



CLIENT ALERT:

**NEW U.S. SANCTIONS AGAINST RUSSIA:
HEADLINES, BUT NO IMPACT ON SHIPPING**

December 30, 2016

Introduction

Relying on conclusions reached by the U.S. intelligence community that Russia attempted to influence the recent U.S. presidential election by means of cyber activities, President Obama on December 29th issued sanctions against Russia's intelligence services, a number of individuals and three companies. In addition, 35 Russian diplomats were expelled from the United States and two Russian compounds in the U.S. were being shut down. It remains to be seen whether this action is largely symbolic. However, examining the sanctions, it does not appear that they will have any impact on international trade or shipping.

The Sanctions

Following the hacking of Sony Pictures, which was attributed to North Korea, President Obama issued Executive Order 13694, which provided for the imposition of sanctions on those who use cyber activities to disrupt a computer network or to misappropriate funds or economic resources, trade secrets, personal identifiers or financial information for commercial or competitive advantage. On December 29th E.O. 13694 was amended to also authorize the imposition of penalties against any individual or entity that uses cyber activities for "...the purpose or effect of interfering with or undermining election processes or institutions..."

Under the amended Executive Order two Russian intelligence services, GRU and FSB, four officers of the GRU and three companies were all sanctioned. The sanctioned companies, which reportedly provided support to the GRU's cyber activities, are the Special Technology Center, Zorsecurity and the Autonomous Noncommercial Organization Professional Association of Designers of Data Processing Systems. Two other Russian individuals were also sanctioned for cyber activities unrelated to the U.S. election. All the individuals and entities were named to the U.S. Specially Designated Nationals List, meaning that any of their assets in the U.S. are blocked, that they cannot travel to the U.S. and that U.S. persons cannot engage in transactions with them. As stated above, these steps may be largely symbolic, as it is unlikely that the Russian intelligence agencies or their officers maintain assets in the U.S., or travel to the U.S. with any frequency.

International Trade and Shipping

There is nothing in these latest sanctions that appears to impact international trade or shipping, but we will continue to monitor further developments.

Disclaimer: This Client Alert provides only a general summary of the current easing of certain U.S. regulations relating to Cuba, and is not intended to constitute comprehensive legal advice. Specific legal advice should be taken with respect to each individual inquiry regarding trade with Cuba. For additional clarification, please feel free to contact Bill Juska (juska@freehill.com), Gina Venezia (venezia@freehill.com) or Bill Pallas (pallas@freehill.com).

FREEHILL HOGAN & MAHAR LLP
80 Pine Street
New York, NY 10036
212-425-1900
www.freehill.com

William L. Juska, Jr. Gina M. Venezia William J. Pallas
juska@freehill.com venezia@freehill.com pallas@freehill.com
