



Biden Administration Imposes Strict New Sanctions on Russia in Response to Cyber Attacks and Election Interference

APRIL 19, 2021

On April 15, 2021, President Biden issued an Executive Order (found [here](#)), “Blocking Property with Respect to Specified Harmful Foreign Activities of the Government of the Russian Federation.” This Executive Order implements new sanctions on Russia in response to Russia’s cyber attacks, involvement in transnational corruption, interference in the 2020 U.S. presidential election, pursuit of extraterritorial activities against journalists and dissidents, and other anti-democratic violations of international legal principles. According to the White House, the goal of these sanctions is to impose economically impactful costs on Russia as a result of its destabilizing international actions (press release found [here](#)). Importantly, the Executive Order authorizes the imposition of sanctions on a wide range of persons, including those operating in the technology and defense and related materiel sectors in Russia.

Sovereign Debt Prohibitions – Directive 1

Pursuant to this Executive Order, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) issued, on April 15, [Directive 1](#), which prohibits U.S. financial institutions from trading ruble or non-ruble denominated bonds issued after June 14, 2021 by the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation. Directive 1 also prohibits U.S. financial institutions from lending to these three entities. This Directive significantly expands the prohibitions on certain dealings in Russian sovereign debt that have been in place since August 2019 and reserves the right to further expand sanctions in the future if appropriate.

Technology Companies’ Designations

Additionally, OFAC designated the following six Russian technology companies for their role in facilitating malicious cyber activity, and for their support of the Russian Intelligence Services’ cyber program:

- ERA Technopolis;
- Pasit, AO (Pasit);

- Federal State Autonomous Scientific Establishment Scientific Research Institute Specialized Security Computing Devices and Automation (SVA);
- Neobit, OOO (Neobit);
- Advanced System Technology, AO (AST); and
- Pozitiv Teknologzhiz, AO (Positive Technologies).

These designations were imposed the same day the Biden Administration formally named the Russian Foreign Intelligence Service as the perpetrator of the cyber-espionage attack on the Solar-Winds Orion platform and other information technology infrastructures, which compromised national security and disrupted more than 16,000 computer systems worldwide.

Malicious Cyber Actors Designations

OFAC also designated 16 entities and 16 individuals (collectively, “persons”) for executing Russian-directed attempts to interfere in the 2020 U.S. presidential election, as well as Russia’s interference by proxy in several African nations. These designations were a response to Russia’s coordination of government officials, companies, disinformation outlets, and intelligence agencies to covertly influence voters, propagate conspiracy theories, disseminate Russia’s preferred messaging, and undermine confidence in the election process.

Crimea-Related Designations

The Treasury, in partnership with the European Union, the United Kingdom, Australia, and Canada, also has sanctioned eight entities and individuals in response to ongoing Russian action in the Crimea Region of Ukraine. The Treasury designated some individuals for asserting governmental authority over Crimea, and designated individuals and entities for operating in Crimea in violation of Ukrainian sovereignty.

As a result of these new designations, all property and interests in property of these persons (and any entities owned 50% or more by these persons) that are in the United States or in the possession or control of U.S. persons must be blocked and reported to OFAC. Any foreign person that knowingly engages in transactions with the designated persons or entities also risks designation.

In addition to these sanctions and designations, the U.S. has expelled 10 individuals from the Russian diplomatic mission in Washington, D.C., including members of Russian intelligence. The expulsions were another response to Russia’s interference with the 2020 U.S. election and cyber attacks.

Kremlin Response

In response, on Friday April 16, [Russia responded](#) by expelling from Russia 10 U.S. diplomats, imposing visa bans on six acting and two former U.S. officials, and announcing that all U.S. government-sponsored nonprofit foundations are to cease their operations in Russia.

A spokesman for the Kremlin stated that Russia views the U.S. sanctions as illegal and, in case the U.S. continues to pursue confrontational policies, it will respond accordingly.

Further, the Biden Administration has indicated it will expand these sanctions if Russia continues its harmful foreign activities.

Please contact the [Winston & Strawn LLP International Trade, Customs, and Export Controls team](#) with any questions.

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