging in significant transactions with those institutions. Those categories include property blocking, at least two additional measures selected from CAATSA §235, and restrictions on U.S. correspondent or payable-through accounts. [M1, §103(a), (d)]

The words "in whole or in part" are consequential. The statutory bank category does not use a 50 percent government-ownership threshold. A minority government stake can therefore bring a Russian-organized bank within the category requiring action. This is a new statutory coverage test, distinct from OFAC's automatic 50 Percent Rule for entities owned by blocked persons. Counsel should neither substitute the 50 percent threshold for the Act's test nor assume that every bank meeting a designation criterion is already designated before the required implementation. [M1, §103(a)(1)(B)(iv); M5]

Section 103(b) directs the President to prohibit U.S.-person transactions with institutions described in §103(a)(1)(B), effective thirty days after enactment. Its operative command is addressed to the President. It should be described as a mandatory implementation duty, not an unqualified self-executing prohibition on customers. Counsel must identify the implementing instrument and its effective terms. The required prohibition is broad and supplies no general personal-account exception; existing OFAC restrictions remain independently applicable. Administrative delay is not affirmative clearance to transact. [M1, §103(b), §114]

The Central Bank is treated differently: §103(a)(1)(A) requires at least two subsection (d) categories, whereas subsection (B) requires all of them. The express cross-reference in §103(b) is to subsection (B), not (A). It would be inaccurate to say that §103 necessarily imposes precisely the same combination of measures on the Central Bank and every listed commercial bank. Existing Directive 4 restrictions on the Central Bank, National Wealth Fund, and Ministry of Finance remain independently important. [M1, §103; M7]

The inclusion of foreign institutions engaging in significant transactions is particularly relevant to clients considering a third-country bridge. The statute does not define a dollar threshold or expressly limit that clause to knowing transactions or dollar clearing. Treasury has an economic- or foreign-policy exception under §103(c). An unresolved textual issue is how an exception from mandatory sanctions under subsection (a) interacts with subsection (b)'s reference to institutions "described" in subsection (a)(1)(B). Counsel should obtain the operative instrument rather than assume that an exception necessarily settles every prohibition. [M1, §103(a)(1)(B)(vi), (b), (c)]

Act before October 18 where a lawful exit is available

Begin the account review now. For a U.S. client with an account at a currently unblocked but partly Russian-government-owned bank potentially covered by §103, recommend completing a lawful withdrawal or migration before October 18, 2026, with enough time for settlement and receiving-bank review. This is a risk-management recommendation, not a statutory divestiture deadline or a safe harbor through October 17. Earlier implementing action or designation may change the position; screen again before execution. First verify the bank and ownership, all payment legs, Russian permissions, and the recipient bank's acceptance. If those conditions cannot be established, do not accelerate an unapproved transfer merely to beat the date. Prepare the necessary license application or other lawful alternative and identify funds that may become inaccessible. [M1, §103; M4, M8]

For already blocked accounts, the immediate task is to assess an existing license, including GL 50 where applicable, and meet reporting duties; ordinary withdrawals remain restricted. A bank blocked solely under the new Act may not fall within GL 50's E.O. 14024 coverage. Do not assume a future wind-down authorization will solve this gap. OFAC has issued such relief before: GL 89, issued February 23, 2024, permitted specified wind-down and rejection transactions through 12:01 a.m. EDT on April 8, 2024, subject to conditions. That expired precedent creates no present authorization and guarantees no comparable period under this Act. [M8, M43]

Section 95. Establish when United States jurisdiction attached

The prohibitions bind U.S. persons. Whether the client was one, at each relevant moment, is a separate question from the client's tax status and is answered by the definition discussed at Section

20. Citizenship and lawful permanent residence travel with the client. Physical presence in the United States is independently sufficient and lasts only as long as the presence does. A client may therefore have been outside the definition when the account was opened, inside it while studying or working here, and outside it again after departure, with different consequences attaching to conduct in each period.

Build a dated chronology before analyzing any transaction. It should record citizenship and immigration status over time, entries to and departures from the United States, the place from which each instruction was given, and the client's residence at each point. Travel records, immigration documents, and device or application login data are the usual sources. The chronology is then laid alongside the transaction record, and the two together — not either alone — determine which transactions are within the prohibitions at all.

Two propositions should be resisted because clients arrive believing both. A pre-existing account is not grandfathered: designation reaches property and dealings irrespective of when the relationship began. And an account held abroad, denominated in roubles, operated through a Russian mobile application, with no payment ever touching the United States, is not outside the prohibitions for a U.S. person. The primary prohibitions bind the person, not the payment route.

Worked chronology for a client arriving with an existing account

Assume an individual was neither a U.S. citizen nor a permanent resident, had no relevant U.S. presence or transaction nexus before arrival, and uses a bank blocked only under E.O. 14024. No license covers the ordinary account activity described below. These are hypothetical facts, not findings about a named bank.

Event	Consequence to assess
2019: account opened lawfully in Russia	Preserve opening and source-of-funds records. Later designation does not retroactively prohibit the completed opening.
2022: bank designated while client remains outside the United States	Designation alone does not make this wholly foreign individual's earlier account opening a U.S. primary-sanctions violation. Examine any subsequent U.S. nexus separately.
March 2024: client enters the United States in F-1 status and controls the dormant account	Physical presence supplies U.S.-person status for sanctions. F-1 exclusion of days for tax residence does not change that result. On these assumptions, assess blocking and the initial reporting duty from arrival, when the blocked bank's interest comes within a U.S. person's control.
June 30, 2024: property remains blocked	Include the property in the applicable annual report due September 30. Dormancy does not remove reporting duties.

Event	Consequence to assess
2025: client makes a card purchase while still in the United States	Analyze the debit as a potential new prohibited dealing. A small purchase has no general exemption.
2026: counsel discovers the account and payment	Address overdue reports promptly; discovery does not start a fresh initial-report period. Assess disclosure, lawful holding and a licensed closure separately.

The client's ownership of the money does not make the client an SDN. The problem is the blocked bank's property interest and the acts involving it. If the actual arrival date, status, bank authorities or licenses differ, rework the chronology. [S1, S2, S4, S10]

Keep the statutory and regulatory definitions separate

The 2026 Act's Section 101(11) defines U.S. person by citizenship, lawful permanent residence and U.S. entity organization, including foreign branches. It does not repeat the "any person in the United States" limb in §587.314 and §589.339. This difference does not release a student, visitor or undocumented person physically in the United States from existing executive-order prohibitions. The Act also contains provisions expressly reaching exports from the United States and particular U.S. institutions. Identify the definition used by each operative rule instead of choosing whichever definition produces the narrower result. [T01, T06]

Record the customer's status and the bank's status on separate timelines. An account may have been lawful to open in 2018, become an account at a blocked bank in 2022, and come within a particular customer's U.S. possession or control upon arrival in 2024. The last event can create present custody and reporting questions without making the 2018 opening retrospectively unlawful. Conversely, a 2026 change does not legalize unlicensed 2024 activity. A dual citizen cannot select the Russian passport to remove U.S. nationality-based duties.

Citizenship residence and location must be examined separately

For existing Russian Harmful Foreign Activities Sanctions Regulations, a U.S. person includes a U.S. citizen, lawful permanent resident, U.S.-organized entity and its foreign branches, and any person physically in the United States. Citizenship and permanent residence generally carry the restrictions abroad: a U.S. citizen using a Russian passport and a Russian bank application while in Moscow remains a U.S. person. Russian tax residence, Russian currency-control residence, and U.S. tax residence are separate classifications and should not be substituted for the sanctions definition. [M3]

The Act's definition expressly includes citizens, lawful permanent residents, and U.S.-organized entities including foreign branches, but does not include the existing regulation's separate category of anyone physically in the United States. This difference does not create permission for a visitor in

the United States to disregard existing OFAC restrictions. Counsel must apply the definition belonging to each authority rather than assume that the Act silently narrowed the executive-order rules. [M1, §101(11); M3]

A Russian citizen who has settled in the United States and holds an account in Russia presents a different services question from an individual ordinarily resident in Russia. An ordinary Russian customer is also different from a designated person, a bank executive, a controlling shareholder, or someone acting for a sanctioned party. The Act's bank-leadership provisions do not designate every depositor, debit-card holder, or borrower. [M1, §103(a)(1)(C)]

Primary restrictions and foreign exposure are different

Primary restrictions govern U.S. persons and transactions within the relevant U.S. jurisdiction. Certain foreign persons can separately face designation or restrictions for specified conduct even when a transaction is outside the United States. A foreign participant may also cause a U.S. person or bank to violate sanctions. Accordingly, a transfer's use of rubles rather than dollars does not resolve a U.S. client's obligations, and a third-country bank must evaluate its own exposure as well as the client's. [M1, §§103, 116; M4]

Section 96. Reconstruct what actually happened

The word "account" conceals a set of legally distinct events, and charging them all as the same offence is the most common analytical error in this area. A dormant balance, an interest credit posted by the bank, a maintenance fee debited by the bank, an incoming salary or pension payment, a card purchase, an outward transfer instructed by the client, and an authorized closure are different acts with different actors. Some involve no act by the client at all. The reconstruction should therefore capture, for each item: the date and time zone; who initiated it; the instruction given, if any; the counterparties and any intermediary institutions; the purpose and value; the client's location and status on that date; the institution's sanctions status on that date; and any general or specific license then in force.

Separate what is known from what is reconstructed and from what remains unknown. Statements, closure records, correspondence with the bank, application records, and bank notices should be preserved as they are, and gaps should be recorded as gaps. Evidence still to be obtained must be obtained lawfully. In particular, counsel should not direct a client to log in and transact in order to retrieve a statement, because generating a new transaction to document old ones creates a fresh violation. Under 31 C.F.R. § 501.601, effective March 12, 2025, covered transaction records must generally be retained for ten years; blocked-property records must be maintained throughout blocking and for at least ten years after unblocking. A litigation hold or another applicable regime can

require longer. Recordkeeping and the limitations periods in Section 70 are separate rules. See Section 35.

The recurring patterns are worth naming because each raises a different question. A dormant balance raises blocking and reporting rather than dealing. A salary or pension credit raises the separate questions of receipt, of subsequent use, and of whether a pension-specific authorization applies on its own terms. A recurring mortgage or utility debit is not made lawful by its domestic purpose. An ATM withdrawal is not exempt merely because the money belongs to the client. An account opened before designation, or before the client's arrival, may place earlier conduct outside the prohibitions while leaving later conduct squarely within them.

Historical reconstruction and limitations

The April 24, 2019 transition boundary in Section 70 helps prioritize civil exposure, but it is not a document-destruction date. Preserve account-opening records, designation records, source-of-funds evidence and earlier dealings needed to understand subsequent activity. For each alleged transaction or omission, identify the relevant clock and any tolling. Discovery does not restart the original reporting clock. Tax, FBAR and criminal allegations require their own limitations analysis. [S29, S30]

For a noncitizen, add immigration applications, prior sworn responses, interview and oath dates to the chronology. Determine whether a statement previously made to a bank, tax authority or immigration officer requires clarification. Do not assume that an OFAC mitigation strategy is neutral for immigration eligibility. Section 71 provides the separate analysis.

Separate conclusions for the balance and each proposed use

Account question	Required conclusion
Ownership or passive retention	The client may retain the claim without being personally designated; assess blocking and reporting and the foreign-holding exception.
Automatic interest or bank fee	Identify the actor and rule; an entry is not automatically a client instruction. Interest can remain blocked, and §587.505 is not a blanket Russian-bank fee authorization.
New salary or business credit	Assess receipt and the blocked bank's involvement; an authorized pension does not authorize unrelated revenue.
Deposit or replenishment	A new dealing requires its own permission; existing ownership does not authorize additional funding.

Account question	Required conclusion
Mortgage, utilities, taxes or card purchase	Domestic necessity does not supply an SDN-bank exception; identify the service, payment and license separately.
Closure and transfer	Test GL 50 only for a qualifying individual and complete exit; identify all other authorities and receiving institutions.
Company distribution or loan repayment	Characterize the corporate act and payment independently; company money is not personal money merely because the client owns the company.

The written advice should state yes, no, conditionally authorized, or unresolved for each action, with the governing instrument and evidence. This is more useful than declaring the entire bank relationship "permitted" or "prohibited." Where recurring instructions may generate further dealings, obtain advice on a lawful way to stop them; do not instruct a compensating transfer or fee payment that itself requires authorization.

What this means for common customer activities

Client activity	Existing position	Effect of the Act
Holding an existing account at an unrestricted private bank	Not prohibited merely because the account is Russian; underlying transactions and counterparties still matter	No universal Russian-account ban, but government ownership, other designations, and payment-chain exposure require renewed review
Using a fully blocked bank for ordinary spending	Generally prohibited for a U.S. person unless authorized, including local ruble transactions	Mandatory statutory restrictions may overlap with existing blocking; no general personal-use exception
Receiving salary rent or sale proceeds	Requires review of source, bank, credit, and subsequent use; a lawful source does not authorize a blocked-bank transaction	Section 103 can restrict bank dealings even when the income-producing activity is permissible
Closing an individual account at an E.O. 14024 blocked bank	GL 50 may authorize closure and release of the entire remaining balance under its terms	Section 114(h) preserves qualifying operation under pre-enactment general licenses; coverage must be matched carefully
Closing a company account	GL 50 does not generally cover a legal entity merely because an individual owns it	Consider applicable licenses, the limited statutory winddown exception, or specific licensing
Paying an existing mortgage or loan to a blocked bank	A preexisting obligation does not itself authorize payment	No general debt-service exemption appears in §103(b); examine specific authorization and consequences of nonpayment

Client activity	Existing position	Effect of the Act
Moving money through an unlisted third-country bank	Potentially permissible if each transaction is lawful; the intermediary's own exposure also matters	Section 103 adds mandatory measures for covered significant transactions with specified banks

The table summarizes the statutory text, Part 587, and GL 50. It is not a list of approved banks or a determination that a particular payment is executable. [M1, §§103–105, 114; M4–M8]

Section 97. Distinguish reporting from dealing

The single most useful distinction in this area, and the one that dissolves most of the apparent dilemma, is between reporting information to the United States Government and dealing in blocked property. Reporting the existence, number, and balance of an account is the communication of facts. It is not a transaction with the blocked institution. What the sanctions laws prohibit is dealing — transferring, withdrawing, paying, receiving services. It is therefore ordinarily possible to satisfy the disclosure obligations in full while taking no prohibited action, by reporting the account and leaving the funds untouched. Part XIII develops this at length, together with the tax and foreign-account obligations that run independently of the freeze.

The conflict, where it is real, lies in the conduct that disclosure might require rather than in the disclosure itself: contacting the institution for a year-end statement, paying it a fee for records, or moving funds to meet a tax liability. Those three are not equivalent and should not be analyzed as though they were. Moving funds is plainly a dealing in blocked property. Paying a fee is a payment to a blocked person and is prohibited absent authorization. A request for information is the hardest of the three and requires its own analysis: the question is whether the particular request amounts to a prohibited transaction or to the receipt of a service from a blocked person on the facts, and whether any exemption or authorization covers it. It should not be assumed to be prohibited merely because it is directed to a blocked institution, and it should not be assumed to be permitted merely because no money moves. Identify the prohibition said to apply, then test the request against it. No filing deadline and no foreign bank's insistence supplies authority to move blocked property.

Section 98. Blocking, rejection, and the mandatory reports

Blocking and rejection are different obligations with different consequences, and a blocked payment must not simply be returned. A rejected payment is not frozen under a blocking rule; its disposition depends on the applicable prohibition and lawful processing arrangements. Where a transaction involves property in which a blocked person has an interest, the U.S. person holding it must block it. Where a different prohibition applies but no blockable interest is present — the

Directive 4 sovereign-transaction prohibition discussed at Section 6 is the leading example — the transaction is rejected rather than blocked. The reporting consequences differ accordingly.

The reports are mandatory and run on their own clocks. Under 31 C.F.R. § 501.603, a U.S. person holding blocked property must file an initial report, ordinarily within ten business days from the date the property becomes blocked, and an annual report by September 30 covering property held as of the preceding June 30. Rejected transactions are reported separately under § 501.604, ordinarily within ten business days from the date of rejection. Discovery does not restart either clock. An unblocking or transfer may itself require a report — a point that matters directly to the closure route described below. These duties are not limited to financial institutions, they are not satisfied by a voluntary self-disclosure, and they are not suspended while counsel considers whether to make one.

Do not assume that every balance must be repatriated into a blocked account in the United States. The holding rules of the applicable program govern. Section 587.203(a) requires a U.S. person holding blocked funds to place them in a blocked interest-bearing account located in the United States, but § 587.203(f) makes an exception: blocked funds already held in accounts or instruments outside the United States when they became subject to § 587.201 may continue to be held in the same type of account or instrument, provided they earn interest at commercially reasonable rates. The limits of that exception matter more to the client than the exception itself. It permits the funds to stay where they are. It authorizes no use of the account, no withdrawal, and no new transaction with the blocked institution, and it must be read with § 587.203(h), which forbids holding or investing blocked funds in any manner that provides financial or economic benefit or access to a blocked person. Equally, blocked funds may not be applied to a tax liability, to living expenses, or to any other creditor without authorization, and a setoff against blocked property is itself a prohibited transfer under § 587.405.

Reporting deadlines and licensed-release exception

Trigger	Deadline or exception
Property becomes blocked	Initial report within ten business days of that event under § 501.603; later discovery does not reset the clock.
Blocked property held on June 30	Annual report by September 30, even if subsequently released.
Transaction rejected because sanctions prohibit it	Report within ten business days of rejection under § 501.604. A purely commercial bank refusal is not that trigger.
Blocked property unblocked or transferred	Generally ten business days from release or transfer, subject to § 501.603(b)(3)(i)'s exceptions.

GL 50 expressly authorizes the covered unblocking and transfer and contains no separate unblocking-report condition. A qualifying release therefore falls within § 501.603(b)(3)(i)(C)'s exception; do not impose an additional report solely because older guidance described one. This does not erase initial or annual reports, other applicable reporting duties, or conditions of another license used. See Section 98. [S4, S21] See also Appendix A, Russia GL 50.

The unified procedure is in Part V-A. It covers the client's own claim against a blocked bank and the distinct case of a client holding another blocked person's property. Section 26 allocates responsibility, Section 28 supplies every initial-report field, Section 29 covers June 30 valuation and September 30 filing, and Section 30 states the release-report exceptions together with the general rule. An attorney's submission is a representative filing; it does not automatically shift the holder's primary duty. [T03]

Section 99. Lawful closure under General License 50

For the individual client, Russia-related General License 50 is usually the operative remedy, and it deserves to be read rather than summarized. It authorizes all transactions prohibited by Executive Order 14024 that are ordinarily incident and necessary to two things: the closing of an account of an individual, wherever located, who is not a blocked person, held at a financial institution blocked pursuant to Executive Order 14024; and the unblocking and transfer of all funds and other assets in the account to that account holder, including to an account of the holder at a non-blocked institution.

Its limits follow from its terms. It authorizes closure and transfer of all funds and other assets as authorized. Whether conversion, liquidation or multiple operational steps are ordinarily incident and necessary must be analyzed; the text does not impose a universal single-wire rule. It does not authorize continued operation of the account, instalment withdrawals, further deposits, or ordinary card spending. It is available to an individual account holder who is not himself a blocked person, and it is not a corporate authorization. It reaches transactions prohibited by Executive Order 14024, so it does not of itself address a prohibition arising under a different authority: where the institution is also blocked under Executive Order 13662, the Ukraine-related bridge in General License 26A must be checked on its own terms rather than assumed. And the license carries express exclusions of its own, including the opening or maintenance of correspondent or payable-through accounts for entities subject to Directive 2 and transactions prohibited by Directive 4. Those exclusions must be read in the operative text of the version in force.

Before sending closure instructions, gather the supporting documents. The file should identify the account holder and confirm that the account holder is not a blocked person; identify the account and the institution; confirm that the intended act is a genuine closure and transfer of all assets rather than routine partial withdrawals; map the receiving institution and every intermediary in the payment path

and screen each of them; and record the version of the license relied upon. The reporting position on the unblocking itself must be checked against the regulation and the license text in force on the date of the transfer, and it should not be assumed from the fact that a blocking report was filed earlier. Section 501.603(b)(3)(i)(C), as amended in 2024, excludes from the unblocking-report requirement any unblocking or transfer of blocked property that is explicitly authorized by a specific or general license, unless that license itself imposes a condition requiring a separate unblocking report. General License 50 expressly authorizes the unblocking and lump-sum transfer and, in the version reviewed, contains no such condition. Earlier OFAC guidance stating that an unblocking report is required in these circumstances predates the amendment. Counsel should therefore read § 501.603(b)(3) and the operative license together as of the unblocking date rather than relying on either this Treatise or a legacy FAQ. Operational confirmation should be obtained from the institutions that will process the transfer, and the authorization should be described to them accurately: a general license permits a transaction, it does not oblige any bank to process one. Where the proposed route or the assets fall outside the license, the answer is a specific-license application, not an approximation.

Closure solves the continuing problem. It does not reach backwards. Nothing in General License 50 authorizes, excuses, or cures unlicensed transactions that preceded it, and clients should not treat closure as a release from earlier liability.

GL 50 and the new statute

Section 114(h)(1) excludes from Title I a U.S. person operating under a Treasury general license issued before enactment; subsection (h)(2) preserves license terms, continued operation under them and Treasury's authority to extend or issue licenses. GL 50 predates enactment and remains an important potential route for qualifying individual accounts. The saving clause is not a rewrite of GL 50: its institution must be blocked pursuant to E.O. 14024, the individual must not be blocked, and the transaction must fit the closure and transfer authorization. A bank blocked only under a new statutory implementation authority does not automatically satisfy the E.O. 14024 condition. [T01, T10]

Map every authority carried by the bank and any intermediary. Ukraine GL 26A may bridge specified E.O. 13662 interests, but its annex, conditions and preserved sectoral restrictions control. A cyber or terrorism blocking authority requires separate coverage. Company accounts and a personal account used as a substitute for a company treasury function also require careful characterization. A bank's insistence on an account-opening, security purchase or other preparatory step does not make it incident and necessary merely by assertion.

The reviewed GL 50 text authorizes unblocking and transfer of all funds and other assets in a lump sum. Counsel may analyze necessary operational steps, but should not turn that language into open-ended installment withdrawals or recurring ordinary use. Preserve closure instructions,

transaction records, zero-balance or residual-asset evidence and the receiving account statement. Explain any inability to obtain a formal closure certificate; do not invent one. FAQ 1081's older reporting discussion must be read against the current §501.603(b)(3)(i)(C) license exception, which was added in October 2024, not first created in July 2026. [T03, T10]

Past wind-down licenses demonstrate that OFAC sometimes creates temporary exit routes, not that it must do so for every designation. Historical GL 89, issued February 23, 2024, authorized specified wind-down dealings until April 8, 2024; its expired permission is not available now. Before the October 18 statutory date, complete only transactions that are lawful under the rules already applicable, with sufficient settlement time. If implementation has issued, use its terms immediately. Neither a future deadline nor a requested specific license protects an otherwise prohibited transfer.

Russian law and operational execution

U.S. authorization is one necessary part of an otherwise prohibited exit, not a guarantee that the funds can leave Russia. Russian countermeasures, currency controls, account restrictions and institutional capacity can independently affect execution. Their applicability may turn on citizenship, residence, currency, asset type and account category; do not substitute the U.S. sanctions or tax definition of residence for the Russian test. Bank of Russia announcements illustrate that transfer rules differentiate categories and change over time. This guide does not supply a current Russian-law clearance. [S59]

Before sending execution instructions, obtain Russian counsel's assessment where local restrictions may apply and confirmation from the institution that it can implement the proposed route. Check any required local permission, permitted destination, currency conversion, asset-sale steps and correspondent availability, as well as the receiving bank's acceptance. Review any preparatory transaction involving a blocked party for U.S. authorization too. If the route fails either legal review or operational checks, revise the plan or seek the necessary permissions; a third-country intermediary or changed payment description does not cure a prohibited route.

General License 50 is an important exit authorization

GL 50 authorizes transactions otherwise prohibited by E.O. 14024 that are ordinarily incident and necessary to close an account belonging to a nonblocked individual at a financial institution blocked under that order, and to unblock and transfer all remaining funds and other assets in a lump sum to the account holder. The authorization includes transfer to the holder's account at a nonblocked financial institution. It is designed around closure and complete release, rather than continued ordinary use. [M8]

Several limits matter. The account holder must be an individual who is not blocked. The bank must fall within the license's E.O. 14024 description. The transaction must genuinely implement

closure and the lump-sum release. The license does not authorize prohibited Directive 2 correspondent-account arrangements, Directive 4 transactions, or other prohibited dealings including involvement of a different blocked person unless separately authorized. A company account does not become an individual account because its sole shareholder is a person. A sole-proprietor account requires examination of its actual legal ownership and classification. [M8]

Section 114(h) is a substantial reason to examine GL 50 after the Act: it protects U.S. persons operating under the terms of a Treasury general license issued before enactment and preserves those terms and Treasury's ability to extend or issue licenses. The sound reading is activity within the license's scope, not personal immunity for every other transaction of a license user. A bank sanctioned solely under a new authority does not automatically become an E.O. 14024 bank for GL 50 purposes. An institution blocked under both authorities presents a stronger basis for reliance on the express preservation provision, but all exclusions and other sanctions programs must still be checked. [M1, §114(h); M8]

GL 50 does not force a Russian institution to release the money, require a correspondent to handle it, or compel a U.S. bank to accept it. Counsel should provide the receiving institution with the exact license and transaction facts in advance. If funds are already blocked at a U.S. intermediary, determine whether the specific blocking and proposed release fall within the license; do not assume that every rejected or frozen transfer is covered. A specific license may be needed for a different chain or an additional blocked interest. [M8; M4]

OFAC FAQ 1081 expressly states that official documentation proving account closure is not required to use GL 50. Keep available instructions, statements and correspondence showing the authorized transaction, but do not turn a bank-issued closure certificate into an additional legal condition. The absence of that certificate does not enlarge the license into permission for ongoing withdrawals. [M32; M8]

Section 100. Addressing historical activity

Once the ongoing position is stabilized, the historical question is faced on its own terms, and it is a question of exposure rather than of atmosphere. Sort the reconstructed transactions against the limitations boundary described at Section 70: conduct whose latest date fell before April 24, 2019 is ordinarily outside the civil period, and conduct after it carries a ten-year exposure. Then test each remaining item on the merits — was the client a U.S. person then, was the institution then restricted under the authority alleged, was there a blockable interest, did an exemption or a license cover the act — because a violation that cannot be established needs no disclosure.

For what remains, the voluntary-disclosure decision is taken on the framework set out at Section 60 rather than by reflex. The threshold question is usually whether a processing institution has

already filed a required blocking or rejection report, which disqualifies a disclosure of the same matter regardless of timing. Where formal credit is unavailable, cooperation and remediation retain real value and should be presented as what they are. Where credible criminal exposure exists, criminal counsel shapes any submission before it is made. And the tax side is assessed separately, on its own eligibility rules, as Section 92 explains.

Historical transactions and reporting need their own review

Clients who have used a now-blocked bank should reconstruct dates rather than treat all historical use identically. The relevant questions include the designation date, the client's U.S.-person status at the time, the exact activity, any then-current license, and whether a later transaction occurred after authorization expired. A lawful transaction completed before blocking is not made unlawful solely by a later designation. A withdrawal after blocking does not become lawful merely because the original deposit predated it. [M4, M8]

Blocking and rejected-transaction reporting are separate from tax reporting and voluntary self-disclosure. Applicable duties should be checked under 31 C.F.R. §§501.603–501.604, including the relevant triggering event and deadline; clients should not assume that a Russian bank fulfills a U.S. client's duties. A voluntary disclosure is a separate enforcement decision, not a replacement for mandatory reporting. The Act incorporates IEEPA penalties for violations, attempts, conspiracies, and causing violations of §§102–111. Advice and documentation should therefore address both intended transfers and any concrete historical exposure. [M1, §116; M10, M11]

For blocked accounts within the client's possession or control, the initial report is generally due within ten business days after blocking; the annual report covers property held on June 30 and is due September 30. Under the current §501.603(b)(3)(i)(C), however, an expressly licensed unblocking or transfer does not require a separate unblocking report unless the license requires one. GL 50 contains no such separate condition. Older FAQs 1080 and 1081 still instruct certain GL 50 users to file an unblocking report; use the current regulation for the reporting obligation. Other reports and records remain separate. [M10, M31, M32; M8]

The historical review must account for IEEPA's ten-year civil and criminal limitations periods, enacted April 24, 2024; these are not new ten-year periods created by the September 2026 Act. OFAC's July 2024 guidance applies the civil extension to violations not already time-barred at enactment and identifies violations after April 24, 2019 as potentially reachable. Do not apply a blanket ten-year retrospective criminal lookback: pre-enactment conduct requires separate constitutional and limitations analysis. Identify each alleged violation's date, any continuing conduct, tolling, and the applicable cause of action; unrelated tax, FBAR and money-transmission offenses have their own rules. Account closure does not erase historical exposure. [M44]

Preserve the transaction history now, including statements, payment messages, ownership records, licenses, correspondence and source-of-funds documents. Current §501.601 generally requires records for at least ten years after a covered transaction; blocked-property records must be retained throughout blocking and for at least ten years after unblocking. The extended recordkeeping rule became effective March 12, 2025. Record retention and enforcement limitation are distinct; do not destroy an older file without reviewing the applicable requirements and any preservation hold. [M45]

A joint account does not make the U.S. co-owner's otherwise prohibited use permissible. Equally, a non-U.S. co-owner is not categorically beyond U.S. law: physical presence, U.S. payment processing, causation and separate sanctions criteria can matter. For pension and mortgage accounts, identify the bank, payer or creditor, actual credit or debit and available authorization separately; a socially necessary payment is not a general license. [M3, M4, M31]

A qualifying voluntary self-disclosure can reduce the civil base penalty under OFAC's Enforcement Guidelines. It does not guarantee a fifty-percent reduction in the final assessment, and it does not supply immunity or retroactive transaction permission. Eligibility and the effect of aggravating and mitigating factors require their own review. [M11]

Section 101. What not to do

Some instructions are worth stating flatly, because clients act before they call. Do not improvise a route around the problem: a transfer through a relative, a change of currency, a cash withdrawal on a visit, a cryptocurrency conversion, or a third-country intermediary does not authorize a transaction that remains prohibited, and such arrangements can create evasion exposure where the elements of the applicable prohibition are met (Section 40). Do not use sham ownership changes or other arrangements to evade applicable prohibitions; assess any proposed restructuring under its actual facts and governing authority. Do not close the account by a route the license does not cover on the theory that closure is obviously permitted.

Above all, do not touch the record. Messages must not be deleted, transaction descriptions must not be amended, and instructions must not be backdated. The contemporaneous record is what will establish that an earlier transaction was innocent, if it was; altering it converts a reporting problem into an obstruction problem and forfeits the only defense that was actually available.

Section 102. Action sequence on discovery

This page is a case-management sequence. The discovery date organizes counsel's work; the legal reporting clocks run from their own triggering events.

1. Immediately: stop new discretionary dealings and preserve evidence. Identify the client, bank entity, designation authorities, ownership, balances, assets and payment routes. Record U.S. status and location over time. Do not withdraw, redirect, liquidate or conceal assets as a supposed cure. Address urgent preservation needs through an applicable authorization or OFAC request.

2. At the first review: separate blocked property, sanctions-required rejections and commercial refusals. Identify the original blocking or rejection dates and any overdue reports. Calendar the ten-business-day reporting periods and the annual June 30/September 30 cycle using the preceding deadline table. Confirm who will submit each required filing and retain proof; do not assume the bank has discharged the client's duty.

3. Promptly and in parallel: make the VSD decision with sanctions and, for noncitizens, immigration counsel. Identify government contact and third-party reports. The exclusion concerns a third party that is required to and does report a block or rejection; filing first is not necessarily enough, and a later required bank report may foreclose qualification. Do not postpone mandatory reports while investigating VSD eligibility. Cooperation may still mitigate a case that does not qualify. See Part IX.

4. After an initial disclosure: develop the full transaction account, legal analysis, supporting records and remediation evidence. Calendar OFAC's generally expected 180-day full-report period as described in the dated update in Section 60, alongside any case-specific instructions. It is not permission to wait 180 days before initial notification or required blocking reports. Seek additional time promptly if needed; do not assume an extension.

5. Before any exit instruction: map each closure, conversion, securities sale, transfer and intermediary to an authorization. Confirm Russian-law feasibility and sending, receiving and correspondent-bank acceptance. Use GL 50 only where every condition fits; otherwise seek the required license. A pending request permits no execution. Preserve closure and transfer evidence and revisit the reporting exception.

Keep the chronology, deadline log, authorization analysis, disclosure record and execution plan together. Appendix C supplies the matter worksheet. Unresolved criminal, immigration or privilege questions require coordinated advice; they do not authorize continued account use or disregard of reporting duties.

Section 103. Pensions and personal-payment authorizations

Personal necessity does not supply a general exception

Clients commonly need Russian accounts to pay utilities, support relatives, receive pensions, service mortgages, or maintain property. These facts can be relevant to an available general license or a specific-license application. They do not themselves authorize all transactions with a blocked bank. A humanitarian authorization must be matched to the purpose and terms of the actual transaction. An asset-sale transfer is not converted into a humanitarian payment merely because the proceeds will support the client's household. [M1, §114; M4]

The same approach applies to Russian taxes. GL 13R authorizes specified taxes, fees, duties, permits, registrations, certifications, and tax refunds ordinarily incident and necessary to qualifying day-to-day operations, to the extent prohibited by Directive 4, through 12:01 a.m. eastern daylight time on October 9, 2026. It excludes separately blocked parties unless separately authorized. Its permission to make a qualifying tax payment does not authorize every bank used to make it. Its expiration also precedes the Act's principal October 18 implementation date, requiring a separate operational plan. [M9]

For clients relying on GL 13R, plan on the license expiring unless OFAC issues a replacement. Inventory payments and their due dates now; where Russian law and the license permit, complete qualifying payments with a settlement buffer before the October 9 cutoff, rather than merely initiating them then. For later liabilities, identify another applicable authorization, seek a specific license where needed, and obtain Russian advice on lawful timing or deferral. Do not assume every tax payment requires GL 13R: identify the actual Directive 4 nexus and all other restrictions. Paying early, using an agent, or selecting a different bank cannot cure an otherwise prohibited transaction. [M9]

GL 13R is not a general permission to pay state-owned suppliers, utilities, landlords or other operating counterparties. Its enumerated administrative transactions and Directive 4 scope control. A bill being necessary to run a business does not bring it within the license. Separate authorization must address any other prohibition. [M9]

OFAC FAQ 1202 also confirms that legitimate personal, noncommercial remittances may be processed through nonsanctioned institutions when no blocked person is involved and the activity is not otherwise prohibited. This supplies a useful starting point for family support, but neither personal ownership of sale proceeds nor a personal need for money automatically qualifies every underlying sale, business payment or blocked-bank transfer. The new Act must be checked independently. [M33]

Section 105 is narrower than its heading may suggest

Section 105 prohibits covered depository institutions and SEC-registered brokers or dealers from processing transfers to or from the Russian government, including government-owned entities, or for the direct or indirect benefit of government officials, beginning thirty days after enactment. It is not textually a prohibition on every transfer from every private Russian resident. Subsection (b) allows processing when the transfer arises from and is ordinarily incident and necessary to an underlying transaction authorized by a specific or general license. [M1, §105]

There remains an implementation question about a private customer's transfer through a government-owned bank: the customer may be the economic sender, but the bank can itself be a government-owned participant in the transfer. Section 103 may independently resolve the transaction against proceeding without authorization. Where §105 matters separately, counsel should not assume that labeling the beneficiary "private" disposes of government-bank participation or indirect official benefit. The licensing exception's reference to an authorized underlying transaction is particularly important for presenting a complete transfer to a U.S. bank. [M1, §§103, 105]

Section 104. Securities and the custody chain

An apparently nonblocked issuer does not make its securities freely transferable if a blocked intermediary holds a property interest. Identify broker, custodian, central securities depository, nominee and registrar, and the chain of settlement. Review both the security and the account relationship. The expiration of a wind-down license does not itself unblock property left in the chain.

OFAC's guidance concerning the National Settlement Depository, Moscow Exchange and National Clearing Center explains the continuing consequences of their June 12, 2024 designations. A transfer under Russian Decree 840 to a local registrar is not a self-executing U.S. unblocking authorization; the registrar may itself be blocked. Seek an applicable license for the actual custody and release sequence. [S3]

Section 105. Advice fees and bank refusals

A professional may be able to advise on sanctions compliance even where the client's assets are blocked. The authority to provide a service and the authority to receive its fee are separate. A client's lawful U.S. tax filing obligation does not authorize paying the preparer through an SDN bank. Specify a lawful payment route and examine the relevant legal-services or other authorization rather than relying on the engagement letter.

A bank's decision to process a payment is not an OFAC opinion. Conversely, a bank's refusal does not establish that OFAC prohibits the transaction: its risk appetite, foreign law, correspondent

access or documentation policy may explain the refusal. Obtain the actual basis and distinguish legal prohibition from commercial refusal.

Section 106. Separating the account problems before choosing a remedy

Consider a client with a dormant ruble account, a separate brokerage account, recurring utility debits and a pension paid through the same bank. One global instruction to close everything is not a sufficient legal analysis. The deposit, securities, recurring payments and pension processing may involve different property interests, counterparties and authorizations. Counsel should prepare a disposition schedule identifying which assets can be held under the applicable rule, which payments can continue only under a particular license, which instructions must stop, and which assets need a specific-license request. No conclusion about the legitimacy of the original savings answers all of those questions. Section 93 provides the detailed response protocol for KYC/AML and source-of-funds inquiries.

A mistaken name match calls for identity evidence and the release procedure under § 501.806, not necessarily a license to transact with the actual designee. An accurately blocked interest calls for an authorization or another legally supported disposition. A payment rejected under a nonblocking restriction presents a different problem again. A bank's refusal based solely on its own risk policy may require commercial negotiation or a contractual analysis rather than an OFAC petition. Ask the bank to identify the basis of its action and the relevant authority, while independently checking the legal conclusion. [S31]

The client should receive a written list of permitted next steps that is specific enough to follow. Identify whether existing records may be supplied, whether an information request or other preparatory contact needs further analysis, which automatic instructions have been identified, and who will approach a receiving institution. Do not tell the client merely to use a different bank or currency. If a licensed exit requires a particular route, a bank's proposed variation must be reviewed before the client accepts it. The execution plan should identify a point at which processing stops if an intermediary, asset type, ownership fact or license changes.

Section 107. Documents and decisions before a transfer

Account review should precede transfer planning

For clients concerned primarily about Russian banking, begin with an account-specific schedule: legal account holder; U.S. status and relevant dates; bank legal entity and identifiers; ownership and sanctions authorities; account type and currency; source of balance; recurring credits and debits; outstanding loans; and intended use or closure. Preserve the actual instruments supporting any

authorization. This information resolves more than asking which country or payment technology is available.

The resulting advice should state separately whether the client may retain the claim, use the account, receive a particular credit, make a particular payment, close the account, and transfer the balance through the proposed institutions. Those are different legal conclusions. For an eligible individual at an E.O. 14024 blocked bank, GL 50 deserves early consideration. For a company account or a mixed-authority bank, investigate the applicable alternative authorization before issuing instructions. [M4, M8; M1, §§103, 114]

Professional services and fees require two independent conclusions

Before requesting professional services, establish where the client is located and ordinarily resident, the actual recipient and benefit of the work, whether any person is blocked, which service categories are being performed, and whether a relevant exclusion or license applies. The payment record should independently establish the payer, ownership of funds, banks, route, and authority for receipt. Permission to receive legal advice does not authorize an otherwise prohibited fee transfer. [M12–M17]

Each asset exit needs a transaction narrative

Before committing to a sale or transfer, document the asset's ownership, sale terms, buyer, timing, tax and local-law obligations, each payment institution, and the legal basis for every restricted element. Where GL 50 applies, describe actual account closure and the full balance transfer. Where §114(i) applies, describe the eligible entity and good-faith exit. Where a specific license is needed, identify the missing authority precisely. A payment provider's proposal should be tested against that narrative rather than becoming the source of the legal conclusion. [M1, §114; M8, M18–M21]

The unresolved questions most relevant to these clients are the implementation of §103's bank categories and significant-transaction standard; the relationship between §103(c) exceptions and §103(b); treatment of private transfers through state-owned institutions under §105; Treasury's service-category determinations under §107; and the scope of overlapping-authority relief under §114(h). Until those matters are resolved for a particular transaction, an opinion should identify the uncertainty explicitly rather than assume either a total embargo or unrestricted personal banking. [M1]

XIV-A. SELLING RUSSIAN ASSETS AND TRANSFERRING THE PROCEEDS

This Part continues the operational sequence for the client who is not merely holding an account but disposing of Russian assets and moving the proceeds. It assumes the doctrine of the preceding Parts and the account analysis of Part XIV, and it assesses each payment channel on its own facts rather than by reputation.

Section 108. Analyze the entire transaction before choosing a channel

Analyze the sale before choosing the payment instrument

Repatriating the client's own lawful money is not generally prohibited merely because it originated in Russia. Existing new-investment guidance distinguishes divestment from a new commitment of capital. But the sale, buyer, asset, intermediaries, payment bank, taxes, and transfer must all be permissible. A blocked buyer or bank can prevent an otherwise ordinary property sale from being carried out without authorization. A sale of company-owned property also produces company funds, not automatically the shareholder's personal money. [M18–M21; M4]

The proposed structure should therefore be documented from acquisition of the asset through final receipt: owner and acquisition date; sale agreement and purchaser; source of purchase funds; payment and custody accounts; any currency or crypto conversion; distribution from an entity if relevant; each intermediary; and the intended U.S. recipient. This allows counsel to distinguish principal, sale gain, rent, dividends, gifts, loans, and currency-exchange consideration. Those legal characterizations must reflect the actual transaction.

A personal residence sale, a sale of commercial real estate, a sale of Russian company shares, and a liquidation distribution can present different investment, sanctions, and tax issues. OFAC states that purchasing new or existing Russian-issued debt or equity is generally prohibited new investment, while selling or divesting to a non-U.S. person can be permissible subject to other restrictions. Do not create a prohibited intermediate purchase of Russian securities merely to make their later sale function as a remittance. [M18–M21]

The transfer method does not replace the sanctions analysis

Method	Potentially lawful basis	Principal issue to resolve

Method	Potentially lawful basis	Principal issue to resolve
Bank transfer to the client's U.S. account	Lawful sale and a permitted payment chain, or a license covering the prohibited elements	Status of every institution, government interests, license coverage, and receiving-bank acceptance
Transfer through the client's third-country account	Each leg is independently lawful and the true origin and ownership remain documented	A foreign intermediate account does not authorize an unlawful Russian-bank debit or remove §103 exposure
Crypto conversion and transfer	Lawful acquisition and transfer through permitted counterparties and services	Blocked bank or exchange involvement, prohibited investment or services, provenance, tax and AML requirements
Broker deposit and withdrawal	The broker's actual legal entities and banking/custody chain can lawfully process the transaction	Same-brand accounts may be different entities; internal entries remain transactions; securities purchases may be prohibited
Genuine bilateral currency exchange or offset	Neither leg nor the underlying claims involve prohibited dealings and other financial laws permit the arrangement	Blocked-property setoffs, hidden beneficial parties, money-transmission issues, and accurate characterization
Specific OFAC license	An issued license covers the identified property, parties, actions, and authorities	An application is not permission; Russian-law and bank execution barriers remain

The matrix compares legal questions, not approved routes. Each method remains subject to overlapping restrictions and the Act's implementation. [M1, §§103–107, 114, 116; M4, M8, M18–M24]

Section 109. Bank transfers and third-country accounts

Third-country bank transfers

Russia-to-third-country-to-U.S. transfers are not inherently unlawful. A client may have a genuine foreign account and legitimate reasons for using it. The decisive question is whether the first leg, the intermediate holding or conversion, and the final transfer are permitted. If the first leg requires a U.S. person to transact with a blocked bank without authorization, the second leg does not cure that violation. A lawful licensed release should remain documented throughout the chain. [M4, M8]

The bank in the third country must also evaluate its own restrictions, correspondent access, and exposure under §103(a)(1)(B)(vi). Its willingness to accept rubles or receive funds from Russia is not a legal opinion on the U.S. client's activity. Similarly, an unlisted intermediary is not necessarily outside automatic ownership blocking or new statutory coverage. A client should not omit the

Russian source, invent an invoice, misstate beneficial ownership, or describe sale proceeds as a gift to obtain processing. [M1, §§103, 116; M5]

There is an important qualification to the common claim that funds are permanently "tainted." A historical Russian connection does not alone make every later dollar blocked forever. Counsel must determine whether there is a current blocked property interest, an unauthorized transfer of blocked property, an independent prohibition, or a valid license. The correct approach is a transaction chronology and property-interest analysis, rather than either assuming permanent contamination or assuming that one intermediate account cleanses the funds. [M4, §§587.201–587.202; M8]

Section 103 can affect the bridge bank itself and the U.S. customer's dealings with it. Subsection (b) refers to institutions described in subsection (a)(1)(B), whose subclause (vi) includes covered foreign financial institutions engaging in significant transactions with the specified institutions. A third-country location therefore does not itself place the bridge bank outside the contemplated U.S.-person transaction prohibition. The interaction with Treasury's §103(c) exception and the implementing instrument requires review; an exception from mandatory designation should not automatically be read as permission for every customer transaction. Before choosing the route, review the intermediary's relevant Russian-bank relationships, current status, operative restrictions and correspondent chain. Repeat the check before each leg, because an initially usable route can cease to be available while funds are in transit. [M1, §103(a)–(c)]

Section 110. Brokerage arrangements and securities custody

Broker deposits in Russia and withdrawals in the United States

A Western name does not establish that a broker can lawfully provide a cross-border cash-transfer service. Obtain the legal names of the Russian and U.S. contracting entities, the account agreements, the custodian and settlement institutions, the cash banks, and the actual transaction sequence. A Russian affiliate may be a separate entity; an internal ledger entry can transfer a claim or settle an obligation without a visible international wire. The absence of a wire does not remove the sanctions question. [M4, including §587.312; M1, §§103, 105]

If the structure requires buying Russian shares, bonds, depositary interests, or another instrument as an intermediate step, analyze new-investment restrictions before treating it as remittance. OFAC generally prohibits purchases of both new and existing Russian-issued debt and equity; §109 now independently prohibits U.S.-person purchases of Russian sovereign debt upon enactment. Lawful sales or conversions of preexisting holdings are different, but custody, issuer, broker, exchange, and settlement restrictions can still prevent them. [M1, §109; M21]

Section 105 expressly reaches SEC-registered brokers and dealers for covered government-related transfers. A broker therefore does not stand outside the Act's payment restrictions simply because it is not a retail bank. Section 106 also requires restrictions on national-exchange trading of covered government-affiliated issuers. It does not itself prohibit every form of custody or every off-exchange transfer, but those activities remain subject to other sanctions and investment rules. [M1, §§105–107]

Do not select a broker merely because it "still operates in Russia." That commercial fact is insufficient to establish which clients, currencies, accounts, or transactions it currently accepts, or whether this particular transfer is legal. A viable proposal requires the broker's written description of the exact permitted transaction and an independent legal review of that description.

Section 111. Digital assets, bilateral exchange, and cash

Crypto and stablecoins

OFAC expressly applies sanctions obligations to digital currency as well as fiat currency. Using Bitcoin, a stablecoin, a wallet, or a digital-asset exchange does not provide an exemption for dealings with blocked persons or prohibited transactions. The analysis must include how the client acquires the asset, which bank funds the acquisition, the seller or exchange, relevant beneficial owners, custody, and the disposition into dollars. [M22, M23]

For example, a U.S. client's purchase of crypto funded by a debit at a blocked Russian bank can already involve a prohibited bank transaction. Sending the resulting asset to a U.S. platform does not retroactively authorize that debit. In a different case, lawful unblocked proceeds used in otherwise permitted digital-asset transactions are not prohibited merely because a blockchain is used. The client must still satisfy the exchange's geographic and customer restrictions, applicable financial regulation, source-of-funds review, and tax treatment. [M4, M22–M24]

The Act adds explicit attention to deceptive or structured sanctions-circumvention conduct, including digital assets, within its designation criteria, while §116 supplies penalties for specified violations. Its legal significance is not that every crypto transfer becomes prohibited. It is that crypto does not remove the underlying banking or transaction restrictions and can itself involve actors or conduct covered by the sanctions framework. No inference of permission should be drawn from the absence of a particular wallet address from a screening list. [M1, §102(b), §116; M22]

Using one's own assets is distinct from providing exchange or transmission services to other people. FinCEN's virtual-currency guidance distinguishes users from administrators and exchangers; whether an arrangement constitutes a regulated money-transmission business depends on the

actual activity. A person organizing repeated transfers for others needs separate Bank Secrecy Act and state-law analysis. That issue is additional to sanctions compliance, not a substitute for it. [M24]

Screen the actual crypto providers and token infrastructure, not merely the proposed U.S. receiving exchange. Treasury's August 14, 2025 action re-designated Garantex under cyber authorities, designated its successor Grinex, and designated Old Vector, the issuer of the ruble-backed A7A5 token, alongside A7 and related entities. These names are concrete escalation triggers, not suggested transfer channels. A proposal involving A7A5 requires identifying the issuer's and other blocked persons' interests and the full transaction chain; searching only the ticker or one wallet is inadequate. The additional cyber designations also mean an authorization limited to E.O. 14024 may not resolve every prohibition. Preserve wallet addresses, transaction hashes and provider records, and do not proceed without establishing authorization for any blocked-party involvement. [M46]

Bilateral currency offsets between friends

Consider this example: a client has rubles in Russia and needs dollars in the United States; a friend has dollars and needs rubles. The parties arrange matching payments in the two countries and settle their obligations by agreement. This can be a genuine currency exchange or set of assignments rather than a cross-border wire. It is not inherently prohibited merely because the payments are domestic. But the legal object is the whole arrangement, including both payments, both beneficial recipients, and the claims extinguished. [M4, §587.312; M25]

Section 587.405 specifically prohibits a U.S. person's setoff against blocked property after the applicable effective date. If the ruble leg requires a prohibited transaction with a blocked bank, the matching U.S. dollar payment does not make that leg lawful. Appointing a friend or agent to execute a transaction for the U.S. client also does not eliminate the client's involvement. Distinguish a real independent transaction from a nominal change of actor intended to accomplish the client's otherwise prohibited dealing. [M25; M1, §116]

A permissible arrangement would require lawful property and counterparties throughout, an accurate agreement explaining the exchange and value, and compliance with other applicable law. A compensated exchange should not be documented as a gift or loan merely because that description is easier for a bank. Repetition, commissions, public solicitation, or handling other people's money can raise money-transmission, AML, licensing, tax, and professional-responsibility issues beyond a one-off personal exchange. No conclusion that a particular arrangement is licensed or exempt can be made without its full facts. [M24, M25]

Specifically, 18 U.S.C. §1960 addresses knowingly operating an unlicensed money-transmitting business affecting interstate or foreign commerce, with alternative predicates concerning state

licensing, federal registration, or specified knowledge of unlawful funds or purposes. Repetition is relevant evidence, not a complete statutory test; a one-off label also does not establish an exemption. Russian Federal Law No. 173-FZ, Article 14, separately regulates settlement routes for resident legal entities and individuals and contains exceptions, including provisions concerning qualifying foreign accounts. Determine each party's Russian currency-law status, the actual settlement and the applicable exception. Two friends living in different countries are not necessarily a resident and a nonresident under that law. Absence of blocked property therefore does not establish that a proposed offset is lawful under either financial-regulatory system. [M24]

Other methods and the limits of an exit authorization

Physical cash, payment in kind, assignment of claims, dividends, loan repayments, and escrow can each be lawful or restricted depending on the facts. None has a general sanctions exemption because it moves value without a conventional wire. A withdrawal from a blocked bank remains a bank transaction; an assignment or settlement may transfer a blocked interest; and an entity distribution must be validly authorized and characterized. An attorney escrow account adds professional custody duties and is not a mechanism for removing a blocked interest. [M4, §§587.201, 587.312, 587.506(d)]

Where no general license fits, an application should identify the property, all parties and institutions, each proposed act, the legal authorities requiring relief, supporting ownership and source documents, and the reason for the requested release. An issued specific license can authorize only what its terms cover. Filing an application does not authorize execution while it is pending. General authorization under one order does not resolve a separate prohibition unless the authorization covers it. [M4, subpart E; M1, §§105(b), 114, 116]

Russian law remains an independent constraint. Currency controls, cash-withdrawal restrictions, account classifications, and approvals connected with asset sales can prevent or condition a transfer even if OFAC permits it. As one current example, the Bank of Russia has extended foreign-cash withdrawal restrictions until March 9, 2027. That announcement concerns cash and should not be treated as the universal deadline or rule for every cross-border transfer. Obtain transaction-specific Russian-law advice instead of importing an old transfer limit into all cases. [M26]

Section 112. Russian permissions and access to the proceeds

Russian transfer rules and asset sale conditions must be separated

The Bank of Russia removed the specified cross-border foreign-currency transfer limits for Russian citizens and individuals from friendly countries from December 8, 2025. Its June 1, 2026 announcement maintains different restrictions from June 8 through December 7, 2026 for

nonresident individuals from unfriendly countries: those working in Russia may transfer wages, while those not working there remain subject to a transfer ban. The announcement also addresses foreign legal entities, Russian-controlled foreign companies, and an exception for transfers from In-type accounts. These are distinct categories, not a universal monthly limit for all clients. [M35, M36]

A U.S. green card establishes U.S. sanctions status but does not, by itself, answer every Russian nationality, residence or unfriendly-person test. Record the client's citizenships, Russian residence status and the particular Russian rule. Do not equate the Russian classification with the U.S. sanctions definition. A special investment-account exception also does not establish that legacy balances can be moved into that regime without conditions. [M3, M36]

Identify the Russian permission regime before agreeing a closing date. Presidential Decree No. 81 of March 1, 2022 establishes a special procedure for specified transactions involving securities and real estate with covered foreign persons; its permission framework includes the Government Commission and, for specified organized-market securities transactions, the Bank of Russia. Decree No. 618 of September 8, 2022 addresses covered transactions affecting interests in Russian limited liability companies and associated ownership, use or disposal rights, including relevant indirect arrangements, through Government Commission permission. These instruments are starting points, not a complete current approval checklist: amendments, general permissions, exclusions and overlapping sector-specific measures may change the result. Russian counsel should state which permission or exception applies to the particular seller, buyer and asset, and whether it also addresses the intended proceeds account. A share-sale approval and permission to remit the proceeds abroad remain separate questions. [M47, M48]

For asset-sale economics, the October 15, 2024 subcommission protocol No. 268/1 provides, as a general approach to covered approvals, a discount of at least sixty percent and a budget contribution of at least thirty-five percent of appraised market value. Its stated asset scope is securities and interests in Russian legal entities sold by the specified foreign or controlled persons; its text does not establish that these conditions automatically apply to every individual's apartment sale. The contribution schedule is twenty-five percent within one month and five percent at each of one and two years; covered assets over RUB 50 billion require presidential consent. Confirm current requirements for the actual seller, asset and approval process rather than applying these terms indiscriminately. [M37]

Decree No. 550 of August 4, 2026 supplies another distinct Russian-law development. Its reproduced text excludes bank-deposit obligations to individual foreign creditors, and specified Russian-registered foreign-company subdivisions, from the relevant Decree No. 95 procedure. It also permits those creditors to receive qualifying rubles credited to Type C accounts from June 1, 2026 until the new decree took effect. This is narrower than a general right to remit every Russian

account balance abroad: the applicable cross-border transfer rules and U.S. sanctions remain independent. This description rests on a public reproduction of the decree. Confirm the operative official text and the bank's application of it before relying on the exception; it does not authorize an outward transfer or override U.S. sanctions. [M42]

Section 113. Receiving-bank evidence and independent tax duties

Prepare a transaction narrative supported by the economic event and the complete material payment chain. It should identify the acquisition and sale, owner, purchaser, taxes/fees, source account, conversion, intermediaries, license relied on and final recipient. Reconcile amounts and fees; identify gaps openly. An attorney can explain the defined review but should not certify that every dollar is clean or every past act lawful without the evidence and scope necessary for that conclusion. The bank can still decline a legally permissible transfer under its own risk policies, subject to applicable contract and law.

Moving one's own existing money between one's own accounts is not by itself income or a foreign gift. A sale, distribution, debt discharge, exchange or digital-asset disposition can nevertheless create separate taxable consequences. Form 3520 addresses specified foreign trust transactions and reportable foreign gifts or bequests; it is not a general form for every incoming foreign wire. Determine whether FBAR, Form 8938, Forms 5471, 8858, 8865 or 5472 apply under their distinct ownership, entity, account, transaction and threshold rules. A corporate sale may require entity-level analysis before any shareholder receipt. Tax payment does not authorize a prohibited banking transaction, and OFAC reporting does not satisfy tax or FBAR obligations. [T14; Part XIII]

Tax and financial reporting remain separate

Moving already-owned principal between a client's own accounts is different from realizing a gain on sale, receiving a dividend, earning interest, exchanging currencies, or disposing of crypto. The taxable event and reporting obligations need separate analysis; an OFAC authorization does not confer a tax exemption. For U.S. taxpayers, the location of an account does not by itself determine whether income is reportable. A Russian asset sale should be reviewed for basis, timing, exchange rates, entity ownership, and any available relief under applicable tax rules. [M27]

FinCEN states that U.S. persons with a financial interest in or signature authority over foreign financial accounts generally must file an FBAR if aggregate account value exceeds $10,000 at any point in the calendar year. This is an aggregate threshold, not a transfer cap or a sanctions safe harbor. Other reporting, including Form 8938 and foreign-entity forms, can require separate review. Splitting transfers does not eliminate an account-reporting duty or make an otherwise prohibited transaction permissible. [M28]

Form 3520 is not a general report of large receipts from foreign persons. Its foreign-gift reporting applies to qualifying gifts or bequests, and it separately covers specified foreign-trust matters. Genuine consideration under a documented currency exchange does not become a gift simply because the counterparty is a foreign friend. Actual gifts, trust involvement and any resulting tax or reporting consequences must be analyzed according to their substance. [M38]

CONCLUSION

This Part draws the threads together, restating why the Russia program is the most operationally consequential country-specific regime OFAC administers and why disciplined qualification — screening parties, mapping ownership, checking geography, and confirming that each activity is permitted or licensed — is the only sound response to its complexity.

The United States sanctions program targeting the Russian Federation is now the most operationally consequential country-specific regime that OFAC administers. It combines, in a single layered structure, every major tool in the sanctions toolbox: comprehensive geographic restrictions on Crimea and the covered regions under E.O. 14065, not automatically every occupied Ukrainian territory; transaction prohibitions on the Russian central bank, sovereign wealth fund, and Ministry of Finance under Directive 4, which immobilize sovereign assets without blocking them; full blocking sanctions on each of the four largest Russian oil companies, on the principal Russian state-owned banks, and on thousands of further individuals and entities; sectoral restrictions on debt and equity dealings through the four Directives codified in 31 C.F.R. §§ 589.202 through 589.205; broad import bans on Russian-origin energy, metals, diamonds, seafood, and other specified goods; export bans on luxury goods and U.S.-dollar banknotes; a sweeping new-investment prohibition; an expanding services-prohibition regime that reaches accounting, consulting, information technology, engineering, architecture, and petroleum services; a multilateral price-cap mechanism for Russian oil that depends on a chain of price attestations; and a secondary-sanctions framework for foreign banks that support what the United States describes as Russia's military-industrial base, under which designation does not require that the institution have acted knowingly and may take the form of either full blocking or correspondent-account restriction.

Six through-lines run across the Parts that precede this one, and they are the propositions worth carrying away. The first is structural ownership. The Fifty Percent Rule blocks by operation of law, in the aggregate and through intermediate entities, without publication of the blocked entity's name, so that a clean screen against the SDN List is necessary but never sufficient and ownership must be traced to ultimate beneficial owners on both sides of a transaction. The second is facilitation and evasion. The prohibitions reach approval, referral, financing, and support given by a U.S. person to conduct performed by others, and a structure lawful on its face becomes unlawful once adopted with an evasive purpose. The third is the private-law consequence of public-law compliance, the subject of Part XI: a refusal to perform that is correct under the sanctions regulations remains a private-law act, governed by the contract's own rules and, frequently, by a foreign court, and it generates exposure in contract, tort, governance, insurance, and the financing chain that OFAC clearance does nothing to answer.

The fourth is the character of the authorizations. General licenses have instrument-specific scope, conditions and, in some cases, fixed expiration dates. A documented mapping of facts to each operative provision supports a defensible reliance analysis; the absence of a memorandum does not itself invalidate an otherwise authorized transaction. The fifth is the route to relief. The reconsideration petition under 31 C.F.R. § 501.807 is the ordinary first step and the one that builds the record, but it is not invariably a precondition to review, as Section 16 explains. Review itself proceeds under the Administrative Procedure Act, whether for arbitrary or capricious action under 5

U.S.C. § 706(2)(A) or for unreasonable delay under § 706(1), and no regulatory deadline constrains the agency in the interval. The sixth is the disclosure conflict addressed in Part XIII, where the tax and foreign-account reporting obligations run independently of the freeze, the apparent dilemma dissolves once reporting and dealing are analyzed as the separate acts they are, and the privilege against self-incrimination, properly understood, offers far less shelter than is commonly assumed: it is assessed item by item rather than as a general exemption, and the required-records doctrine will in the ordinary case defeat an objection to producing the records of a foreign account that the Bank Secrecy Act obliges the holder to keep.

The program is operational and dynamic, and that is the final observation for practitioners. New designations, license amendments, and interpretive guidance issue continuously, expirations recur, and the substantive scope of the restrictions expands by determination rather than by statute. The Rosneft and Lukoil designations of October 2025, the energy-sector tranche of January 2025, the secondary-sanctions framework of December 2023, and the steadily expanding services-prohibition list together signal a regime calibrated less by what is on paper than by how OFAC chooses to enforce it. The corresponding library of more than one hundred and thirty numbered general licenses, selected examples of which are catalogued in Appendix A, is the principal mechanism through which lawful commercial and humanitarian activity continues. The difference between manageable risk and serious enforcement exposure lies, in nearly every case, in the depth of beneficial-ownership diligence, the discipline with which the relevant general license is read, the timeliness of voluntary self-disclosure where a violation has occurred, the deliberate allocation of sanctions risk at signing rather than after a dispute, and the willingness to seek competent counsel before rather than after the transaction.

This Treatise reflects the state of the program as understood at the time of writing. Any specific transaction should be tested against current designations, current general licenses, current OFAC frequently asked questions and advisories, and the contemporaneous text of any specific license that may apply. Nothing herein is legal advice for any particular matter.

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APPENDIX A: RUSSIA-RELATED AND COMPANION GENERAL LICENSES AS OF SEPTEMBER 20, 2026

This selected directory retains the Second Edition's 55 entries, replacing superseded versions where identified and preserving expired authorizations as historical entries. Review cutoff: September 20, 2026. The Russia program index was checked against the directory; current successor instruments 13R, 55F, 104B, 115D and 131J were read directly. Appendix D states the scope and limits of the remaining checks. Listing on an official index is evidence of the displayed version, not a complete paragraph-by-paragraph clearance of every use described here. Retrieve the source instrument, its annexes and any subsequent amendment before reliance. A historical license cannot authorize present conduct, and a license without a stated expiration can still be amended or revoked. Every authorization must be reconciled with the 2026 Act and overlapping authorities. Section 114(h) does not expand the terms of a pre-enactment license. Source links and the Third Edition register identify the reviewed instruments. [T01, T10]

Russia-related General Licenses

Russia-related General License 1B

Issued December 18, 2024. In force at snapshot, subject to terms. No fixed expiration stated.

Authorizes transactions under E.O.s 14039 and 14024 and PEESA involving Marine Rescue Service or its 50-percent-owned entities, but only where unrelated to Nord Stream 2, TurkStream, or successor construction. Paragraph (b) excludes its vessels identified as blocked property on the SDN List, Directive 2 and Directive 4 transactions, and other prohibited dealings or blocked persons. This is not a general vessel authorization.

OFAC source instrument

Russia-related General License 2

Issued February 22, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Covers E.O. 14024 transactions involving VEB or its 50-percent-owned entities ordinarily incident and necessary to servicing bonds issued before March 1, 2022 by the Central Bank, National Wealth Fund, or Ministry of Finance. It excludes Directive 1A transactions and other E.O. 14024-blocked persons unless separately authorized. It is not a general authorization to purchase sovereign debt or to disregard subsequently applicable restrictions; all overlapping prohibitions must be assessed.

OFAC source instrument

Russia-related General License 6D

Issued June 12, 2024. In force at snapshot, subject to terms. No fixed expiration stated.

Paragraph (a) covers Part 587 transactions related to specified agricultural commodities and equipment, medicine, medical devices and their replacement parts or software, COVID-19 activities, and clinical trials or other medical research. Paragraph (b) defines the covered products. Paragraph (c) excludes opening or maintaining Directive 2 correspondent or payable-through accounts and debits to the three sovereign institutions' accounts at U.S. financial institutions. It also excludes E.O.s 14066, 14068 and 14071 transactions, except the specified May 8, 2022 professional-services and June 12, 2024 IT-services determinations. Other federal requirements remain applicable. A qualifying humanitarian transaction may involve blocked-bank processing; ordinary personal banking is not thereby authorized.

OFAC source instrument

Russia-related General License 7A

Issued May 5, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Covers Part 587 transactions ordinarily incident and necessary to overflight or emergency-landing services in Russia for U.S.-registered aircraft or aircraft owned, controlled, or chartered by U.S. persons. A separate limb covers air ambulance and related medical services, including evacuation, to individuals in Russia. Excludes opening or maintaining Directive 2 correspondent or payable-through accounts and debits to the Central Bank, National Wealth Fund, or Ministry of Finance accounts at U.S. financial institutions. These are specific account exclusions, not a blanket exclusion of every Directive 4 transaction.

OFAC source instrument

Russia-related General License 13R

Issued July 8, 2026. Reviewed September 20, 2026. Expires October 9, 2026, 12:01 a.m. EDT. Subject to all operative conditions and overlapping authorities.

Allows U.S. persons and entities they own or control to pay taxes, fees and import duties and purchase or receive permits, licenses, registrations, certifications or tax refunds otherwise prohibited by Directive 4, when ordinarily incident and necessary to their day-to-day operations in Russia. Paragraph (b)(1) excludes debits to the three sovereign institutions' accounts at U.S. financial institutions. Paragraph (b)(2) preserves other Part 587 prohibitions, including blocked-person transactions, unless separately authorized. It does not independently authorize paying Russian taxes through an SDN bank. [T10]

OFAC source instrument: https://ofac.treasury.gov/system/files/2026-07/russia_gl13r.pdf

Russia-related General License 14

Issued March 2, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Authorizes Directive 4 transactions only where the sovereign institution's sole function is operating a clearing and settlement system. There must be no transfer of assets to or from it and it must not be a counterparty or beneficiary, unless separately authorized. Paragraph (b) excludes debits to a Directive 4 entity's account at a U.S. financial institution. It supplies no blanket clearance for an SDN bank participating elsewhere in the payment chain.

OFAC source instrument

Russia-related General License 18

Issued March 11, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Relieves only the dollar-banknote prohibition in E.O. 14068 section 1(a)(iv) for qualifying noncommercial personal remittances from the United States or a U.S. person to an individual in Russia, or from an individual U.S. person located in Russia. Entity donations and business-support transfers are excluded from personal remittances. Transferring institutions may rely on the originator absent knowledge or reason to know of noncompliance. Other Part 587 prohibitions and blocked-person involvement remain excluded unless separately authorized. This is not a general SDN-bank remittance license.

OFAC source instrument

Russia-related General License 19

Issued March 11, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Relieves E.O. 14068 section 1(a)(iv), the dollar-banknote prohibition, for individual U.S. persons located in Russia undertaking transactions ordinarily incident and necessary to personal maintenance there, including housing, personal goods and services, taxes, permits and utilities. Paragraph (b) preserves other Part 587 prohibitions, including blocked-person transactions, unless separately authorized. Neither residence in Russia nor the payment's household purpose independently authorizes an SDN-bank debit.

OFAC source instrument

Russia-related General License 20

Issued March 24, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Authorizes U.S.-person transactions ordinarily incident and necessary to official business of third-country diplomatic or consular missions located in Russia, otherwise prohibited by E.O. 14024 or E.O. 14068 section 1(a)(iv). Excludes opening or maintaining Directive 2 correspondent accounts; sovereign-account debits at U.S. financial institutions; dollar banknote supply to Russia's government except the specified taxes, fees, permits, licenses and utilities; and other blocked-person transactions unless separately authorized. The title does not authorize every diplomatic funds transfer.

OFAC source instrument

Russia-related General License 25G

Issued October 30, 2024. In force at snapshot, subject to terms. No fixed expiration stated.

Paragraph (a) covers telecommunications involving Russia; (b) covers specified internet-communications services; (c) covers associated software, hardware and technology subject to its actual or hypothetical Commerce authorization tests. Paragraph (d) excludes specified Directive 2 correspondent accounts, sovereign-account debits at U.S. financial institutions, E.O.s 14066 and 14068 transactions, and dealings involving any of the thirteen named entities unless separately authorized. Those names include specified broadcasters, Garantex, Dialog entities, Rossiya Segodnya, TV Novosti, XH Smart Tech and Perspective Technologies Agency; check the complete list. Other federal requirements survive. Permission to communicate over an app does not authorize its underlying financial transaction. Replaced 25F on October 30, 2024.

OFAC source instrument

Russia-related General License 27

Issued April 19, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Covers Part 587 transactions ordinarily incident and necessary to NGO humanitarian, democracy-building, educational, noncommercial development, environmental and natural-resource activities specified in paragraph (b), in Ukraine or Russia. The only permitted blocked-person involvement is processing funds by E.O. 14024-blocked financial institutions. Paragraph (c) excludes all Directive 2 transactions, debits to the three sovereign institutions' U.S.-institution accounts, and E.O.s 14066 and 14068 transactions. The purpose and participants must fit; a humanitarian label alone is insufficient.

OFAC source instrument

Russia-related General License 31

Issued May 5, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Covers specified Part 587 transactions for applying for, obtaining, renewing or maintaining intellectual-property protection in the United States or Russia, and prosecuting or defending opposition or infringement proceedings. Excludes opening or maintaining specified Directive 2 correspondent accounts, debits to the three sovereign institutions' U.S.-institution accounts, and E.O.s 14066 and 14068 transactions. It is not a general authorization for commercial exploitation or all intellectual-property licensing arrangements.

OFAC source instrument

Russia-related General License 38A

Issued August 19, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Covers E.O. 14024 transactions ordinarily incident and necessary to processing pensions to U.S. persons wherever located, or to non-U.S. persons outside Russia. The only blocked-person involvement permitted is fund processing by E.O. 14024-blocked financial institutions. Paragraph (b)(1) excludes opening or maintaining Directive 2 correspondent accounts; (b)(2) excludes sovereign-account debits at U.S. financial institutions; (b)(3) preserves other Part 587 prohibitions and other blocked-person involvement unless separately authorized. It does not authorize unrelated withdrawals, card spending, or salary payments. Replaced 38 on August 19, 2022.

OFAC source instrument

Russia-related General License 40C

Issued November 14, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Covers E.O. 14024 transactions ordinarily incident and necessary to safety-related goods, technology or services involving the blocked entities in the Annex and their covered 50-percent-owned entities. Aircraft must be registered solely outside Russia and operated solely for civil

aviation. The Annex includes United Aircraft Corporation, specified aviation entities, State Transportation Leasing Company and Emperor Aviation; the complete Annex controls. Excludes Directive 2 and Directive 4 transactions and other Part 587 prohibitions or blocked persons unless separately authorized. Commerce requirements remain independent. Replaced 40B on November 14, 2022.

OFAC source instrument

Russia-related General License 42

Issued June 28, 2022. In force at snapshot, subject to terms. No fixed expiration stated.
Covers E.O. 14024 dealings with the FSB for specified IT-product licenses, permits, certifications and notifications, subject to Commerce authorization and an annual $5,000 limit on those fees; compliance with FSB law-enforcement or administrative actions or investigations; and compliance with its rules. It does not authorize general goods or technology supply to the FSB. Excludes Directive 2 and Directive 4 transactions and other Part 587 prohibitions or blocked persons unless separately authorized. Cyber GL 1C addresses other FSB authorities; geographical prohibitions and export controls still require separate analysis.

OFAC source instrument

Russia-related General License 44

Issued July 14, 2022. In force at snapshot, subject to terms. No fixed expiration stated.
Authorizes transactions ordinarily incident and necessary to supplying tax preparation or filing services from the United States or by U.S. persons to an individual U.S. person located in Russia, otherwise prohibited by E.O. 14071 section 1(a)(ii). Its title is broader than its operative tax-service authorization. Paragraph (b) preserves other Part 587 prohibitions, including blocked-person transactions, unless separately authorized. GL 44 alone therefore does not authorize collecting the professional fee through an SDN bank or supplying general accounting services.

OFAC source instrument

Russia-related General License 46

Issued July 22, 2022. Event-conditioned authorization; no auction window presumed open. No fixed expiration stated.
Paragraph (a) concerns the EMEA Credit Derivatives Determination Committee auction settling credit derivatives referencing the Russian Federation; (b) permits purchases or receipts of sovereign debt only from two business days before the announced auction through eight business days after its conclusion; (c) covers related facilitation, clearing and settlement. The relieved prohibition is E.O. 14071 section 1(a)(i). Other Part 587 prohibitions and blocked persons remain excluded unless

separately authorized. No calendar sunset appears, but the permission is event-specific and must not be described as open-ended sovereign-debt trading authority.

OFAC source instrument

Russia-related General License 50

Issued August 19, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Covers transactions prohibited by E.O. 14024 ordinarily incident and necessary to closing an account of a nonblocked individual, wherever located, at an E.O. 14024-blocked financial institution, and unblocking and transferring all remaining funds and other assets in a lump sum to that individual, including to their account at a nonblocked institution. Excludes opening or maintaining Directive 2 correspondent accounts, all Directive 4 transactions, and other Part 587 prohibitions or other blocked persons unless separately authorized. It is not a corporate-account or continued-use license. Check Ukraine GL 26A if E.O. 13662 blocking also applies and check reporting independently.

OFAC source instrument

Russia-related General License 52

Issued September 15, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Authorizes listed support-staff, premises, goods, services and expense transactions for U.S. news-reporting organizations and individual U.S. journalists or broadcast or technical personnel, ordinarily incident and necessary to journalism or news bureaus, under E.O. 14024 or E.O. 14071 section 1(a)(i). Blocked persons may participate only as E.O. 14024-blocked financial institutions processing funds. Excludes specified Directive 2 correspondent accounts, sovereign-account debits, the six media entities named in (c)(3) unless separately authorized, and other Part 587 prohibitions or blocked persons unless separately authorized. The definition of news-reporting organization and listed expense categories control.

OFAC source instrument

Russia-related General License 53A

Issued November 21, 2024. In force at snapshot, subject to terms. No fixed expiration stated.
Covers U.S.-person transactions for official business of Russian diplomatic or consular missions, and separately employee compensation and reimbursement, where prohibited by E.O. 14024 and involving Gazprombank or its covered 50-percent-owned entities, or prohibited by Directive 4. Excludes all Directive 2 transactions, debits to the three sovereign institutions' accounts at U.S. financial institutions, and other Part 587 prohibitions or blocked persons unless separately authorized. It does not cover every Gazprombank customer merely because the customer works abroad. Replaced 53 on November 21, 2024.

OFAC source instrument

Russia-related General License 54A

Issued January 17, 2023. In force at snapshot, subject to terms. No fixed expiration stated.
Covers E.O. 14071 section 1(a)(i) transactions ordinarily incident and necessary to purchasing or receiving VEON Ltd. or VEON Holdings B.V. debt or equity securities issued before June 6, 2022, including associated facilitation, clearing and settlement. Other Part 587 prohibitions and blocked-person transactions remain excluded unless separately authorized. Replaced 54 on January 17, 2023.

OFAC source instrument

Russia-related General License 55F

Issued June 11, 2026. Reviewed September 20, 2026. Expires December 18, 2026, 12:01 a.m. EST. Subject to all operative conditions and overlapping authorities.

Three separate permissions address crude-oil maritime services for Sakhalin-2 byproduct solely imported into Japan; E.O. 14024 transactions involving Gazprombank and its covered entities related to Sakhalin-2, including Sakhalin Energy LLC; and petroleum services related to Sakhalin-2 under the January 10, 2025 determination. Each runs to the stated deadline. Excludes all Directive 2 and Directive 4 transactions and other Part 587 prohibitions or blocked persons beyond paragraph (b), unless separately authorized. The Japan limitation belongs to paragraph (a), not an invented universal condition on every limb. [T10]

OFAC source instrument: https://ofac.treasury.gov/media/935696/download?inline=

Russia-related General License 56A

Issued February 3, 2023. In force at snapshot, subject to terms. No fixed expiration stated.
Relieves the November 21, 2022 crude-oil and February 3, 2023 petroleum-products maritime-services determinations for imports into Bulgaria, Croatia, or landlocked EU member states as

described in Council Regulation (EU) 2022/879. That incorporated scope must be checked; the license does not authorize all oil trade with those countries. Other Part 587 prohibitions and blocked-person transactions remain excluded unless separately authorized. Replaced 56 on February 3, 2023.

OFAC source instrument

Russia-related General License 57A

Issued February 3, 2023. In force at snapshot, subject to terms. No fixed expiration stated.

Relieves the two specified oil maritime-services determinations for activities ordinarily incident and necessary to vessel emergencies affecting crew health or safety or environmental protection, including docking, anchoring, emergency repairs and salvage. Offloading is excluded except where necessary for the authorized emergency; sales of Russian-origin crude or petroleum products are excluded. Other Part 587 prohibitions and blocked persons remain excluded unless separately authorized. Replaced 57 on February 3, 2023.

OFAC source instrument

Russia-related General License 64

Issued April 12, 2023. In force at snapshot, subject to terms. No fixed expiration stated.

Authorizes E.O. 14024 transactions involving Joint-Stock Company Kommersant or its covered 50-percent-owned entities ordinarily incident and necessary to operations of the newspaper Kommersant. Excludes Directive 2 and Directive 4 transactions, and other Part 587 prohibitions or other blocked persons unless separately authorized. This is an operational authorization for the named newspaper, not for every publication or every transaction of its owners.

OFAC source instrument

Russia-related General License 65

Issued April 12, 2023. In force at snapshot, subject to terms. No fixed expiration stated.

Paragraph (a) covers Part 587 telecommunications involving the named companies and their covered 50-percent-owned entities and Tajikistan or Uzbekistan. Paragraph (b) separately covers supplying specified internet-communications services, software, hardware and technology to those entities; it does not repeat the geographic condition in (a). Excludes specified Directive 2 correspondent accounts, sovereign-account debits at U.S. financial institutions, E.O.s 14066 and 14068 transactions, and other Part 587 prohibitions or blocked persons unless separately authorized. Other federal and Commerce requirements remain applicable.

OFAC source instrument

Russia-related General License 84

Issued December 22, 2023. In force at snapshot, subject to terms. No fixed expiration stated.

Authorizes U.S. financial institutions, during the ten-day period beginning when E.O. 14024 section 11(b)(i) CAPTA prohibitions take effect, to process only transactions necessary to close the affected correspondent or payable-through account and transfer remaining funds to the foreign financial institution's account outside the United States. Other Part 587 prohibitions and blocked persons remain excluded unless separately authorized. This is a rolling event-based window for correspondent accounts, not a personal-account withdrawal license.

OFAC source instrument

Russia-related General License 94

Issued April 19, 2024. In force at snapshot, subject to terms. No fixed expiration stated.

Authorizes transactions prohibited by Parts 587 or 589 involving OWH SE i.L., formerly VTB Bank Europe SE, or its covered 50-percent-owned entities. Paragraph (b) expressly unblocks their property and interests in property. Other prohibitions of those Parts and other blocked persons remain excluded unless separately authorized. The operative text is broader than a permission merely to continue liquidation; it should not be reduced to that description.

OFAC source instrument

Russia-related General License 103

Issued August 23, 2024. In force at snapshot, subject to terms. No fixed expiration stated.

Relieves the specified February 8, 2024 diamond-jewelry determination for U.S. importation and entry, including foreign-trade-zone admission, of jewelry physically outside Russia before March 1, 2024 and not exported or reexported from Russia on or after that date. Other Part 587 prohibitions, blocked persons and other federal requirements remain applicable unless separately authorized where permitted.

OFAC source instrument

Russia-related General License 104B

Issued August 26, 2026. Reviewed September 20, 2026. Expires September 1, 2027, 12:01 a.m. EDT. Subject to all operative conditions and overlapping authorities.

Relieves the specified February 8, 2024 determination through its deadline for qualifying non-industrial diamonds physically outside Russia before, and not exported or reexported from Russia since, March 1, 2024 for stones of at least 1 carat, or September 1, 2024 for stones of at least 0.5 carat. The direct Russian-origin diamond ban under E.O. 14068 section 1(a)(i)(A) remains. Other Part 587 prohibitions and blocked persons are excluded unless separately authorized, and other federal requirements survive. [T10]

OFAC source instrument: https://ofac.treasury.gov/media/936796/download?inline=

Russia-related General License 115D

Issued June 11, 2026. Reviewed September 20, 2026. Expires December 18, 2026, 12:01 a.m. EST. Subject to all operative conditions and overlapping authorities.

Covers E.O. 14024 transactions involving the institutions listed in (a), their specified 50-percent-owned entities, or the Central Bank, solely to maintain or support civil nuclear projects initiated before November 21, 2024. The named institutions include Gazprombank, VEB, Otkritie, Sovcombank, Sberbank, VTB, Alfa-Bank, Rosbank, Bank Zenit, Bank Saint-Petersburg and NCC. Excludes specified Directive 2 correspondent accounts, sovereign-account debits at U.S. financial institutions, and other Part 587 prohibitions or blocked persons unless separately authorized. [T10]

OFAC source instrument: https://ofac.treasury.gov/media/935701/download?inline=

Russia-related General License 116

Issued December 27, 2024. In force at snapshot, subject to terms. No fixed expiration stated.
Authorizes E.O. 14024 transactions involving qualifying entities blocked solely through Ivanishvili's property interest or ownership described in (a), provided the entity is not itself on the SDN List. Excludes Directive 2 and Directive 4 transactions; specified Credit Suisse Trust litigation and related proceedings, enforcement, settlements and asset movements unless separately authorized; and other Part 587 prohibitions or blocked persons unless separately authorized. It does not authorize transactions with Ivanishvili personally.

OFAC source instrument

Russia-related General License 117

Issued January 10, 2025. Expired before snapshot. Expired February 27, 2025, 12:01 a.m. EST.
Authorized E.O. 14024 winddown transactions involving the Annex entities, including Gazprom Neft and Surgutneftegas, and their covered 50-percent-owned entities. Payments to blocked persons had to enter blocked accounts. Excluded Directive 2 and Directive 4 transactions and other Part 587 prohibitions or other blocked persons unless separately authorized. Expired before the guide's cutoff; use only when evaluating conduct within its authorization period and actual Annex scope.

OFAC source instrument

Russia-related General License 119

Issued January 10, 2025. Expired before snapshot. Expired February 27, 2025, 12:01 a.m. EST.
Authorized E.O. 14024 transactions ordinarily incident and necessary to official business of diplomatic or consular missions outside Russia involving Gazprom Neft or its covered 50-percent-owned entities. It did not limit eligibility by the mission's nationality. Excluded Directive 2 and

Directive 4 transactions and other Part 587 prohibitions or other blocked persons unless separately authorized. Expired before the guide's cutoff.

OFAC source instrument

Russia-related General License 123

Issued January 15, 2025. Expired before snapshot. Expired March 1, 2025, 12:01 a.m. EST.

Covered specified divestment or transfer of Wafangdian and covered-entity debt or equity to non-U.S. persons; settlement of trades placed before 4 p.m. EST January 15, 2025; and winddown of derivatives entered before that time. Derivative payments to blocked persons had to enter blocked accounts. Divestment did not permit sale to blocked persons or new purchases except incidental to the permitted divestment. Excluded Directive 2 and Directive 4 transactions and other Part 587 prohibitions or blocked persons unless separately authorized. Expired before the cutoff.

OFAC source instrument

Russia-related General License 124B

Issued November 14, 2025. In force at snapshot, subject to terms. No fixed expiration stated.

Paragraph (a) covers petroleum services related to operations of the three named projects; (b) covers E.O. 14024 transactions related to those operations involving Rosneft, Lukoil and their specified 50-percent-owned entities. Excludes sales, dispositions or transfers of interests in the projects and other Part 587 prohibitions or blocked persons beyond (b), unless separately authorized. Replaced 124A on November 14, 2025. It is an operations license, not a license to sell project interests.

OFAC source instrument

Russia-related General License 128C

Issued April 14, 2026. In force at snapshot, subject to terms. Expires October 29, 2026, 12:01 a.m. EDT.

Covers E.O. 14024 transactions involving LIG and its covered entities ordinarily incident and necessary to buying goods or services from, or maintaining, operating or winding down, physical retail service stations outside Russia. Their blocked accounts may be used, debited or credited for those transactions. Excludes Directive 2 and Directive 4 transactions, other Part 587 prohibitions or blocked persons unless separately authorized, and transfers to any person or account in Russia. Replaced 128B on April 14, 2026. The text contains no October 22, 2025 station-existence condition.

OFAC source instrument

Russia-related General License 129A

Issued March 5, 2026. In force at snapshot, subject to terms. No fixed expiration stated.

Authorizes Part 587 transactions involving Rosneft Deutschland GmbH, RN Refining & Marketing GmbH and their covered 50-percent-owned entities. Preserves other Part 587 prohibitions and other blocked persons, explicitly including other blocked Rosneft affiliates, unless separately authorized. Replaced 129 on March 5, 2026. It is not a blanket Rosneft-group authorization and contains no express general unblocking provision.

OFAC source instrument

Russia-related General License 130A

Issued April 14, 2026. In force at snapshot, subject to terms. Expires October 29, 2026, 12:01 a.m. EDT.

Authorizes E.O. 14024 transactions involving Lukoil Neftohim Burgas JSC, Lukoil Bulgaria EOOD, Lukoil Aviation Bulgaria EOOD, Lukoil Bulgaria Bunker EOOD and their specified 50-percent-owned entities. Other Part 587 prohibitions and other blocked persons, including other blocked Lukoil affiliates, remain excluded unless separately authorized. Replaced 130 on April 14, 2026. Do not import GL 128C's separate Russia-transfer exclusion into this instrument.

OFAC source instrument

Russia-related General License 131J

Issued September 18, 2026. Reviewed September 20, 2026. Expires October 22, 2026, 12:01 a.m. EDT. Subject to all operative conditions and overlapping authorities.

Paragraph (a) permits E.O. 14024 transactions ordinarily incident and necessary to negotiating and entering contracts with Lukoil or affiliates for sale, disposition or transfer of LIG or its covered entities, expressly contingent on separate OFAC authorization for performance. Paragraph (b) separately permits maintenance or winddown of their operations, contracts and agreements. Paragraph (c) permits use, debit or credit of their blocked accounts for (b). Paragraph (d) excludes other unblocking, other Part 587 prohibitions or blocked persons beyond (a) unless separately authorized, and transfers to any person or account in Russia. It does not authorize closing the sale. GL 131J replaced 131I on September 18, 2026. Because it was issued on enactment day rather than before that date, do not assume it falls literally within Section 114(h)(1); Section 114(h)(2) preserves authority to extend or issue licenses, and the application of this successor requires analysis of the relevant restrictions. [T10]

OFAC source instrument: https://ofac.treasury.gov/media/936951/download?inline=

Russia-related General License 132

Issued November 21, 2025. In force at snapshot, subject to terms. No fixed expiration stated.

Covers E.O. 14024 transactions involving Paks II in Hungary, including its named project company or a successor project, and one or more institutions specified in (a), including eleven named Russian financial institutions, their specified 50-percent-owned entities, and the Central Bank. Excludes specified Directive 2 correspondent accounts, sovereign-account debits at U.S. financial institutions, and other Part 587 prohibitions or blocked persons unless separately authorized. Unlike GL 115D, this instrument contains no general pre-November 21, 2024 project-initiation condition or fixed sunset.

OFAC source instrument

Russia-related General License 134B

Issued April 17, 2026. Expired before snapshot. Expired May 16, 2026, 12:01 a.m. EDT.

Covered transactions under its expressly listed Russia, Ukraine, Iran, proliferation and terrorism authorities ordinarily incident and necessary to selling, delivering or offloading Russian-origin crude or petroleum products loaded on vessels by 12:01 a.m. EDT April 17, 2026, including specified vessel-support activities. Excluded dealings involving persons located in or organized under Iranian, North Korean, Cuban, Covered-Regions or Crimean law, and entities owned or controlled by or in joint ventures with them. Other authorities not expressly covered remained applicable. Expired before the cutoff. It replaced 134A, which had separately expired April 11, 2026.

OFAC source instrument

Ukraine-/Russia-related General Licenses

Ukraine General License 11

Issued December 20, 2016. In force at snapshot, subject to terms. No fixed expiration stated.

Covers specified E.O. 13685 transactions to obtain and use design reviews or permits from FAU Glavgosekspertiza Rossii offices in Russia for projects wholly in Russia, excluding Crimea. Other E.O. 13685 violations, transfers of blocked property, debits to blocked accounts, other Executive Orders and other regulatory Parts remain outside the authorization.

OFAC source instrument

Ukraine General License 18

Issued February 21, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Covers E.O. 14065 transactions ordinarily incident and necessary to specified agricultural, medicine and medical-device exports to the Covered Regions or third-country purchasers specifically for resale there, and COVID-19 prevention, diagnosis, treatment or related research in those regions.

Paragraph (b)'s product definitions and intended-use requirements control. Other federal laws and agencies' requirements remain applicable. This Ukraine license is distinct from Russia GL 18 concerning dollar banknotes.

OFAC source instrument

Ukraine General License 19

Issued February 21, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Covers E.O. 14065 telecommunications transactions involving the Covered Regions and common-carrier mail and package transmission. Does not authorize providing, selling or leasing telecommunications equipment, technology or transmission capacity. Dealings with persons blocked under E.O. 14065 are excluded unless separately authorized.

OFAC source instrument

Ukraine General License 20

Issued February 21, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Covers official business under E.O. 14065 conducted by employees, grantees or contractors of the named organizations: specified UN bodies, ICSID, MIGA, specified development-bank groups and their covered funds, the Red Cross and Red Crescent organizations, and OSCE. It is limited to the listed organizations and official business; it is not a general NGO authorization.

OFAC source instrument

Ukraine General License 21

Issued February 21, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Paragraph (a) covers E.O. 14065 noncommercial personal remittances to or from the Covered Regions or for individuals ordinarily resident there, excluding transfers by, to or through E.O. 14065-blocked persons. Entity donations and business support are not personal remittances. Institutions may rely on originators absent knowledge or reason to know of noncompliance. Paragraph (b) covers accounts of nonblocked individuals ordinarily resident there only for personal transactions, with regional transfers restricted to the scope of (a). It does not authorize arbitrary dealings through a bank blocked under another authority.

OFAC source instrument

Ukraine General License 22

Issued February 21, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Covers E.O. 14065 services for personal internet communications to persons in the Covered Regions and enabling software meeting the stated EAR99, ECCN 5D992.c or non-EAR classification conditions. Excludes supply with knowledge or reason to know it is intended for a person blocked

under E.O. 14065. Other federal requirements survive; the license does not cover every commercial cloud service.

OFAC source instrument

Ukraine General License 23

Issued March 11, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Covers E.O. 14065 transactions ordinarily incident and necessary to the listed NGO humanitarian, democracy-building, education, noncommercial development, environmental and natural-resource activities, including associated funds transfers, taxes, fees, permits and utilities. Dealings with persons blocked under E.O. 14065 remain excluded unless otherwise authorized. The territorial scope follows the Order, not occupation alone.

OFAC source instrument

Ukraine General License 24

Issued March 18, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Covers provision or receipt of civil maritime services performed by individuals ordinarily resident in the Covered Regions, provided the services occur outside those regions and are not on behalf of entities located in or organized under their laws. Excludes prohibited new investment and E.O. 14065-blocked persons unless separately authorized. It is not an authorization for maritime trade inside the Covered Regions.

OFAC source instrument

Ukraine General License 25

Issued March 24, 2022. In force at snapshot, subject to terms. No fixed expiration stated.

Covers specified journalistic activities and news-bureau operations for U.S. news organizations and qualifying regularly employed U.S. personnel in Crimea and the E.O. 14065 Covered Regions. Listed activities include staffing, premises, local goods and services, telecommunications, expenses and temporary EAR99 equipment that must be reexported when no longer needed. Excludes other prohibited new investment and E.O. 13685 or 14065-blocked persons unless separately authorized. Other federal requirements remain applicable; this is not interchangeable with Russia GL 52.

OFAC source instrument

Ukraine General License 26A

Issued January 15, 2025. In force at snapshot, subject to terms. No fixed expiration stated.

Authorizes E.O. 13662-blocked-person transactions involving the Annex persons or their specified 50-percent-owned entities if the transactions are authorized or exempt under Part 587, including by general or specific license. The Annex includes specified banks such as Gazprombank, Sberbank,

VTB, Alfa-Bank, VEB and NCC; the complete list must be checked. Paragraph (b) preserves E.O. 13662 Directive 1–4 prohibitions and other blocked persons unless separately authorized. It does not cover every Part 589 prohibition or every dual-designated person. Replaced 26 on January 15, 2025.

OFAC source instrument

Companion General Licenses bearing on Russia-related compliance

Belarus General License 12

Issued November 4, 2025. In force at snapshot, subject to terms. No fixed expiration stated.

Authorizes Part 548 transactions related to aircraft EW-001PA, serial 33079; EW-001PB, serial 33968; and EW-001PH, serial 31835, including specified use by Lukashenka or Slavkali. The aircraft are unblocked subject to (c), but funds blocked on or before 12:01 a.m. EST November 4, 2025 are not unblocked. Other Part 548 prohibitions and blocked persons outside the specified scope remain excluded; EAR and ITAR requirements survive.

OFAC source instrument

Belarus General License 14

Issued March 26, 2026. In force at snapshot, subject to terms. No fixed expiration stated.

Authorizes Part 548 transactions involving Belinvestbank, Belinvest-Engineering, Belbizneslizing and their specified 50-percent-owned entities. Does not unblock property blocked under any part of Chapter V. Other Part 548 prohibitions and other blocked persons remain excluded unless separately authorized. A Belarus license does not remove an independently applicable Russia-program prohibition.

OFAC source instrument

Cyber General License 1C

Issued April 27, 2023. In force at snapshot, subject to terms. No fixed expiration stated.

Covers specified FSB IT-product permissions subject to Commerce authorization and the $5,000 annual fee ceiling, compliance with law-enforcement or administrative proceedings, and compliance with FSB rules, under Parts 578 and 544 and E.O. 14078. Excludes transfers of blocked property and blocked-account debits, and other prohibited transactions or blocked persons unless separately authorized. It does not authorize general goods or technology supply to the FSB. Russia GL 42 addresses E.O. 14024 separately; geographical restrictions survive. Replaced Cyber GL 1B on April 27, 2023.

OFAC source instrument

APPENDIX B ENDURING IMMIGRATION AND ENTRY DISTINCTIONS

Economic sanctions, visa issuance, admission at the border and permission to remain in the United States are separate legal questions. The Department of State administers visas; the Department of Homeland Security administers admission and immigration status within its responsibilities. A visa permits a traveler to seek admission and does not guarantee entry. An OFAC license authorizes only its covered economic activity; it is not a visa, admission authorization or immigration waiver. [S52]

Some sanctions authorities expressly carry entry consequences. For example, E.O. 14024 section 3 suspends immigrant and nonimmigrant entry of noncitizens determined to meet specified section 1 criteria, subject to its stated exceptions and implementation by State and DHS. The order's definition of noncitizen excludes U.S. citizens and U.S. noncitizen nationals. Analyze the actual immigration authority and any applicable exception rather than assuming every sanctions-list entry produces the same visa result. [S48]

Holding an account at an SDN bank does not itself establish that the account holder is personally designated or automatically inadmissible. The person's conduct, any findings, convictions, misrepresentations or separate inadmissibility grounds can still matter. Visa applications and interviews require truthful responses to the questions asked. Visa approval does not authorize otherwise prohibited banking; an OFAC license or delisting does not automatically resolve a separate immigration restriction. Obtain current immigration advice before travel, an application or a consequential disclosure. Section 71 addresses good moral character, privilege assertions and disclosures by noncitizens. This guide does not prescribe consular posts, appointment policies, visa-processing pauses or other short-lived administrative arrangements. [S48, S53]

The 2026 Act’s Section 102(e)(2) adds its specified visa, admission, parole and other immigration consequences for the covered aliens, subject to the applicable statutory exceptions. It does not make every customer of a blocked bank a personally sanctioned alien. Determine whether the individual is within the statutory sanctioned category and what implementation or determination applies, then examine the distinct immigration ground. A license for an economic transaction does not waive an immigration consequence. [T01]

APPENDIX C CLIENT RECORDS AND REPORTING WORKSHEETS

This Appendix organizes the evidence needed to apply the detailed analysis in the Treatise. It does not prescribe an OFAC form or replace professional judgment. Maintain separate conclusions on sanctions liability, permission for future acts, mandatory reports, enforcement strategy, private-law exposure, tax reporting and immigration consequences.

A. Client status and event chronology

Record citizenship, permanent residence, other immigration status and physical location by date. Identify pending immigration applications, relevant statutory periods and interview or oath dates. Record entity formation, branches and decision-makers. Keep tax residence and each information-return test separate. Attach the account-opening documents, bank designation history, travel evidence and dated sanctions instruments. Identify gaps rather than manufacturing dates.

B. Transaction and property schedule

For each debit, credit, instruction, conversion, securities movement, fee or transfer record the date and time zone, currency, amount, initiator, counterparties, route, property interests, source records and authorization then available. Distinguish a bank's automatic entry from a client instruction. For a dormant account, address holding and reporting instead of automatically charging a fresh transaction every day. Map ownership through each blocked intermediary and preserve the exact entity identifiers.

C. Deadline register

Record the event that starts each initial blocking, rejection, annual or release-report clock; who must report; actual evidence of any other report; due date; submission channel; and proof of filing. Add license conditions and expirations, OFAC response dates, the initial VSD and expected full-report timetable, tax and FBAR deadlines, litigation holds and immigration milestones. An internal discovery date is not a substitute for a statutory triggering event. Escalate overdue items promptly without backdating.

D. Authorization and exit plan

Identify each prohibition and authority, each potentially applicable exemption or license, and the exact paragraph covering each proposed act. Address exclusions, other designation tags, annex entities, ownership extensions, blocked-account debits, intermediary services and any separate BIS

requirement. Confirm sending and receiving bank feasibility, Russian-law constraints, currency and asset-sale steps. Record contingency instructions if a bank refuses or an instrument changes before execution. Do not treat approval of the plan as standing authority for any different route.

E. Disclosure and defense decision

Identify apparent violations separately from licensed acts and unresolved questions. Record VSD timing, third-party mandatory reporting, prior government contact, the basis for qualification and any reason it may fail. Assess civil defenses, criminal intent, professional advice, limits on privilege and the scope of proposed factual admissions. For a noncitizen, obtain the benefit-specific analysis in Section 71. Document the reasons for sequencing, the truthful scope of each submission and any requested extension. A decision not to make a voluntary disclosure does not suspend mandatory reports or authorize continued activity.

F. Remediation and completion record

Retain evidence that recurring instructions stopped, records were preserved, reports were filed or corrected, and future activity has a lawful route. If closure occurs, retain confirmation that the account closed and all assets were dealt with under the authorization, and record the release-report exception or filing. Explain unresolved foreign restrictions, blocked residual property and continuing monitoring. State the limits of any OFAC disposition: it need not resolve criminal, tax, immigration, contractual or foreign-law exposure.

G. Separate factual evidence from legal assessment

Use a common verified chronology across advisers, but maintain legal advice, ordinary records and submissions in their appropriate categories. A document does not become privileged merely because counsel receives it. Preserve contemporaneous advice and the facts disclosed for reliance analysis; distinguish pre-act circumstances from post-act rehabilitation. Do not repurpose an OFAC mitigation statement as an immigration admission without examining the different legal elements. Correct errors consistently across pending proceedings and retain the correction trail.

H. Blocked property inventory and responsibility record

Create one asset record per discrete blocked interest, with linked transactions rather than a single undifferentiated matter balance. Use the fields below as your property inventory; they are not an OFAC substitute form. Reconcile the register to each filed initial report and annual spreadsheet.

Field	Matter entry and supporting evidence
Asset identifier and description	Internal ID; account/security/property/wallet details; title document or statement

Field	Matter entry and supporting evidence
Owner, target and interest	Legal owner; blocked person; direct/indirect/contingent interest; ownership chart
Custody and control	Holder, actual location, authorized signatories and restrictions
Primary reporter	Rule applied; trustee/real-property allocation; representative authority
Reliance on another filing	Actual report, ID, period and property covered; dated confirmation identifying the filing
Trigger and restraint	Legal blocking date/time; actual restraint date; discovery date and explanation
Authorities	Each order, statute, regulatory part and program tag; effective-date evidence
Initial and June 30 values	Currency, quantity, rate, market/estimate source and zero-value convention if applicable
Filing record	Due date, filer, submitted report, attachments, ORS ID and acknowledgment
Changes during custody	Credits, income, authorized charges, location changes and supporting authority
Release analysis	All blocking bases removed or covered; license; report exception or due report
Retention and next review	Continuing custodian; next annual deadline; release-plus-ten-year retention date

I. Initial report drafting and verification checklist

Prepare the nine items in §501.603(b)(1)(ii)(A)–(I), then reconcile the report to the inventory. Confirm the actual legal trigger rather than substituting discovery. Preserve the precise authority, target-interest narrative, dollar valuation and available underlying documents. Record what is unknown, who is obtaining it and whether OFAC guidance is needed. Verify current ORS access and representative authority before the deadline. Submit, retrieve the acknowledgment and retain the report ID. Check names, amounts and dates against original records before approving submission.

Annotated example. For Matter two, identify the law firm as holder, the purchaser as owner/target, the $150,000 deposit and escrow account as property, and E.O. 14024/Part 587 as the applicable authority on the assumed facts. Describe designation between receipt and closing; attach the escrow agreement and relevant instructions. The narrative should explain the refundable interest rather than merely say “SDN funds.” Record how withdrawals were restrained. The filed report uses actual names and dates from evidence, not the hypothetical labels in this guide.

Completed hypothetical initial report

This example expands Matter two. All names, addresses, identifiers and events below are fictional. Assume Example Escrow PLLC holds a refundable $150,000 deposit belonging entirely to Purchaser P, who becomes blocked under E.O. 14024 on June 15, 2026. The funds were received before designation and remain held on June 30. No other person’s report is known to cover the holder’s obligation. In a real filing, replace every fictional field with supported facts and confirm every applicable authority.

Regulatory item	Illustrative completed content
A Holder and contact	Example Escrow PLLC, 100 Example Street, New York, NY 10000; contact Alex Example, +1 212 555 0100, reports@example.com. These are fictional training details. The filer acts for the actual holder.
B Associated transaction	Refundable deposit for a proposed U.S. property purchase under agreement E-01 dated June 1, 2026; received June 5 from Purchaser P’s account at unblocked Bank B into the holder’s U.S. escrow account. Closing was planned for June 25 and has not occurred. Identify actual seller, all banks, locations and payment references in a real report.
C Target and interest	Purchaser P, assumed location Moscow, Russia; designated June 15 under E.O. 14024. P retains a contractual refund interest in the entire deposit. The seller has not earned or received the deposit. Attach evidence of the designation and the escrow terms.
D Property and location	USD 150,000 deposit in U.S. escrow account E-01 at fictional unblocked Bank B, New York. State the actual bank legal name and complete relevant account identifier in the secure filing; this public example uses a training identifier.

Regulatory item	Illustrative completed content
E Blocking date	June 15, 2026, when the assumed designation became effective while the holder possessed the funds. Discovery and restraint also occurred that day.
F Value	USD 150,000 on June 15. No foreign-exchange conversion. This is cash held for P, not a loan or negative-balance reporting category.
G Preservation action	Disbursement instructions were stopped on June 15. The funds are preserved in an appropriately identified blocked interest-bearing arrangement at the unblocked U.S. institution, with no release or fee deduction. Confirm the actual custody steps and their authority rather than copying this statement if they have not occurred.
H Authority	E.O. 14024 and 31 C.F.R. §587.201, together with the actual designation instrument and applicable program identification. The example assumes no additional blocking authority.
I Documents	Deposit agreement, escrow agreement, June 5 transfer confirmation, bank record identifying the deposit, proposed closing instructions and relevant communications. Provide available relevant documents; explain any missing document.

Deadline and next action. Counting the first business day after June 15 as June 16 and excluding weekends and the June 19 federal holiday gives June 30, 2026 as the tenth business day. The June 30 holding also belongs in the annual report due September 30, 2026. Retain the report identifier supplied after filing; do not invent one in advance. Neither an initial report nor a court dispute over the deposit authorizes closing, refund, fee deduction or release. [T03, T06]

J. Annual report preparation and amendment worksheet

Check	Evidence to retain
Current template	Download date and unmodified TD F 90-22.50 workbook
June 30 population	Reconciled inventory including assets later released; exclusions separately documented
Part A	Holder/contact information and asset count matching Part B rows
Part B identity	Owner, target, program tags, asset/account types, location and initial-report ID
Valuation	June 30 values or disclosed alternative dates, quantities and exchange calculations
Omnibus holdings	One row per discrete blocked asset and ledger reconciliation

Check	Evidence to retain
Submission	Final workbook, timestamp, acknowledgment and ORS report identifiers
Correction	Return reason or discovered error, original and revised files, resubmission in original record

Annotated example. In Matter one, if the account was blocked June 15 and held June 30, Part B records the June 30 property and value even if the account closes July 10 under a license. Identify the individual owner separately from Bank A as target. The illustrative RUB 900,000 at RUB 90/USD gives $10,000, but a real report uses the actual June 30 evidence. If a second discrete block exists in an omnibus arrangement, give it its own row. The number in Part A must agree with the Part B population. Do not add a July 2 first-time block to the preceding June 30 snapshot.

Completed hypothetical annual report entry

Use the same escrow example. Assume bank records show $150 of credited interest through June 30 and no authorized charges or releases. The June 30 holding is therefore $150,150. This illustration supplies the content to map into the current TD F 90-22.50 workbook; it is not a substitute form. Preserve the official workbook's columns and formatting.

Annual report component	Illustrative content
Part A holder and contact	Example Escrow PLLC and the same verified contact information as the initial report. The attorney or agent submitting is identified as representative where appropriate.
Part A count	One discrete blocked item, assuming no other reportable property. Reconcile this count to Part B.
Part B property and block	Deposit E-01; U.S. cash escrow at Bank B, New York; original blocking date June 15, 2026; account identifier as actually recorded.
Target and owner	Purchaser P owns the refundable interest and is the assumed target. The escrow holder is not substituted for P as owner merely because its name appears on the account.
June 30 valuation	USD 150,150 = USD 150,000 principal plus USD 150 credited interest. Value date June 30, 2026; no exchange conversion.
Authority and linkage	E.O. 14024; 31 C.F.R. §587.201; exact applicable program identification. Insert the real initial-report ID when available. Do not confuse a report ID with a submission ID.

Annual report component	Illustrative content
Supporting reconciliation	June 30 bank evidence, original deposit record and interest credit. If the property is later released on July 10 under sufficient authority, it remains part of this June 30 snapshot.

Upload and corrections. Download the current workbook from OFAC's forms page, enter holder details and each distinct blocked item, reconcile counts and values, and submit the completed workbook through ORS by September 30. Retain the submitted workbook and acknowledgment. Follow the current annual guidance when a report is returned, replacing the file in the original submission and resubmitting as directed. A second asset requires a separate entry; property first blocked July 2 is not added to the preceding June 30 holdings. [T03–T05]

K. Late filing and correction record

Decision	Required entry
What was due	Initial, annual, release, rejection, litigation, license report or response to demand
Original trigger	Evidence of blocking/rejection/release or other event and the original due date
What happened	Actual filing history, missing years, returned submissions and intervening dealings
Immediate correction	Filing route, truthful explanation, available evidence and submission owner
Separate exposure	Unauthorized dealings, deficient records, inaccurate statements and relevant intent evidence
VSD decision	Government discovery, actual third-party required reports, timing and distinct violations
Consistency check	Bank, tax, FBAR and immigration records; corrections needed without invented explanations
Completion	Submitted version, confirmation, follow-up items and future control owner

L. Forms and submission route matrix

Obligation	Current route or form	Trigger or timing
Initial blocked property	Integrated ORS report	Ten business days from blocking

Obligation	Current route or form	Trigger or timing
Annual blocked property	TD F 90-22.50 spreadsheet through ORS	June 30 holdings; September 30 due
Rejected transaction	Integrated ORS report	Ten business days from rejection
Required release/transfer report	TD F 93.10; OFAC forms page directs email; regulation also permits ORS	Ten business days unless one of four exceptions applies or license dictates a separate condition
Covered litigation	§501.605 notice/documents to the stated Chief Counsel email	Notice upon trigger; covered documents within ten days; hearings separately notified
REPO sovereign assets	REPO form and official instructions	Covered institution's identification-based rule; check prior-report recognition
Specific license request	OFAC licensing application channel	Before otherwise prohibited action; application is not permission
VSD	Current OFAC disclosure channel	Separate qualification and timing; not an ORS mandatory-report substitute
License-specific report	Channel specified by the license or current OFAC instructions	Exact license condition and period

Official forms hub: https://ofac.treasury.gov/ofac-reporting-system. Retrieve the current template there rather than reuse an undated blank embedded in a book. Before first filing, obtain ORS registration instructions from OFACReport@treasury.gov. For extraordinary inability to file electronically, seek the permitted alternative in writing; do not assume it is granted. [T04–T05]

APPENDIX D: IMPLEMENTATION AND LICENSE STATUS

A. Implementation register as of September 20 2026

This register separates enacted text from implementation and from transaction-specific conclusions. It is not a statement that every future action has already issued. Check the current legal position before committing to or executing a transaction.

Item	Review finding	Next evidence needed
2026 Act and enactment	Enrolled Division A read; White House confirms September 18 signing	Published law citation when available; subsequent amendments
§§102–104 and 110	Review/designation duties and timetable established	Actual determinations, designations, restrictions and any waiver
§103(b)	Category-linked prohibition required effective after 30 days	Implementing text and institution-specific category determination; effect of §103(c) relief
§§105, 107–109	Operative prohibitions and statutory timing identified	Services implementation, applicable exceptions and payment-specific license coverage
§106	SEC implementation duty identified	Actual exchange/issuer order and its scope
§§112–113	Tariff ceilings, categories and reporting mechanism identified	Rates, country determinations, methodology, advance reports and CBP implementation
§§114–117	Exceptions, licensing protection, waiver and termination framework read	Applicable actual license/waiver, terms, effective date and any review requirement
§114(i)	Inclusive 270-day period ends June 14, 2027 on the stated counting method	Any implementing time convention; fact-specific eligibility and lawful settlement plan
Annual reporting	Current 2026 instructions and forms hub reviewed	Actual June 30 inventory and filing confirmation by September 30
Reporting enforcement	Gracetown 2025 release distinguishes reporting and transaction penalties	Matter-specific current adjustment, counts, mitigation and limitations

B. License version and deadline register

License	Third Edition status	Critical limitation
13R	July 8, 2026; expires October 9, 2026 at 12:01 a.m. EDT	Specified Directive 4 administrative transactions; no blanket SDN-bank authority
38A	Current version displayed on reviewed Russia index; no fixed expiry in reviewed description	Qualifying pension processing only
44	Current version displayed; no fixed expiry in reviewed description	Tax preparation/filing for qualifying individual U.S. persons in Russia; separate fee route
50	Operative text read; no fixed expiry	Qualifying individual E.O. 14024-bank closure and complete lump-sum transfer; exclusions remain
55F	Replaces 55E June 11, 2026; expires December 18, 2026 at 12:01 a.m. EST	Separate Sakhalin-2 limbs and exclusions
104B	Replaces 104A August 26, 2026; expires September 1, 2027 at 12:01 a.m. EDT	Defined diamonds previously outside Russia; direct Russian-origin ban preserved
115D	Replaces 115C June 11, 2026; expires December 18, 2026 at 12:01 a.m. EST	Listed institutions and pre-November 21, 2024 civil nuclear projects
128C and 130A	Versions displayed on reviewed index; stated expiry October 29, 2026 at 12:01 a.m. EDT	Different entities, acts and exclusions; do not borrow restrictions between licenses
131J	September 18, 2026; expires October 22, 2026 at 12:01 a.m. EDT	Negotiation/contingent contracts and maintenance; separate permission for performance; enactment-day issue date
117, 119, 123 and 134B	Historical expired instruments retained	No present authorization; inspect historical text for past conduct
Ukraine 26A	Cross-program bridge retained for analysis	Annex, E.O. 13662 scope and preserved directive restrictions must fit

Appendix A identifies the licenses and versions used in this edition. Read the current license itself, including exclusions and annexes, before relying on it. Historical predecessor references explain earlier transactions and do not supply present authority. [T10]

For new statutory reliance, record whether the license was issued before September 18, whether an extension/successor is involved, which prohibition it addresses and how Section 114(h) or another provision applies. This is especially important for GL 131J's enactment-day issuance. No

expiration entry means no fixed expiration was identified in that instrument; it does not prevent later revocation.

C. Russian measure verification matrix

Measure	Affected subject	Restriction or mechanism	Permission and evidence
Decree 81 of March 1, 2022	Covered transactions involving specified foreign ties, securities or real estate	Special permission regime	Current amended text; party classification; actual approval or applicable exception
Decree 618 of September 8, 2022	Covered LLC interests	Permission for specified ownership/control transactions	Current text and commission authorization; do not substitute real-estate rules
Decree 95 of March 5, 2022	Covered obligations and creditors	Special performance/Type C account regime	Debt, creditor, threshold and approval analysis; access to proceeds separately
Decree 302 of April 25, 2023	Assets brought under its temporary-management framework	Control/management consequences	Current annex and later instruments for the actual asset
Protocol 268/1 of October 15, 2024	Specified securities and company-interest disposals	Discount and budget-contribution conditions	Current commission practice, valuation and approval; not universal apartment-sale terms
Bank of Russia December 5, 2025 announcement	Russian citizens and qualifying friendly-country persons	Removal of stated outward-transfer limits from December 8	Confirm classification and other surviving restrictions
Bank of Russia June 1, 2026 announcement	Specified unfriendly-country nonresidents	Restrictions through December 7, 2026; stated salary and Type In exceptions	Current category, employment and account evidence
September 2026 cash announcement	Foreign-currency cash withdrawals	Extension through March 9, 2027	Cash rule only; separate outward-transfer analysis
Decrees 377 of June 1 and 550 of August 4, 2026	Deposit framework identified in official index	Operative scope not verified in accessible text	Obtain full official texts, amendments and CBR interpretation before advising affected depositors

Measure	Affected subject	Restriction or mechanism	Permission and evidence
Brokerage and Type In account measures	Relevant investor/account categories	Distinct restrictions or permissions	Current instrument and broker classification; no assumption that old restricted balances qualify

The underlying official instruments govern. Where only an official index or a dated announcement was accessible, this matrix states that limit instead of treating a citation number as verification of every operative condition. Source links appear under [T15–T16]. Russian legal review remains transaction-specific, especially for current amendments, banking implementation and available permissions.

Independent confirmation on September 20, 2026 against OFAC and Federal Register sources covers the following entries in this Appendix: General License 13R's October 9, 2026 expiration; General Licenses 55F and 115D, issued June 11, 2026 and expiring December 18, 2026; General License 104B, issued August 26, 2026 and expiring September 1, 2027; General License 131J's October 22, 2026 expiration; the United States person definitions at 31 C.F.R. §§ 587.314 and 589.339; the §501.601 ten-year recordkeeping dates of March 12 and March 21, 2025; the Gracetown penalty figures and their statutory-maximum components; and FinCEN's Section 314(b) Fact Sheet of June 12, 2026. The form reference TD F 93.10 is confirmed: OFAC published the Unblocking/Transfer Report Form TD F 93.10 by notice of September 19, 2025, to support reporting under 31 C.F.R. § 501.603(b)(3); its use is optional but strongly encouraged, and completed reports are submitted by email to OFACReport@treasury.gov. The form reports a release that has already been authorized; an application requesting authorization to unblock property remains a separate submission.

ABOUT THE AUTHOR



Viacheslav Kutuzov is an attorney and counselor-at-law admitted to practice in the State of New York and the Managing Partner of Kutuzov & Associates, P.C. in New York City. His practice is concentrated in United States and international taxation, commercial and corporate law, banking and anti-money-laundering compliance, and United States economic sanctions.

In the field of United States sanctions compliance and enforcement, Mr. Kutuzov advises both individuals and companies across the full range of regulatory exposure. His work encompasses due diligence and counterparty screening against the Specially Designated Nationals and Blocked Persons List and the application of the Fifty Percent Rule; the preparation of general- and specific-license requests to the Office of Foreign Assets Control; the development of compliance programs; enforcement defense; and strategic counsel on delisting and remediation. His sanctions practice is built on the broader regulatory framework, including the International Emergency Economic Powers Act, the Countering America's Adversaries Through Sanctions Act, and the Ukraine-/Russia-Related Sanctions Regulations.

His taxation practice centers on United States and international tax, with particular emphasis on Subchapter N of the Internal Revenue Code — the regime governing the taxation of cross-border income. He advises on income-tax treaties, multinational structuring, cross-border transactions, and complex tax modeling, and he handles the full range of United States domestic and international tax compliance and controversy work, including the foreign-information-return and foreign-account-disclosure obligations — Forms 5471, 5472, and 8858, the Subchapter N filings, and FBAR and FATCA reporting — that intersect directly with the sanctions questions addressed in this Treatise.

Mr. Kutuzov's commercial and corporate practice covers the drafting and negotiation of commercial agreements, secured transactions and negotiable instruments, and the formation, governance, and reorganization of business entities, including mergers, acquisitions, and joint ventures. In banking and anti-money-laundering matters, he advises clients on the Bank Secrecy Act, anti-money-laundering law, and the regulations of the Office of the Comptroller of the Currency, and he conducts financial due diligence and the assessment of compliance risk.

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66. Skadden, Arps, Slate, Meagher & Flom LLP, Russia's Energy, Financial and Defense Sectors Are the Focus of the Last Round of Sanctions Under Biden (January 2025).

67. Morrison & Foerster LLP, U.S. Authorizes Secondary Sanctions on Banks Supporting Russia's Military-Industrial Base (January 3, 2024).

68. Akin Gump Strauss Hauer & Feld LLP, New Executive Order Authorizes the Imposition of Secondary Sanctions on Foreign Financial Institutions Facilitating Russia's Military-Industrial Base (January 17, 2024).

69. Holland & Knight LLP, OFAC Sanctions: Top 5 Trends for 2026 (January 2026).

SUPPLEMENTAL PRIMARY AUTHORITIES

References [S1]–[S74] identify the original supplemental primary authorities; the [T] register adds Third Edition authorities. The review cutoff is September 20, 2026. Current web text can change, and historical conduct requires the version in effect on the transaction date. Appendix D distinguishes reviewed sources, implementation-dependent questions and source limitations.

S1 Russian Harmful Foreign Activities Sanctions Regulations, 31 CFR Part 587

Russian Harmful Foreign Activities Sanctions Regulations, 31 CFR Part 587

S2 Ukraine-/Russia-Related Sanctions Regulations, 31 CFR Part 589

Ukraine-/Russia-Related Sanctions Regulations, 31 CFR Part 589

S3 OFAC FAQ 1197 on NSD, MOEX, NCC and Russian Decree 840

OFAC FAQ 1197 on NSD, MOEX, NCC and Russian Decree 840

S4 31 CFR 501.603, reports of blocked, unblocked or transferred property

31 CFR 501.603, reports of blocked, unblocked or transferred property

S5 OFAC FAQs 401–403, ownership, aggregation and control

OFAC FAQ 401 — indirect ownership and complex ownership structures under the Fifty Percent Rule

OFAC FAQ 402 — post-designation divestment and the continued blocking of previously blocked property

OFAC FAQ 403 — guidance on entities owned by blocked persons under the Fifty Percent Rule

S6 Economic Sanctions Enforcement Guidelines, Appendix A to 31 CFR Part 501

Economic Sanctions Enforcement Guidelines, Appendix A to 31 CFR Part 501

S7 IEEPA penalties and limitations, 50 USC 1705

IEEPA penalties and limitations, 50 USC 1705

S8 Treasury, Rosneft and Lukoil designations, October 22, 2025

Treasury, Rosneft and Lukoil designations, October 22, 2025

S9 OFAC Russian Harmful Foreign Activities program page, orders and directives

OFAC Russian Harmful Foreign Activities program page, orders and directives

S10 Internal Revenue Code 7701, definitions and alien residence

Internal Revenue Code 7701, definitions and alien residence

S11 OFAC FAQ 1151, foreign financial institutions and military-industrial base

OFAC FAQ 1151, foreign financial institutions and military-industrial base

S12 OFAC FAQ 980, non-U.S. persons and authorized transactions

OFAC FAQ 980, non-U.S. persons and authorized transactions

S13 Export Administration Regulations, 15 CFR 746.8

Export Administration Regulations, 15 CFR 746.8

S14 May 8, 2022 professional-services determination; OFAC FAQ 1034 definitions

OFAC determination under E.O. 14071, May 8, 2022 — accounting, trust and corporate formation, and management consulting services (PDF)

OFAC FAQ 1034 — definitions of prohibited accounting, trust and corporate formation, and management consulting services

OFAC FAQ 1068 — additional guidance on the accounting and management consulting services prohibitions

S15 OFAC FAQ 1058, persons located in Russia

OFAC FAQ 1058, persons located in Russia

S16 OFAC FAQ 1059, indirect provision of services

OFAC FAQ 1059, indirect provision of services

S17 Quantum, architecture/engineering and IT services determinations

OFAC determination under E.O. 14071, September 15, 2022 — quantum computing services (PDF)

OFAC determination under E.O. 14071, May 19, 2023 — architecture and engineering services (PDF)

OFAC information technology and software services determination — Federal Register document 2024-15709 (PDF)

S18 January 10, 2025 petroleum-services determination

January 10, 2025 petroleum-services determination

S19 31 CFR 501.801, licensing procedures

31 CFR 501.801, licensing procedures

S20 31 CFR 587.404, ordinarily incident transactions

31 CFR 587.404, ordinarily incident transactions

S21 31 CFR 501.604, rejected transactions

31 CFR 501.604, rejected transactions

S22 31 CFR 587.203, holding blocked funds

31 CFR 587.203, holding blocked funds

S23 31 CFR 587.504 and 587.505, blocked-account transfers and service charges

31 C.F.R. § 587.504 — transfers of blocked funds among blocked accounts

31 C.F.R. § 587.505 — normal service charges on blocked accounts

S24 31 CFR 501.601; March 21, 2025 recordkeeping final rule

31 C.F.R. § 501.601 — records and recordkeeping requirements

OFAC, Reporting, Procedures and Penalties Regulations — recordkeeping final rule, March 21, 2025, Federal Register document 2025-04864

S25 OFAC Sanctions Reconsideration Portal announcement, June 29, 2026

OFAC Sanctions Reconsideration Portal announcement, June 29, 2026

S26 DOJ NSD Enforcement Policy for Business Organizations, March 7, 2024

DOJ NSD Enforcement Policy for Business Organizations, March 7, 2024

S27 IRS Criminal Investigation Voluntary Disclosure Practice

IRS Criminal Investigation Voluntary Disclosure Practice

S28 Attorney General memorandum, Total Elimination of Cartels and Transnational Criminal Organizations, February 5, 2025

Attorney General memorandum, Total Elimination of Cartels and Transnational Criminal Organizations, February 5, 2025

S29 OFAC guidance on extension of limitations periods, July 22, 2024

OFAC guidance on extension of limitations periods, July 22, 2024

S30 Stogner v California, 539 US 607 (2003)

Stogner v California, 539 US 607 (2003)

S31 31 CFR 501.806; OFAC FAQ 1196 on release and mistaken identity

31 C.F.R. § 501.806 — procedures for unblocking funds believed blocked due to mistaken identity

OFAC FAQ 1196 — release of property and mistaken-identity procedures

S32 31 CFR 501.807, administrative reconsideration

31 CFR 501.807, administrative reconsideration

S33 31 CFR Part 501, Subpart G, civil penalties

31 CFR Part 501, Subpart G, civil penalties

S34 United States v Sullivan, 274 US 259; Garner v United States, 424 US 648; Fisher v United States, 425 US 391; Braswell v United States, 487 US 99

United States v. Sullivan, 274 U.S. 259 (1927) — Supreme Court opinion (PDF)

Garner v. United States, 424 U.S. 648 (1976) — Supreme Court opinion (PDF)

Fisher v. United States, 425 U.S. 391 (1976) — Supreme Court opinion (PDF)

Braswell v. United States, 487 U.S. 99 (1988) — Supreme Court opinion (PDF)

S35 In re MH, 648 F3d 1067 (9th Cir 2011)

In re MH, 648 F3d 1067 (9th Cir 2011)

S36 IEEPA compliance protection, 50 USC 1702(a)(3)

IEEPA compliance protection, 50 USC 1702(a)(3)

S37 RTI Ltd v MUR Shipping BV [2024] UKSC 18

RTI Ltd v MUR Shipping BV [2024] UKSC 18

S38 31 CFR 501.605, litigation concerning blocked property

31 CFR 501.605, litigation concerning blocked property

S39 Council Regulation EC 2271/96 and Annex, consolidated text

Council Regulation EC 2271/96 and Annex, consolidated text

S40 26 CFR 1.451-2, constructive receipt

26 CFR 1.451-2, constructive receipt

S41 FinCEN FBAR information; 31 CFR 1010.350 and 1010.420

FinCEN, Report of Foreign Bank and Financial Accounts — FBAR filing information

31 C.F.R. § 1010.350 — reports of foreign financial accounts

31 C.F.R. § 1010.420 — records relating to foreign financial accounts

S42 Bittner v United States, 598 US 85 (2023)

Bittner v United States, 598 US 85 (2023)

S43 Internal Revenue Code 7525, tax advice confidentiality

Internal Revenue Code 7525, tax advice confidentiality

S44 26 CFR 1.6664-4, reasonable cause, good faith and reliance on advice

26 CFR 1.6664-4, reasonable cause, good faith and reliance on advice

S45 United States v Boyle, 469 US 241 (1985)

United States v Boyle, 469 US 241 (1985)

S46 Epsilon Electronics Inc v US Department of the Treasury, 857 F3d 913 (DC Cir 2017)

Epsilon Electronics Inc v US Department of the Treasury, 857 F3d 913 (DC Cir 2017)

S47 Ninth Circuit Model Criminal Jury Instruction 4.11, Advice of Counsel, revised March 2018

Ninth Circuit Model Criminal Jury Instruction 4.11, Advice of Counsel, revised March 2018

S48 Executive Order 14024, including sections 1, 3, 4 and 6

Executive Order 14024, including sections 1, 3, 4 and 6

S49 DOJ, BNP Paribas plea announcement, June 30, 2014

DOJ, BNP Paribas plea announcement, June 30, 2014

S50 Bank Melli Iran v Telekom Deutschland, C-124/20, judgment of December 21, 2021

Bank Melli Iran v. Telekom Deutschland GmbH, Case C-124/20, judgment of December 21, 2021 — full CJEU judgment

Court of Justice, Press Release No. 227/21, December 21, 2021 — summary of the Bank Melli judgment (PDF)

S51 EU Anti-Coercion Instrument, Regulation EU 2023/2675

EU Anti-Coercion Instrument, Regulation EU 2023/2675

S52 Department of State visa FAQs, visa issuance and admission distinction

Department of State visa FAQs, visa issuance and admission distinction

S53 INA 212, 8 USC 1182, grounds of inadmissibility and suspension of entry

INA 212, 8 USC 1182, grounds of inadmissibility and suspension of entry

S54 United States v Mousavi, 604 F3d 1084 (9th Cir 2010)

United States v Mousavi, 604 F3d 1084 (9th Cir 2010)

S55 IRC 6662 and 6663, accuracy-related and civil fraud penalties

26 U.S.C. § 6662 — accuracy-related penalties on underpayments

26 U.S.C. § 6663 — civil fraud penalty

S56 United States v Horowitz, 978 F3d 80 (4th Cir 2020)

United States v Horowitz, 978 F3d 80 (4th Cir 2020)

S57 Hunt v Blackburn, 128 US 464 (1888), advice put in issue and privilege

Hunt v Blackburn, 128 US 464 (1888), advice put in issue and privilege

S58 OFAC FAQ 13, voluntary disclosure and 180-day full-report expectation; updated September 9, 2026, checked September 12, 2026

OFAC FAQ 13, voluntary disclosure and 180-day full-report expectation; updated September 9, 2026, checked September 12, 2026

S59 Bank of Russia, December 5, 2025 announcement illustrating differentiated and changing cross-border transfer controls; not a current execution clearance

Bank of Russia, December 5, 2025 announcement illustrating differentiated and changing cross-border transfer controls; not a current execution clearance

S60 8 USC 1427 and 8 CFR 316.10, naturalization good moral character burden, periods and unlawful acts

8 C.F.R. § 316.10 — good moral character for naturalization

8 U.S.C. § 1427 — requirements for naturalization, 2024 U.S. Code edition

S61 Baxter v Palmigiano, 425 US 308; Matter of Guevara, 20 IN Dec 238; 8 CFR 1240.8, evidentiary burdens

Baxter v. Palmigiano, 425 U.S. 308 (1976) — Supreme Court opinion (PDF)

Matter of Guevara, 20 I. & N. Dec. 238 (BIA 1990, 1991), Interim Decision 3143 — agency decision (PDF)

8 C.F.R. § 1240.8 — burdens of proof in removal proceedings

S62 USCIS December 13, 2019 unlawful acts policy alert (archived government document); Hussein v Barrett, 820 F3d 1083 (9th Cir 2016)

USCIS, Unlawful Acts and Good Moral Character, Policy Alert, December 13, 2019 — archived agency document hosted by the Immigration Policy Tracking Project (PDF)

Hussein v. Barrett, 820 F.3d 1083 (9th Cir. 2016) — court opinion (PDF)

S63 Kungys v United States, 485 US 759 (1988), INA 101(f)(6) false testimony

Kungys v. United States, 485 U.S. 759 (1988) — Supreme Court opinion (PDF)

8 U.S.C. § 1101, including subsection (f)(6) — definitions and false testimony affecting good moral character, 2024 U.S. Code edition

S64 8 USC 1451, revocation of naturalization; Maslenjak v United States, 582 US 335 (2017)

8 U.S.C. § 1451 — revocation of naturalization, 2022 U.S. Code edition (PDF)

Maslenjak v. United States, 582 U.S. 335 (2017) — Supreme Court opinion (PDF)

S65 8 USC 1227, deportability including security and export-related grounds

8 USC 1227, deportability including security and export-related grounds

S66 8 USC 1229b and 1255, cancellation of removal and adjustment of status

8 U.S.C. § 1229b — cancellation of removal, 2024 U.S. Code edition

8 U.S.C. § 1255 — adjustment of status, 2024 U.S. Code edition

S67 IRC 6103, confidentiality of returns and return information and statutory disclosure exceptions

IRC 6103, confidentiality of returns and return information and statutory disclosure exceptions

S68 Bank AML program and ongoing customer due diligence

31 C.F.R. § 1020.210 — anti-money-laundering program requirements for banks

S69 Risk-based customer due diligence and source-of-funds information

FFIEC BSA/AML Examination Manual, Customer Due Diligence — Overview

S70 Suspicious activity reporting and confidentiality

31 C.F.R. § 1020.320 — reports by banks of suspicious transactions, retention and confidentiality

S71 Interagency clarification of SAR requirements

FinCEN and federal banking agencies, Frequently Asked Questions Regarding Suspicious Activity Reporting Requirements, October 9, 2025 (PDF)

S72 Information sharing among financial institutions

FinCEN, Section 314(b) Fact Sheet, June 12, 2026 — voluntary information sharing, scope and safe-harbor conditions (PDF; dated guidance)

S73 Bank monitoring, investigation and account decisions

FFIEC BSA/AML Examination Manual, Suspicious Activity Reporting — Overview; read with the later interagency FAQs identified on the page

S74 Account retention after suspicious activity reporting

FinCEN and federal banking agencies, Answers to Frequently Asked Questions Regarding Suspicious Activity Reporting and Other Anti-Money Laundering Considerations, January 19, 2021, Question 3 (PDF)

THIRD EDITION PRIMARY AUTHORITIES

The following register supports the red additions and replacements. Pinpoint references in the text identify the controlling subsection. Links to regulations identify the legal text, which must be checked for the relevant transaction date; official forms, instructions and licenses govern submission and authorization details. Reviewed September 20, 2026, subject to the explicit source limits in Appendix D.

T01 2026 Act enrolled text

H.R. 5334, 119th Congress, enrolled bill, Division A, Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, §§101–117 and 201–203. The enrolled text is the source for the section-by-section analysis; enactment is supported separately by T02.

https://www.govinfo.gov/content/pkg/BILLS-119hr5334enr/xhtml/BILLS-119hr5334enr.html

T02 Enactment

White House, Congressional Bill H.R. 5334 Signed into Law, September 18, 2026.

https://www.whitehouse.gov/briefings-statements/2026/09/congressional-bill-h-r-5334-signed-into-law/

T03 Mandatory reporting rules

31 C.F.R. §§501.602–501.605. Initial and annual property reports, responsibility, release exceptions, rejected transactions, information demands and litigation reporting. The official 2025 CFR edition confirms the substantive October 2024 release-report exceptions; current regulatory text was also reviewed for subsequent administrative wording.

https://www.ecfr.gov/current/title-31/subtitle-B/chapter-V/part-501

https://www.govinfo.gov/link/cfr/31/501?link-type=pdf&sectionnum=603&year=mostrecent

Current text access mirrors: https://www.law.cornell.edu/cfr/text/31/501.603 ; https://www.law.cornell.edu/cfr/text/31/501.604 ; https://www.law.cornell.edu/cfr/text/31/501.605

T04 OFAC Reporting System and current forms

OFAC Reporting System, registration instructions, integrated initial/rejection reports, TD F 90-22.50, TD F 93.10 and REPO forms.

https://ofac.treasury.gov/ofac-reporting-system

T05 Annual reporting instructions

OFAC, Guidance on Filing the 2026 Annual Report of Blocked Property; July 1, 2026 reminder and September 2, 2026 reminder.

https://ofac.treasury.gov/media/936011/download?inline=

https://ofac.treasury.gov/recent-actions/20260701_33

https://ofac.treasury.gov/recent-actions/20260902

T06 Blocking custody and professional services regulations

31 C.F.R. §§587.201–.204, .314, .405–.406, .505–.507; parallel Part 589 provisions where the authority differs. Section 587.507 contains the current ten-year legal-fee records requirement and the source-of-funds conditions.

https://www.ecfr.gov/current/title-31/subtitle-B/chapter-V/part-587

https://www.law.cornell.edu/cfr/text/31/587.203

https://www.law.cornell.edu/cfr/text/31/587.507

T07 Records and limitations

31 C.F.R. §501.601; 89 Fed. Reg. 74832 (September 13, 2024); 90 Fed. Reg. 13286 (March 21, 2025); OFAC Guidance on Extension of Statute of Limitations for Violations of Certain Sanctions Administered by OFAC. See original S29–S30 for the transition authorities.

https://www.law.cornell.edu/cfr/text/31/501.601

https://ofac.treasury.gov/civil-penalties-and-enforcement-information

T08 Congressional review and emergency continuation

22 U.S.C. §9511 (CAATSA §216); 50 U.S.C. §1622(d); 2026 Act §§102(d), 114–117, 203. The statutory provisions must be compared, not collapsed into a single presidential-discretion rule.

https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title22-section9511&num=0&edition=prelim

https://www.law.cornell.edu/uscode/text/22/9511

https://www.law.cornell.edu/uscode/text/50/1622

T09 Penalties and voluntary disclosure

50 U.S.C. §1705; 18 U.S.C. §1001; 31 C.F.R. Part 501, Appendix A, particularly I.I, III, IV and V. Monetary amounts stated in Section 33 are the displayed guideline amounts reviewed for this copy and require the applicable adjustment/date analysis before use in a matter.

https://www.law.cornell.edu/cfr/text/31/appendix-A_to_part_501

https://ofac.treasury.gov/civil-penalties-and-enforcement-information

https://www.law.cornell.edu/uscode/text/50/1705

https://www.law.cornell.edu/uscode/text/18/1001

T10 License sources

OFAC Russia program index and the directly reviewed successor and account-closure instruments. Original Appendix A supplies instrument links for retained entries; Appendix D identifies the narrower scope of index checks.

https://ofac.treasury.gov/sanctions-programs-and-country-information/russian-harmful-foreign-activities-sanctions

GL 13R: https://ofac.treasury.gov/system/files/2026-07/russia_gl13r.pdf

GL 50: https://ofac.treasury.gov/media/925326/download?inline=

GL 55F: https://ofac.treasury.gov/media/935696/download?inline=

GL 104B: https://ofac.treasury.gov/media/936796/download?inline=

GL 115D: https://ofac.treasury.gov/media/935701/download?inline=

GL 131J: https://ofac.treasury.gov/media/936951/download?inline=

Account guidance: https://ofac.treasury.gov/faqs/1080 ; https://ofac.treasury.gov/faqs/1081

T11 Investment services and custody guidance

OFAC FAQs 1050 (maintenance), 1052 (funding pre-existing operations), 1053 (divestment), 1055 (foreign entities), 1058 (location), 1068 (tax preparation), and 1197 (NSD and registrars). These are agency interpretations of the identified executive-order framework, not a substitute for new statutory implementation.

https://ofac.treasury.gov/faqs/1050

https://ofac.treasury.gov/faqs/1052

https://ofac.treasury.gov/faqs/1053

https://ofac.treasury.gov/faqs/1055

https://ofac.treasury.gov/faqs/1058

https://ofac.treasury.gov/faqs/1068

https://ofac.treasury.gov/faqs/1197

T12 Sovereign assets

OFAC, Reporting Instructions under the Rebuilding Economic Prosperity and Opportunity for Ukrainians Act, July 23, 2024; Directive 4 under E.O. 14024, as amended May 19, 2023. Consult the instructions' previous-report treatment before concluding that a duplicate report is required.

https://ofac.treasury.gov/media/933066/download?inline=

https://ofac.treasury.gov/sanctions-programs-and-country-information/russian-harmful-foreign-activities-sanctions

T13 Digital asset enforcement context

Treasury, Treasury Sanctions Cryptocurrency Exchange and Network Enabling Sanctions Evasion and Cyber Criminals, August 14, 2025. Consult the actual list records for every applicable authority and subsequent change.

https://home.treasury.gov/news/press-releases/sb0225

T14 Transfer and tax reporting authorities

18 U.S.C. §1960; 31 C.F.R. §§1010.100(ff), 1010.340 and 1022.380; IRS instructions to Forms 3520, 8938, 5471, 5472, 8858 and 8865; FinCEN FBAR instructions. The cited forms have distinct predicates; this register is not a statement that all apply to every Russian account holder.

https://www.law.cornell.edu/uscode/text/18/1960

https://www.law.cornell.edu/cfr/text/31/1010.340

https://www.irs.gov/instructions/i3520

https://www.fincen.gov/report-foreign-bank-and-financial-accounts

Russian Federal Law No. 173-FZ of December 10, 2003, Article 14, must be applied in its current amended form with the relevant special measures.

T15 Russian instruments and specific verification limits

Presidential Decrees No. 81 of March 1, 2022; No. 95 of March 5, 2022; No. 618 of September 8, 2022; No. 302 of April 25, 2023. Obtain the current amended text and asset-specific permissions for implementation. Ministry of Finance, Subcommission protocol No. 268/1 of October 15, 2024, concerns the identified corporate/securities disposal framework, not all real estate sales.

Official publication portal: https://publication.pravo.gov.ru/

Ministry of Finance protocol record: https://minfin.gov.ru/ru/document?id_4=309307-vypiska_iz_protokola_zasedaniya_podkomissii_pravitelstvennoi_komissii_po_kontrolyu_za_osushchestvleniem_inostrannykh_investitsii_v_rossiiskoi_federatsii_ot_15_oktyabrya_2024_goda__2681

Decree 377 of June 1, 2026, official index record only; operative text not retrieved: https://www.publication.pravo.gov.ru/document/0001202606010019

Decree 550 of August 4, 2026, official index record only; operative text not retrieved: https://publication.pravo.gov.ru/document/0001202608040062

T16 Bank of Russia announcements

December 5, 2025 outward-transfer announcement: https://cbr.ru/press/event/?id=28158

June 1, 2026 extension for specified nonresidents: https://cbr.ru/press/event/?id=32586

September 2026 foreign-currency cash extension through March 9, 2027: https://cbr.ru/eng/press/event/?id=32815

These are different measures. Their dates and covered categories must not be interchanged.

T18 Gracetown reporting enforcement

OFAC, Enforcement Release, December 4, 2025, OFAC Imposes $7,139,305 Penalty on Gracetown, Inc. for Violating Ukraine-/Russia-Related Sanctions and Reporting Obligations. The release separately states the reporting component of the calculation and explains the debt and property-management facts; the total is not a reporting-only penalty.

https://ofac.treasury.gov/media/934796/download?inline=

ADDITIONAL BANKING AND TRANSACTION AUTHORITIES

References M1–M48 support the expanded banking, services, investment and transfer discussions. Statutory section references in those passages refer to Division A of the 2026 Act. Earlier executive-order FAQs do not, by themselves, interpret a later statute.

[M1] Enrolled H R 5334 Lindsey O Graham Sanctioning Russia and Iran Act of 2026. Division A §§101–117 and 203, particularly §§103–107 and 114–117.

[M2] White House confirmation that H R 5334 was signed on September 18 2026.

[M3] 31 CFR 587 314 United States person.

[M4] 31 CFR Part 587 Russian Harmful Foreign Activities Sanctions Regulations. See especially subpart B, §587.312, and subpart E.

[M5] OFAC FAQ 401 Entities owned by blocked persons, and OFAC FAQ 116 Intermediary wire transfers and ownership blocking.

[M6] 31 CFR 587 203 Holding blocked funds and property.

[M7] OFAC Russian Harmful Foreign Activities Sanctions program page. Consult the current directives, licenses, and designation instruments for the actual institution.

[M8] OFAC General License 50 Closing individual accounts at financial institutions blocked under E O 14024, August 19, 2022.

[M9] OFAC General License 13R Certain administrative transactions under Directive 4, July 8, 2026; stated expiration October 9, 2026 at 12:01 a.m. EDT.

[M10] 31 CFR 501 603 Reports of blocked unblocked or transferred blocked property, and 31 CFR 501 604 Reports of rejected transactions.

[M11] 50 USC 1705 IEEPA penalties, and OFAC FAQ 13 Voluntary self disclosure.

[M12] OFAC FAQ 1058 Persons located in the Russian Federation and indirect services.

[M13] OFAC FAQ 1034 Accounting trust and corporate formation and management consulting services, including the linked May 8, 2022 determination under E.O. 14071.

[M14] OFAC FAQ 1068 Tax preparation and filing, updated June 12, 2024.

[M15] 31 CFR 587 506 Provision of certain legal services.

[M16] 31 CFR 587 507 Payments for legal services from foreign funds.

[M17] OFAC FAQ 1059 Services to entities outside Russia and ultimate benefit.

[M18] OFAC FAQ 1049 Definition of new investment.

[M19] OFAC FAQ 1050 Maintenance of preexisting investments.

[M20] OFAC FAQ 1052 Funding existing subsidiaries and affiliates, and OFAC FAQ 1053 Divestment.

[M21] OFAC FAQ 1054 Russian debt and equity securities and preexisting holdings.

[M22] OFAC FAQ 560 Sanctions obligations for digital and fiat currency.

[M23] OFAC FAQ 1021 Russia sanctions and virtual currency.

[M24] FinCEN FIN 2013 G001 Application of regulations to virtual currency activity. See also 18 USC 1960 Unlicensed money transmitting businesses and Russian Federal Law No 173 FZ Article 14 public reproduction. The FinCEN guidance supplies the user and exchanger distinction; neither it nor a general statutory summary clears a particular transfer business or Russian settlement arrangement.

[M25] 31 CFR 587 405 Setoffs against blocked property.

[M26] Bank of Russia extension of foreign cash withdrawal restrictions until March 9 2027.

[M27] IRS Publication 54 Tax Guide for U S Citizens and Resident Aliens Abroad. Tax consequences require the applicable tax-year rules and the client’s actual tax status.

[M28] FinCEN Foreign bank and financial account reporting.

[M29] OFAC FAQ 1061 Employment by Russian entities and restricted services.

[M30] 50 USC 1622 National emergencies and continuation notices.

[M31] OFAC FAQ 1080 U S persons with accounts at blocked Russian financial institutions. Read reporting language together with current §501.603.

[M32] OFAC FAQ 1081 Official account closure documentation under GL 50. Its older unblocking-report instruction must be read against current §501.603(b)(3)(i)(C).

[M33] OFAC FAQ 1202 Personal noncommercial remittances.

[M34] OFAC FAQ 1060 Board service and nominee director services.

[M35] Bank of Russia removal of specified transfer limits from December 8 2025.

[M36] Bank of Russia cross border transfer restrictions from June 8 through December 7 2026.

[M37] Official subcommission protocol No 268 1 of October 15 2024 reproduced by Consultant. The official Ministry of Finance listing was located but its page could not be opened during this review. Verify later amendments and transaction-specific approvals before reliance.

[M38] IRS Gifts from foreign persons, and Instructions for Form 3520.

[M39] OFAC FAQ 1055 Investment in entities outside Russia.

[M40] OFAC FAQ 1197 Securities held at NSD and designated Russian registrars, updated November 21, 2024.

[M41] 22 USC 9511 Congressional review of covered Russia sanctions actions, and 22 USC 9522 Codification of specified Russia sanctions.

[M42] Russian Presidential Decree No 550 of August 4 2026 public reproduction, paragraphs 1–3; official publication record. The official page was inaccessible during this review.

[M43] OFAC General License 89 Historical bank wind down authorization, February 23, 2024; expired April 8, 2024. Historical precedent only.

[M44] 50 USC 1705 IEEPA penalties and limitations, subsection (d); OFAC July 22 2024 guidance on extension of the statute of limitations.

[M45] 31 CFR 501 601 Records and recordkeeping requirements; OFAC final recordkeeping rule, adopting the interim rule that became effective March 12, 2025.

[M46] Treasury action against Garantex Grinex and the A7A5 network, August 14, 2025. Recheck current designations and ownership before any transaction.

[M47] Russian Presidential Decree No 81 of March 1 2022 official publication; text reproduction. The reproduced original text establishes the framework; Russian counsel must reconcile later amendments and permissions before execution.

[M48] Russian Presidential Decree No 618 of September 8 2022 official publication; text reproduction. The official page could not be opened during this update; confirm the operative amended text and transaction-specific permissions.

FOR NOTES

DATE: _____

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