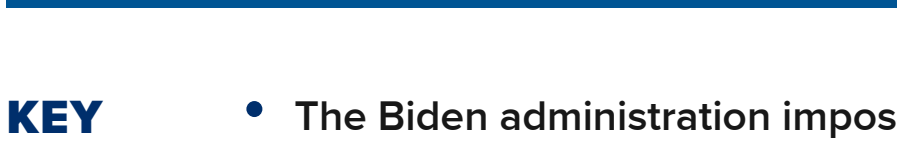




POLITICS

# Biden administration slaps new sanctions on Russia for cyberattacks, election interference

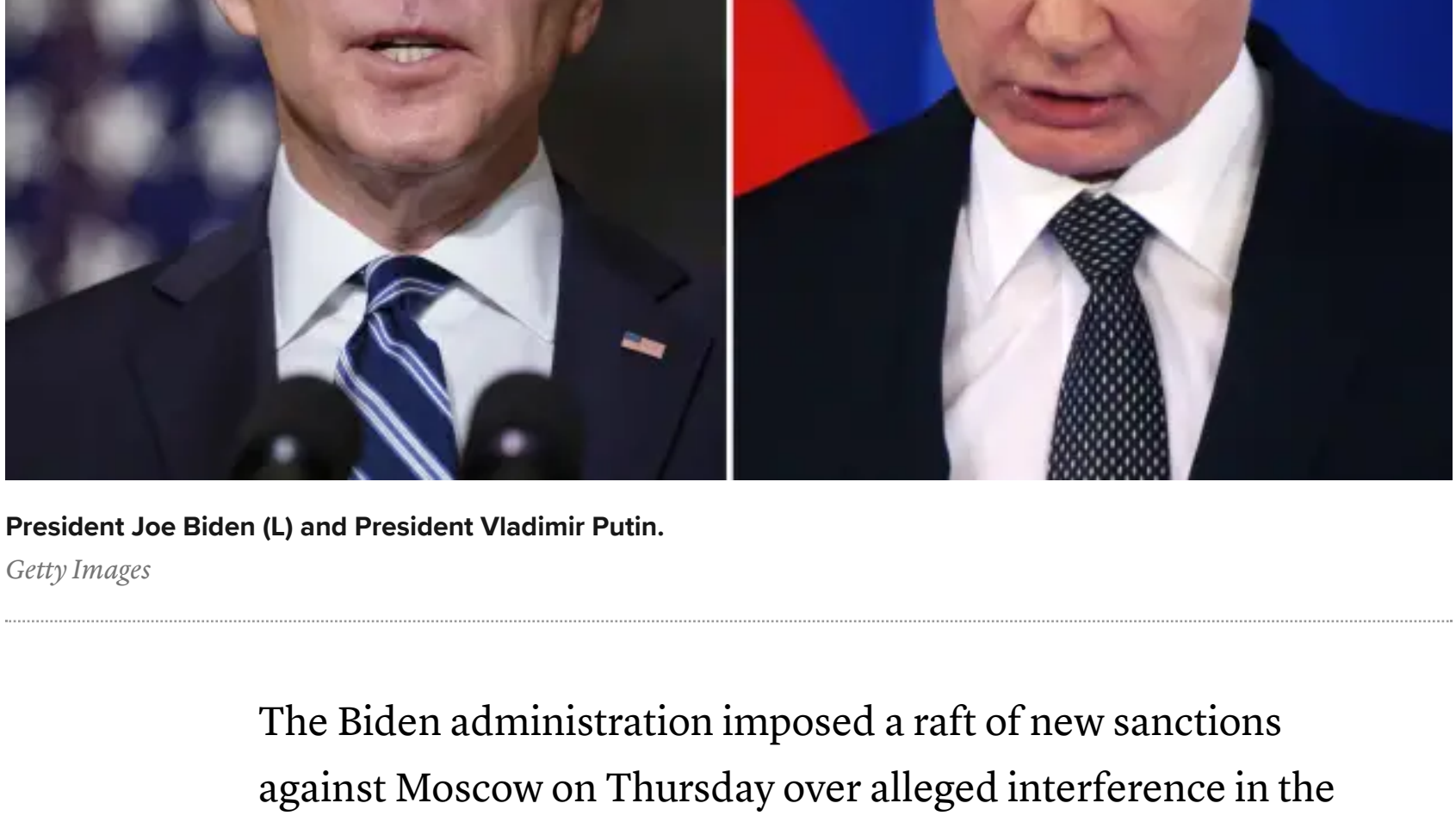
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## KEY POINTS

- The Biden administration imposed a raft of new sanctions against Moscow on Thursday over alleged 2020 election interference and cyberattacks.
- The sanctions target more than three dozen entities and individuals, according to the Treasury Department.
- The measures come following President Joe Biden's phone call this week with Russian leader Vladimir Putin, and as Russian forces amass near the Ukraine border.



President Joe Biden (L) and President Vladimir Putin.  
*Getty Images*

The Biden administration imposed a raft of new sanctions against Moscow on Thursday over alleged interference in the 2020 election, a colossal cyberattack against U.S. government and corporate networks, illegal annexation and occupation of Crimea, and human rights abuses.

“Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) took sweeping action against 16 entities and 16 individuals who attempted to influence the 2020 U.S. presidential election at the direction of the leadership of the Russian Government,” the Treasury said in a statement.

It also announced sanctions on five individuals and three entities linked to Russia’s annexation of Ukraine’s Crimea peninsula and human rights abuses.

In addition to the broad sanctions issued by the Treasury, the State Department announced it will expel 10 officials from Russia’s diplomatic mission in the United States.

The sanctions come following President Joe [Biden’s phone call this week with Russian leader Vladimir Putin](#), and as Russian force amass near the Ukraine border.

Washington formally accused Russia’s Foreign Intelligence Service, or SVR — its top spy agency — of being behind the [SolarWinds](#) [cyberattack](#) publicized late last year, described by [Microsoft](#) [President Brad Smith](#) as “[the largest and most sophisticated attack the world has ever seen](#).”

“The U.S. Intelligence Community has high confidence in its assessment of attribution,” the Treasury release said. The attack saw hackers gain access to the software used by thousands of government bureaus and companies.

The penalties are also in response to a March report by the U.S. director of national intelligence that concluded Putin authorized attempts to interfere in the 2020 election in former President [Donald Trump](#)’s favor.

The Russian government denies all of the allegations.



[Biden](#) also signed an executive order Thursday that allows Washington to sanction any sector of Moscow’s economy, significantly broadening the scope of sanctions authority.

Under this new authorization, U.S. financial institutions are prohibited from conducting transactions in the primary market for new ruble or non-ruble-denominated bonds issued after June 14.

“When you remove U.S. investors from the primary market, it causes a broader chilling effect,” said a senior administration official who spoke on the condition of anonymity.

“What you see is that Russia’s borrowing costs rise, you see that there’s capital flight and you see the currency weakens in tandem. And you know, that has an impact on Russia’s growth rate and it has an impact on Russia’s inflation rate,” the official added.

“The President signed this sweeping new authority to confront Russia’s continued and growing malign behavior,” Treasury Secretary Janet Yellen said in a statement applauding the measure.

“Treasury is leveraging this new authority to impose costs on the Russian government for its unacceptable conduct, including by limiting Russia’s ability to finance its activities and by targeting Russia’s malicious and disruptive cyber capabilities,” she added.

One of those named in the new actions is Konstantin Kilimnik, a Russian agent with ties to former Trump campaign boss [Paul Manafort](#), who was convicted in special counsel [Robert Mueller](#)’s investigation of Russian meddling in the 2016 election.

The FBI is offering \$250,000 for information leading to Kilimnik’s arrest, who is believed to be in Russia. Moscow prohibits the extradition of a Russian national to any country.

Another senior administration official, who declined to be named, said that the White House was still hopeful for a “stable and predictable relationship” with Russia.

“We also want to be clear that we have no desire to be in an escalatory cycle with Russia, we intend these responses to be proportionate and tailored to the specific past activities, paths, actions that Russia has taken,” the official said.

The administration officials declined to speculate on possible retaliatory actions Moscow would take on the heels of the sweeping sanctions.

## Worsening U.S.-Russia relations

Taking a tougher stance on Russia was one of Biden’s foreign policy campaign pledges. The measures announced Thursday join a series of past moves: the Obama administration’s debt financing restrictions for major Russian companies like Rosneft, and the Trump administration’s ban on U.S. entities buying Russia’s foreign currency government loans.

“Today’s U.S. sanctions continue the general trend of worsening relations witnessed ever since the annexation of Crimea,” Maximilian Hess, head of political risk at London-based advisory firm Hawthorn Advisors, told CNBC.

“The key portion” of these sanctions, he said, “is the barring of U.S. entities from the primary market for ruble-denominated debts by the Russian government.”

However, Hess noted, this “will not have a major impact, particularly given Russia’s manageable debt load.”

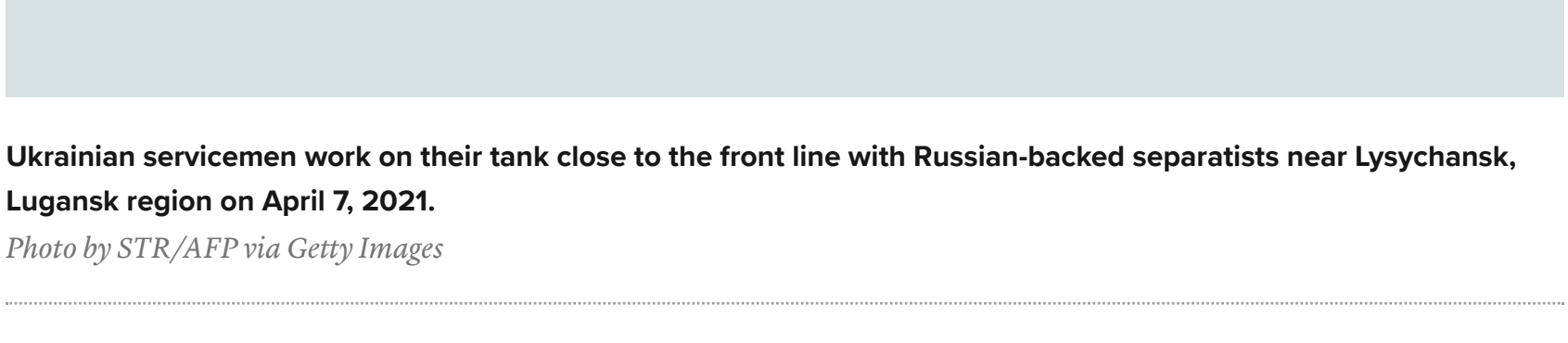
For Timothy Ash, senior emerging markets strategist at Bluebay Asset Management, the measures are far from harsh.

“It’s like guys, come on, you need to do better than this,” Ash wrote in a note following the announcement.

“Sovereign primary still allows U.S. entities to hold this debt. So U.S. institutions cannot buy Russian sovereign debt in primary issuance, but can get their Russian bank friends to buy it for them in primary, give them a fee, and then buy it in the secondary.”

The ruble pared some of its losses Thursday against the greenback shortly after the sanctions news, trading at 76.3025 to the dollar at 4 p.m. local time compared with 77.0718 just before the details of the sanctions were announced.

## Russian troop buildup on Ukraine border



Ukrainian servicemen work on their tank close to the front line with Russian-backed separatists near Lysychansk, Lugansk region on April 7, 2021.  
*Photo by STR/AFP via Getty Images*

The Biden-Putin call Tuesday, at least the second between the two men since Biden took office in January, comes as the United States and other Western countries grow weary of Russia’s growing military buildup along its border with Ukraine, where it has amassed tens of thousands of troops and tanks.

“We’re now seeing the largest concentration of Russian forces on Ukraine’s borders since 2014,” Secretary of State Antony Blinken said Tuesday after visiting NATO’s headquarters in Brussels. “That is a deep concern not only to Ukraine, but to the United States.”

Regional experts say this move could be an attempt to test Biden’s mettle and intimidate Ukraine; the more pessimistic outlook suggests its aim is to goad Ukraine into renewed conflict.

Biden in the phone call with [Putin](#) “emphasized the United States’ unwavering commitment to Ukraine’s sovereignty and territorial integrity,” according to a [White House readout](#).

Biden proposed holding a summit somewhere outside the U.S. and Russia “to discuss the full range of issues facing” the countries.

The Kremlin later on Tuesday said in a statement that Biden had “suggested considering the possibility of holding a personal summit meeting in the foreseeable future.”

-- *Natascha Turak contributed to this story from Dubai, and Amanda Macias contributed from Washington, D.C.*

*Correction: This story has been updated to correct the description of Hawthorn Advisors.*

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