



Press and Information

General Court of the European Union  
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Judgment in Case T-720/14  
Arkady Rotenberg v Council

## **The General Court confirms the fund-freezing measures imposed on Mr Arkady Rotenberg for the period 2015-2016**

*However, it annuls the freezing of funds for the period 2014-2015*

In response to the Ukraine crisis, in early 2014 the Council adopted restrictive measures (freezing of funds and a ban on staying in the territory of the EU) against natural and legal persons whose actions undermine or threaten the territorial integrity, sovereignty and independence of Ukraine.

With effect from 30<sup>th</sup> July 2014, Mr Arkady Rotenberg, a Russian businessman, was subject to those restrictive measures on the following grounds: 'Mr Rotenberg is a long-time acquaintance of President Putin and his former judo sparring partner. He has developed his fortune during President Putin's tenure. He has been favoured by Russian decision-makers in the award of important contracts by the Russian State or by State-owned enterprises. His companies were notably awarded several highly lucrative contracts for the preparations of the Sochi Olympic Games. He is a major shareholder of Giprottransmost, a company which has received a public procurement contract by a Russian State-owned Company to conduct the feasibility study of the construction of a bridge from Russia to the illegally annexed Autonomous Republic of Crimea, therefore consolidating its integration into the Russian Federation which in turn further undermines the territorial integrity of Ukraine'.

With effect from 15 March 2015, the restrictive measures imposed on Mr Rotenberg were extended. While much of the first statement of reasons was retained, with the exception of the last sentence set out above, the Council added two further grounds: '[Mr Rotenberg] is also the owner of the company Stroygazmontazh which has been awarded a State contract for the construction of a bridge from Russia to the illegally annexed Autonomous Republic of Crimea, therefore consolidating its integration into the Russian Federation which in turn further undermines the territorial integrity of Ukraine. He is the chairman of the board of directors of publishing house Prosvescheniye, which has notably implemented the project "To the Children of Russia: Address — Crimea", a public relations campaign that was designed to persuade Crimean children that they are now Russian citizens living in Russia and thereby supporting the Russian Government's policy to integrate Crimea into Russia'. The restrictive measures were subsequently extended, with the same statement of reasons, until 15 March 2016 and then again until 15 September 2016.

Mr Rotenberg applied to the General Court to annul the restrictive measures adopted against him until 15 September 2016.<sup>1</sup>

By today's judgment, **the General Court partly upholds the action for annulment brought by Mr Rotenberg**. It annuls the restrictive measures in respect of the period from 30 July 2014 to 14 March 2015, but confirms them in respect of the period from 15 March 2015 to 15 September 2016.

<sup>1</sup> The restrictive measures against Mr Rotenberg were subsequently further extended until 15 March 2017, the statement of reasons remaining the same. The judgment of the General Court does not, however, concern the period after 15 September 2016, since that period could not be taken into account in the proceedings.

As regards the period **from 30 July 2014 to 14 March 2015**, the Court notes that **the first statement of reasons is vitiated by manifest errors of assessment** and, for that reason, annuls the restrictive measures imposed on Mr Rotenberg. The Court considers that the criterion by which individuals such as Mr Rotenberg may be made subject to restrictive measures does not require that they benefit personally from the annexation of Crimea or the destabilisation of Eastern Ukraine. It is sufficient that they benefit from one of the ‘Russian decision-makers’ responsible for those events, and it is not necessary to establish a link between the advantages enjoyed by the persons designated and the situation in Ukraine.

In addition, in order for that criterion to be compatible with the principle of legal certainty, the Russian decision-makers from whom the benefits enjoyed by those targeted are derived must already, at the very least, have started to prepare for actions destabilising Ukraine. Where that condition is satisfied, the recipients of those benefits cannot be unaware of the decision-makers’ involvement in those preparations, and can expect their resources, derived at least in part from those benefits, to be targeted by restrictive measures, with the aim of preventing them from being able to support the decision-makers in question.

As regards Mr Rotenberg specifically, the Court finds that (1) the reference to ‘Russian decision-makers’, without further details, is too vague and is not sufficient to justify the restrictive measures; (2) the contracts with the Russian State or with State-owned enterprises, from which Mr Rotenberg is said to have benefited, relate to an earlier period than that during which Russian decision-makers, notably President Putin, had started to threaten Ukraine (those contracts relate in particular to the preparations for the Sochi Olympic Games, which were held in the winter of 2014); (3) the Council has not proved that Mr Rotenberg was favoured by President Putin at the time when the latter took action against Ukraine; and (4) the Council has not been able to prove that Mr Rotenberg was himself a shareholder or majority shareholder in Giprottransmost.

As regards the period **from 15 March 2015 to 15 September 2016**, the Court comes to the same conclusion as it does in respect of the earlier period with regard to the grounds common to both. The Court therefore examines whether the new grounds added by the Council in March 2015 are also vitiated by manifest errors of assessment. **The Court** concludes that they are not and thus **declines to annul the restrictive measures from 15 March 2015**.

In particular, the Court notes that Mr Rotenberg does not deny that he is the owner of Stroygazmontazh or that that company was awarded a State contract for the construction of a bridge between Russia and Crimea. Since that bridge will establish direct access between Russia and Crimea and thus facilitate trade and military exchanges between the two territories, the Council was entitled to consider that, in view of Russia’s actions leading to the holding of what was described as a referendum on the status of Crimea, followed by Russia’s recognition of the results of that referendum and the illegal annexation of Crimea, **the construction of the bridge would consolidate the integration of Crimea into Russia, thereby further undermining the territorial integrity of Ukraine**.

As to the **project entitled ‘To the Children of Russia: Address — Crimea’**, the Court notes that this is a public relations campaign designed to persuade Crimean children that they are Russian citizens living in Russia. This project, established on the orders of the Russian President in connection with the alignment of Crimea to Russian educational standards, **does therefore support the Russian government’s policy of integrating Crimea into Russia and consequently helps to further undermine the territorial integrity of Ukraine**.

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**NOTE:** An appeal, limited to points of law only, may be brought before the Court of Justice against the decision of the General Court within two months of notification of the decision.

**NOTE:** An action for annulment seeks the annulment of acts of the institutions of the European Union that are contrary to EU law. The Member States, the European institutions and individuals may, under certain conditions, bring an action for annulment before the Court of Justice or the General Court. If the action is well founded, the act is annulled. The institution concerned must fill any legal vacuum created by the annulment of the act.

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*The [full text](#) of the judgment is published on the CURIA website on the day of delivery*

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