

# Lukoil's US Gas Stations See Disruptions for Card Payments

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Lukoil gasoline stations in the US are experiencing major issues with card payments, forcing some franchise owners to consider asking more customers to use cash as parent company [Lukoil PJSC](#), the Russian oil giant, faces US sanctions.

There are two separate problems for the US service stations, mainly located in New Jersey. First, franchise owners aren't able to access revenue from payments made with credit, debit and prepaid cards through Lukoil's system, according to Eric Blomgren, executive director of the New Jersey Gasoline, C-Store, Automotive Association. Second, the stations are also running into issues processing payments made with some cards, including those issued by [American Express Co.](#), Blomgren said.

Several Lukoil gas-station employees that spoke with Bloomberg News confirmed that their locations are seeing both problems. Some franchises are encouraging customers to use cash because of the issues, and at least one has considered switching to cash only, according to the employees who asked not to be named because they aren't authorized to speak publicly.

Lukoil didn't respond to requests for comment.

The situation at the US Lukoil gas stations underscores how the sanctions process can unleash chaos for multinational businesses. In New Jersey, Lukoil-branded franchises account for about 5% of all gas stations in the state. The payment issues come just ahead of the Thanksgiving holiday, one of the busiest travel periods of the year.

Lukoil's gas stations in the US have been granted a temporary license allowing payments to process through Dec. 13, according to a [statement](#) from the Office of Foreign Assets Control. But it's unclear how business operations will proceed once the authorization period expires. The US government in October announced [sanctions](#) on Russia's two largest crude oil producers, [Rosneft PJSC](#) and Lukoil.

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As much as 85% of sales at Lukoil stations are made with cards, creating a "big problem" for station operators who can't currently access that revenue, Blomgren said.

It appears that some US stations have tried to process card payments outside of Lukoil's system, likely to be able to tap into the revenue. Lukoil North America last week sent a letter addressed to its gas dealers stating that using non-authorized equipment to process credit, debit and prepaid cards is a "material and significant default" on franchise agreements, according to a copy of the letter seen by Bloomberg News.

Lukoil can terminate franchise agreements if the action isn't corrected, the letter said. The letter was signed by James McAndrew, identified as general counsel. Phone calls made to the number listed on the letter weren't answered.

The separate issue facing card processing has been ongoing for at least two weeks, said Blomgren,

who's in contact with station operators. Even when running cards through the approved Lukoil system, the transactions are sometimes being denied for reasons that aren't known.

The problems have included Amex credit cards, which aren't always processing, according to the gas-station managers. It's unclear what's leading to the disruption. Card transactions involve a myriad of firms, including issuers, processors and networks, meaning the source of transaction disruptions can sometimes be opaque.

An American Express spokesperson said in an email that the company's cards are "accepted at most Lukoil gas stations in the US." The company didn't comment on why some transactions haven't been processed.

New Jersey has the most Lukoil locations in the US, with more than 110 gas stations — about 60% of the company's national footprint. Most are franchised or independently operated.