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4 Steps For Cos. Amid Russia Sanctions Law Uncertainty

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On Oct. 16, President Donald Trump signed an executive order on implementing the Lindsey O. Graham Sanctioning Russia and Iran Act. The Graham Act, signed by the president on Sept. 18, substantially expanded the scope of existing U.S. sanctions against the Russian Federation and Iran.[1]

Most notably, Sections 102 and 104 of the Graham Act authorize the president to impose blocking sanctions against several categories of Russian officials, including "Russian oligarchs" and entities "otherwise affiliated" with the Russian government. Neither term is expressly defined, creating uncertainty as to who falls within the act's reach.[2]

Executive Order No. 14437 waived most of the act's sanctions and restrictions, including those provided for in Sections 102 and 104. The controversial order has no fixed expiration, and will remain in effect until the administration decides to change course.

The order did not, however, repeal the Graham Act, clarify its undefined terms or waive already existing U.S. sanctions against Russia.[3] Because the waiver may be modified or withdrawn, the act's unresolved definitions continue to present potential sanctions exposure for Russian companies, their U.S. subsidiaries and businesses with Russian commercial relationships.

Understanding how these provisions may be applied remains important for companies assessing their ownership structures, government affiliations, and potential risks to existing or proposed transactions.

Against this uncertain backdrop, this article examines Sections 102 and 104 of the act, and outlines practical steps businesses can take to assess and prepare for future sanctions exposure. This analysis is limited to the act's Russia-related provisions.

Two Undefined Terms With Significant Consequences

Who qualifies as a Russian oligarch?

Section 102(b)(2)(F) provides for sanctions against a foreign person determined to be an "oligarch in the Russian Federation" who either (1) "has not demonstrated opposition to the ... war [in] Ukraine," or (2) "continues ... to benefit from an association with the Government of the Russian Federation."[4]

Although the act does not define "oligarch," prior U.S. sanctions legislation offers some guidance. Section 241 of the Countering America's Adversaries Through Sanctions Act requires the U.S. Department of the Treasury to identify significant Russian oligarchs based on factors including net worth, relationships with Russian political leaders and proximity to the Russian regime.

Identification under the Countering America's Adversaries Through Sanctions Act's reporting framework, however, does not itself constitute a sanctions designation.[5]

The Graham Act does not expressly adopt those criteria, instead introducing additional considerations concerning opposition to the conflict in Ukraine and continuing benefit from government associations. Whether these criteria will be interpreted more broadly or narrowly than prior guidance remains unclear.

An individual designation could also have consequences for related businesses. Under the Office of Foreign Assets Control's 50% rule, entities owned 50% or more, directly or indirectly and in the aggregate, by blocked persons are generally themselves blocked, even without a separate designation.

Because the rule applies through qualifying chains of indirect ownership, these consequences may extend to U.S. subsidiaries or a blocked parent, where the applicable ownership thresholds are satisfied, potentially disrupting commercial contracts, financing arrangements and proposed transactions.[6]

What does "otherwise affiliated" with the Russian government mean?

Section 104 establishes a separate basis for sanctioning entities in which the Russian government holds a controlling or majority ownership interest, or that are otherwise affiliated with the Russian government.[7]

Unlike OFAC's 50% rule, which turns on ownership rather than control, Section 104 expressly encompasses a controlling interest.

Existing rules, such as Executive Order No. 14024 on blocking property, already permit OFAC to designate entities owned or controlled by the Russian government. Section 104, however, incorporates that concept into the statutory framework alongside a broader, undefined, "otherwise affiliated" standard.

This distinction is significant for companies in which Russian state-owned entities hold minority interests accompanied by governance rights, including board representation or approval rights over major corporate decisions.[8]

The phrase "otherwise affiliated" potentially extends even further. Its inclusion suggests that Congress contemplated relationships beyond traditional ownership or control, yet the act does not clarify whether minority government ownership, ordinary shareholder protections or commercial relationships with state-owned enterprises are sufficient to establish affiliation.

Accordingly, a company may fall outside OFAC's automatic blocking rules but still face independent designation under Section 104. At the same time, minority government ownership does not necessarily establish that the Russian government controls a company's management or commercial operations.

Sections 102 and 104 sanctions require review every 180 days. Where the statutory criteria are satisfied, the act directs the imposition of specified sanctions, subject to applicable waivers.

Section 104 specifically provides for property-blocking sanctions under the International Emergency Economic Powers Act.[9]

The Oct. 16 waiver suspends the imposition of these sanctions, but it remains unclear whether the administration will continue conducting the required reviews while the waiver remains in effect. If the reviews continue, they could identify individuals and entities for potential designation should the waiver later be modified or withdrawn.[10]

What Businesses Should Do Now

Until the administration provides clearer standards, Russian companies and their U.S. subsidiaries should assess potential designation risks rather than wait until sanctions are imposed. U.S. businesses that contract with, finance or invest alongside Russian-linked companies should likewise evaluate their counterparties' ownership structures and government affiliations.

First, review and document ownership and governance structures. Russian companies should identify their direct and indirect beneficial owners and document facts demonstrating operational independence from the Russian government, including who appoints management and board members, who controls commercial decisions, and whether rights held by state-linked minority shareholders constitute ordinary investor protections rather than actual control.

Second, prepare for heightened scrutiny from U.S. counterparties. Banks, customers and suppliers may conduct enhanced sanctions due diligence even where a company is not designated.

Maintaining accurate ownership charts, governance records and explanations of state-linked interests can help address compliance concerns and reduce unnecessary disruptions to otherwise permissible business relationships.

Third, assess potential designation consequences and available remedies. Companies should evaluate whether an individual shareholder's designation could trigger automatic blocking under OFAC's 50% rule or whether government affiliations could create independent exposure under Section 104.

They should also assess potential licensing options and, if designated, the possibility of seeking administrative reconsideration through OFAC's delisting process under Title 31 of the Code of Federal Regulations, Section 501.807.

Neither remedy automatically authorizes otherwise prohibited transactions.[11]

Finally, monitor implementation developments. Although the Oct. 16 waiver has no fixed expiration date, the administration may revisit it.

Companies should monitor the 180-day reviews under Sections 102 and 104, any modification or withdrawal of the waiver, and congressional review of the waiver and future OFAC guidance interpreting "oligarch" or "otherwise affiliated."

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[1] Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, Pub. L. No. 119-111, div. A, 140 Stat. 1026 (2026) (codified at 22 U.S.C. §§ 10801–10817).

[2] Id. §§ 102(b)(2)(F), 104(a)(2); 22 U.S.C. §§ 10802(b)(2)(F), 10804(a)(2) (2026).

[3] Implementing the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, Exec. Order, §§ 4(b)–(d) (Oct. 16, 2026).

[4] 22 U.S.C. § 10802(b)(2)(F) (2026).

[5] Countering America's Adversaries Through Sanctions Act, Pub. L. No. 115-44, § 241(a)(1), 131 Stat. 886, 922–23 (2017).

[6] U.S. Dep't of the Treasury, Off. of Foreign Assets Control, Revised Guidance on Entities Owned by Persons Whose Property and Interests in Property Are Blocked (Aug. 13, 2014); OFAC Frequently Asked Questions Nos. 399, 401.

[7] 22 U.S.C. § 10804(a)(2), (b) (2026).

[8] Exec. Order No. 14,024, § 1(a), 86 Fed. Reg. 20,249, 20,249–50 (Apr. 19, 2021); OFAC Frequently Asked Question No. 398.

[9] 22 U.S.C. §§ 10802(b), 10804(a)–(b) (2026); International Emergency Economic Powers Act, 50 U.S.C. §§ 1701–1708.

[10] 22 U.S.C. § 10815(a)–(b) (2026); Implementing the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, Exec. Order, §§ 4–5 (Oct. 16, 2026).

[11] 31 C.F.R. § 501.807 (2026); OFAC Frequently Asked Question No. 897.