



Resolved a Bet-the-Company U.S.-Russia Trade Sanctions Issue

Overview

Represented Swiss company Sulzer in connection with its successful effort to obtain relief from U.S. sanctions after its majority owner, the Russian oligarch Viktor Vekselberg, was designated on the List of Specially Designated Nationals and Blocked Persons, which threatened the very existence of the company.

Problem

- When the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) sanctioned Viktor Vekselberg, Sulzer, a 180+ year old Swiss industrial engineering and manufacturing company with many U.S. subsidiaries, became a sanctioned party as a result of his majority ownership.
- Dealing with a sudden inability to do business in the United States or with any U.S. companies or banks and the blocking of all its property in the United States, and facing the very real possibility of bankruptcy in a matter of days, Sulzer retained Covington to advise on this urgent bet-the-company matter.

Covington Team



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Advises on all of the sanctions programs administered by OFAC, including the U.S. sanctions against Iran, Russia, Crimea, Syria, Cuba, Venezuela, and North Korea, as well as list-based sanctions.

- Led the efforts to unblock the company and, with the consent of all parties, served as an important interface between Sulzer and numerous international banks and oil companies that the firm also advises on sanctions issues.

Strategy

- After a flurry of activity, the company announced an agreement to purchase back sufficient shares from Mr. Vekselberg to reduce his ownership interest below 50 percent.
- Working with OFAC, the company secured necessary licensing within several days that enabled the share purchase to be implemented.

Results

- Within a week of Mr. Vekselberg's designation, Sulzer publicly announced that the share re-purchase was complete and OFAC had unblocked its property.
- The U.S. sanctions that threatened the very existence of the company were removed and the company was able to carry on with normal operations.