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GUIDANCE • EDUCATION • COMPLIANCE

MEMBER ALERT

U.S. Sanctions Alrosa; Alrosa Now Fully Blocked in U.S.

On April 7, 2022, the U.S. Department of the Treasury's Office of Foreign Assets Control designated Alrosa pursuant to Executive Order 14024. Alrosa has now been added to the OFAC Specially-Designated Nationals list, and all U.S. transactions with or benefiting Alrosa are fully blocked. Additionally, all entities owned 50% or more directly or indirectly by Alrosa are now blocked, even if they are not specifically named. Through this action, Treasury is cutting off additional sources of support and revenue for the government of the Russian Federation.

All transactions by U.S. persons within (or transiting) the U.S. that involve any property or interests in property of designated or otherwise blocked persons are prohibited unless authorized by a general or specific license issued by OFAC. These prohibitions include the making of any contribution or provision of funds, goods, or services from any such person.

In practical terms, if a U.S. business had not already stopped doing direct business with Alrosa due to the previous sanction limitations, they absolutely must now cease doing so. If a U.S. business has goods or funds in-house that Alrosa may have an ongoing interest in (due to a memo/consignment agreement or other contract), those assets are now frozen and the business should seek counsel to determine how to proceed.

Any U.S. business that has an ownership interest in or relationship with a foreign company that is still doing business with Alrosa, or is owned by a foreign company with an Alrosa relationship may now be at risk for having assets blocked. Those businesses should also seek counsel to determine how to proceed.

The safest course of action for all U.S. businesses is to tell all suppliers that they will no longer purchase any goods that originated from Alrosa. It is not yet clear how OFAC or U.S. Customs will interpret this new designation, but if a U.S. business continues to deal in these goods, even indirectly, they are at risk for encountering issues upon importation or the freezing of assets. In addition, U.S. banks are also required to comply with these sanctions and will likely be asking jewelry business customers for information ensuring that they are in compliance.

Evasion of sanctions is a crime and a serious threat to national security and foreign relations. Violations of sanctions are punishable with significant civil monetary fines (often in the millions of dollars) and criminal prison sentences. Businesses are strongly encouraged to report any potentially unlawful transactions and seek assistance by calling the OFAC hotline at 1-800-540-6322.

Thank You,
Your JVC Team