

Treasury Sanctions Officials and Targets Entities Supporting Russia's Occupation of Crimea and Forcible Control of Eastern Ukraine



November 8, 2018

WASHINGTON – The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) today imposed additional sanctions in response to Russia's continuing malign activity and destabilizing behavior by designating three individuals and nine entities under Ukraine-related authorities. These designations include two individuals and one entity engaged in serious human rights abuses under the Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014 (SSIDES), as amended by Section 228 of the Countering America's Adversaries Through Sanctions Act (CAATSA). OFAC also imposed sanctions on eight entities and one individual that were responsible for advancing Russian interests by operating in the Crimea region of Ukraine pursuant to Executive Order (E.O.) 13685 as codified pursuant to CAATSA, and which authorizes sanctions on, among others, any person determined to operate in the Crimea region of Ukraine. One of these eight entities is also being designated pursuant to Executive Order 13661 for being owned or controlled by, directly or indirectly, Bank Rossiya and Yuri Valentinovich Kovalchuk, persons whose property and interests in property are blocked pursuant to the E.O. 13661. The Crimea-related actions reinforce the July 25 Crimea Declaration stating that the United States does not and will not recognize Russia's purported annexation of Crimea.

“The United States is leveraging new authorities to target Russian actors for serious human rights abuses in parts of Ukraine that the United States government has determined are forcibly occupied or otherwise controlled by the Russian government, and other reprehensible acts in furtherance of the Kremlin's malign agenda,” said Sigal Mandelker, Treasury Under Secretary for Terrorism and Financial Intelligence. “Treasury remains committed to targeting Russian-backed entities that seek to profit from Russia's illegal annexation and occupation of Crimea. Our sanctions are a clear reminder that efforts seeking to normalize investment and economic relationships with those operating in Crimea will not be tolerated and are subject to U.S. and EU sanctions authorities.”

Today's designations underscore the United States' steadfast partnership with Ukraine and the European Union (EU) and our unified opposition to Russia's purported annexation and occupation of Crimea and use of force to control parts of the Donetsk and Luhansk regions of eastern Ukraine. OFAC's action targets those engaging in serious human rights abuses in furtherance of Russia's occupation or control over parts of Ukraine, as well as entities and individuals supporting Russia's attempts to integrate Crimea through private investment and major privatization projects. This activity includes, among others, the Russian-backed sale of Ukrainian assets unlawfully seized and nationalized to actors supporting the Kremlin's agenda.

As a result of today's action, all property and interests in property of the designated persons subject to U.S. jurisdiction are blocked, and U.S. persons are generally prohibited from engaging in transactions with them.

DESIGNATIONS RELATED TO TERRITORIES FORCIBLY OCCUPIED OR CONTROLLED BY RUSSIA

The following designated individuals or entities have committed serious human rights abuses in the furtherance of the Russian Federation's forcible occupation or control of territories of Ukraine, including Crimea and certain areas of Donetsk and Luhansk regions in eastern Ukraine.

Andriy Volodymyrovych Sushko (Sushko) is being designated pursuant to SSIDES, as amended by Section 228 of CAATSA. Sushko is responsible for, complicit in, or responsible for ordering, controlling, or otherwise directing, the commission of serious human rights abuses in a territory forcibly occupied or otherwise controlled by the Government of the Russian Federation on or after the date of enactment of CAATSA. Sushko, an officer in the Federal Security Service of the Russian Federation (FSB), is suspected in 2017 of having unlawfully abducted a Crimean Tatar activist who objected to Russia's occupation of Crimea, and having subsequently participated in the abuse of this individual, which included the use of electric shocks, choking, and beatings while in FSB captivity.

The Ministry of State Security of the so-called Luhansk People's Republic (LPR) and Aleksandr Basov, the Deputy Minister of State Security of LPR, are being designated pursuant to SSIDES, as amended by Section 228 of CAATSA. The Ministry of State Security of LPR is responsible for, complicit in, or responsible for ordering, controlling, or otherwise directing, the commission of serious human rights abuses in a territory forcibly occupied or otherwise controlled by the Government of the Russian Federation on or after the date of enactment of CAATSA. The Ministry of State Security of LPR has played a critical role in exercising Russia's forcible control

of certain portions of Luhansk and has engaged in serious human rights abuses. The Ministry of State Security employs detention practices that include threatening severe physical violence or rape against detainees who refused to cooperate. Other practices used against detainees include mock executions, electrocution, and beatings. In his role as LPR Deputy Minister of State Security, Aleksandr Basov has used his position to punish or harass members of the Jehovah's Witnesses congregations. Basov acts or purports to act for or on behalf of, directly or indirectly, the Ministry of State Security.

DESIGNATIONS RELATED TO RUSSIA'S PURPORTED ANNEXATION OF CRIMEA

OFAC also designated eight entities and one individual pursuant to E.O. 13685. E.O. 13685 authorizes sanctions on any person determined to be operating in the Crimea region of Ukraine, to be a leader of an entity operating in the Crimea region of Ukraine, or to be owned or controlled by or act or purport to act for or on behalf of, or to have provided material support for, any person designated under E.O. 13685.

The Mriya Resort and Spa is being designated for operating in the Crimea region of Ukraine and because it is owned or controlled by, directly or indirectly, Limited Liability Company Garant-SV, an entity that operates in the Crimea region of Ukraine. The Mriya Resort and Spa is a major private investment project and five-star luxury hotel complex located on the South Shore of Crimea in the city of Yalta. The Mriya Resort and Spa is the venue for the Yalta International Economic Forum (YIEF), which is an annual business event held in the so-called "Republic of Crimea" that is the main Russian platform for showcasing investment opportunities in Crimea. Russia's largest bank, Sberbank, invested about \$300 million into the construction and development of the project. Mriya Resort and Spa is owned by Liability Company Garant-SV, an entity that is ultimately owned by Sberbank. OFAC added Sberbank to the Sectoral Sanctions Identification List on September 12, 2014, identifying it as subject to the debt and equity financing restrictions in Directive 1.

Limited Liability Company Garant-SV is the direct owner of the Mriya Resort and Spa in Yalta, Crimea, and is being designated because it operates in the Crimea region of Ukraine.

Limited Liability Company Infrastructure Projects Management Company (LLC UKIP) is being designated for operating in the Crimea region of Ukraine, and is a registered company in Simferopol, Crimea that is engaged in the construction of residential and non-residential buildings. In 2014, Russian-backed government authorities in Crimea claimed control and

illegally nationalized three Ukrainian-state owned hotel complexes located in Yalta: the AY-Petri, Dyulber, and Miskhor sanatoriums. In 2018, the government of Crimea, without the consent of the Ukrainian government, privatized and sold the three hotels to LLC UKIP for about \$24 million.

Joint Stock Company Sanatorium AY-Petri is being designated for operating in the Crimea region of Ukraine. Joint Stock Company Sanatorium AY-Petri is a hotel in Yalta, Crimea. The so-called government of Crimea, without the consent of Ukraine, unlawfully nationalized, privatized, and sold Joint Stock Company AY-Petri to LLC UKIP.

Joint Stock Company Sanatorium Dyulber is being designated for operating in the Crimea region of Ukraine. Joint Stock Company Sanatorium Dyulber is a hotel in Yalta, Crimea. The so-called government of Crimea, without the consent of Ukraine, unlawfully nationalized, privatized, and sold Joint Stock Company Sanatorium Dyulber to LLC UKIP.

Joint Stock Company Sanatorium Miskhor is being designated for operating in the Crimea region of Ukraine. Joint Stock Company Sanatorium Miskhor is a hotel in Yalta, Crimea. The so-called government of Crimea, without the consent of Ukraine, unlawfully nationalized, privatized, and sold Joint Stock Company Sanatorium Miskhor to LLC UKIP.

Vladimir Nikolaevich Zaritsky is being designated for operating in the Crimea region of Ukraine. Zaritsky is the former Commander in Chief of the Missile Forces and Artillery of Russia and is the registered founder and owner of LLC UKIP located in Simferopol, Crimea.

KRYMTETS, AO is being designated for operating in the Crimea region of Ukraine. KRYMTETS, AO is a private joint stock company engaged in the operation of electric power generation facilities and transmission systems in Crimea. The de facto "Republic of Crimea Council of Ministers" and the so-called "government of Sevastopol" approved a plan for the long-term development of electric energy for Crimea that envisages a sharp increase in the demand for electric energy and the need for the construction of basic generation, as well as the reconstruction of existing electric stations belonging to KRYMTETS, AO. In 2017, KRYMTETS, AO won a Russian tender to provide power on the Crimean peninsula until the launch of additional power plants.

Limited Liability Company Southern Project is being designated because it operates in the Crimea region of Ukraine and because it is owned or controlled by, directly or indirectly, Bank Rossiya and Yuri Valentinovich Kovalchuk, persons whose property and interests in property were blocked pursuant to E.O. 13661 on March 20, 2014. In 2017, the so-called Ministry of Property and Land Relations of the "Republic of Crimea" sold 100 percent of the authorized

capital of State Enterprise of Sparkling Wine Novy Svet (Novy Svet) to Limited Liability Company Southern Project, a company owned by Bank Rossiya. The government of Crimea's sale of Novy Svet to Limited Liability Company Southern Project was the first major privatization of a former Ukrainian state property since Russia's annexation of Crimea in 2014. Novy Svet is one of Crimea's largest and oldest wineries and it was designated by OFAC on December 22, 2015 pursuant to E.O. 13685. OFAC is also designating Limited Liability Company Southern Project pursuant to E.O. 13661 for being owned or controlled by, directly or indirectly, by Bank Rossiya, and Yuri Valentinovich Kovalchuk, persons whose property and interests in property are blocked pursuant to the E.O. 13661.

[Identifying information on the entities designated today.](#)

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