



JOINT MEMO

March 16, 2022

To: Executive Branch Departments and Agencies

On March 4, 2022, Governor Gavin Newsom issued **Executive Order [N-6-22](#) (EO)** regarding sanctions against Russia and Russian entities and individuals. The EO directs all agencies and departments (Agencies) that are subject to the Governor's authority to take certain steps described below. Constitutionally independent state entities are encouraged to take these steps as well.

This Memo provides an overview of the EO and preliminary guidance to assist State agencies with compliance.

Agencies should carefully review the EO and this Memo in detail to gain familiarity with requirements and promptly begin compliance efforts. Agency compliance with the EO's notification requirement described below must be complete by 45 days after the EO's issuance—i.e., **by April 18, 2022**. Agencies should keep written records for each contract demonstrating compliance efforts undertaken in accordance with the EO.

Agencies should involve their legal counsel in compliance efforts and decisions. The guidance in this Memo is limited to compliance with EO Paragraphs #1, #2 and #3. The Department of General Services (DGS) and the California Department of Technology (CDT) will issue further guidance about compliance with EO Paragraphs #4 and #5 in the near future.

Defined Terms:

- "Contract" refers to *all* types of agreements and grants, regardless of form (e.g., Std 213, Std 65, Fi\$Cal PO, etc.).
- "Economic Sanctions" refers to sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law.
- "Paragraph" refers to the EO's operative paragraphs.

Compliance with EO Paragraphs #1 and #2:

Paragraph #1 within the EO provides:

1. *All agencies and departments subject to my authority shall review all contracts for commodities, services, and technology to determine whether they comply with existing economic sanctions.*

Paragraph #2 within the EO provides:

- 2. All agencies and departments subject to my authority shall terminate any contracts with any individuals or entities that are determined to be a target of economic sanctions, and shall refrain from entering into any new contracts with such individuals or entities while economic sanctions are in effect.*

In order to comply with Paragraphs #1 and #2 of the EO:

- Agencies should familiarize themselves with the federal economic sanctions and any available federal lists that identify sanctioned individuals and entities.
- To date, the federal government has not provided a publicly available and comprehensive list of those individuals and entities subject to federal economic sanctions in response to Russia's actions in Ukraine. However, preliminary information regarding sanctioned individuals and entities can be found in federal executive orders including Executive Order 14065 identified in the EO, and on the U.S. Department of the Treasury websites: <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions> and <https://home.treasury.gov/news/press-releases/jy0608>.
- In addition, updates to lists of sanctioned individuals and entities, as well as Frequently Asked Questions documents, are available at this link: <https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions>. Agencies may wish to sign up for email updates from the U.S. Department of the Treasury.
- Agencies must identify any contracts they have with individuals or entities that are determined to be a target of economic sanctions and begin assessments with their legal counsel regarding terminations of such contracts.
- Agencies should keep a list of all contracts terminated in accordance with the EO, including the name of the contractor, contract number, contract amount, contract type, contract term, the specific reason for termination, and the termination date.
- Agencies shall refrain from entering into any new contracts with individuals and entities that are determined to be a target of economic sanctions, while such economic sanctions are in effect.

Compliance with Paragraph #3:

Paragraph #3 within the EO provides:

- 3. All agencies and departments subject to my authority shall notify all contractors and grantees of their obligations to comply with economic sanctions within 45 days of this Order, and the Department of General Services and the Department of Technology shall provide guidance on such communications within 14 days of this Order.*

In order to comply with Paragraph #3 of the EO:

- Agencies should review their contract and grant documents to determine the appropriate addressee names and addresses for notices and information related to the contract or grant.
- Agencies must, **within 45 days** of the EO (i.e., **by April 18, 2022**), send notifications to all Agency contractors and grantees.
- Notifications may be sent electronically.
- Attached is a **template notification** Agencies should use for EO Paragraph #3 compliance.
- DGS will send the EO Paragraph #3 notification to all Leveraged Procurement Agreement contractors.
- **Please note that for contracts issued by DGS or CDT on behalf of an Agency, the Agency is responsible for sending the notifications.**

Further Guidance and Contacts:

DGS and CDT will issue further guidance and templates shortly to assist agencies with EO compliance, including with respect to EO Paragraph #s 4-6.

For questions relating to CDT contracts, please contact:

Lisa Cooper
Office of Legal Services
lisa.cooper@state.ca.gov

For other questions regarding this Memo, please contact your DGS assigned attorney.

Attachment: Template Notification to Send to All Contractors and Grantees (EO Paragraph #3)

Template Notification to Send to All Contractors and Grantees (EO Paragraph #3)

March XX, 2022

[Name Here]
[Title Here]
[Name of Business or Organization]
[Address line 1]
[Address line 2]

RE: Contractor and Grantee Compliance with Economic Sanctions Imposed in Response to Russia's Actions in Ukraine

Dear [Name Here]:

On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (EO) regarding sanctions in response to Russian aggression in Ukraine. The EO is located at <https://www.gov.ca.gov/wp-content/uploads/2022/03/3.4.22-Russia-Ukraine-Executive-Order.pdf>.

The EO directs all agencies and departments that are subject to the Governor's authority to take certain immediate steps, including notifying all contractors and grantees of their obligations to comply with existing economic sanctions imposed by the U.S. government in response to Russia's actions in Ukraine, as well as any sanctions imposed under state law.

This correspondence serves as a notice under the EO that as a contractor or grantee, compliance with the economic sanctions imposed in response to Russia's actions in Ukraine is required, including with respect to, but not limited to, the federal executive orders identified in the EO and the sanctions identified on the U.S. Department of the Treasury website (<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions>). Failure to comply may result in the termination of contracts or grants, as applicable.

Please note that for any agreements or grants valued at \$5 million or more, a separate notification will be sent outlining additional requirements specified under the EO.

Sincerely,

[Name]
[Title]