

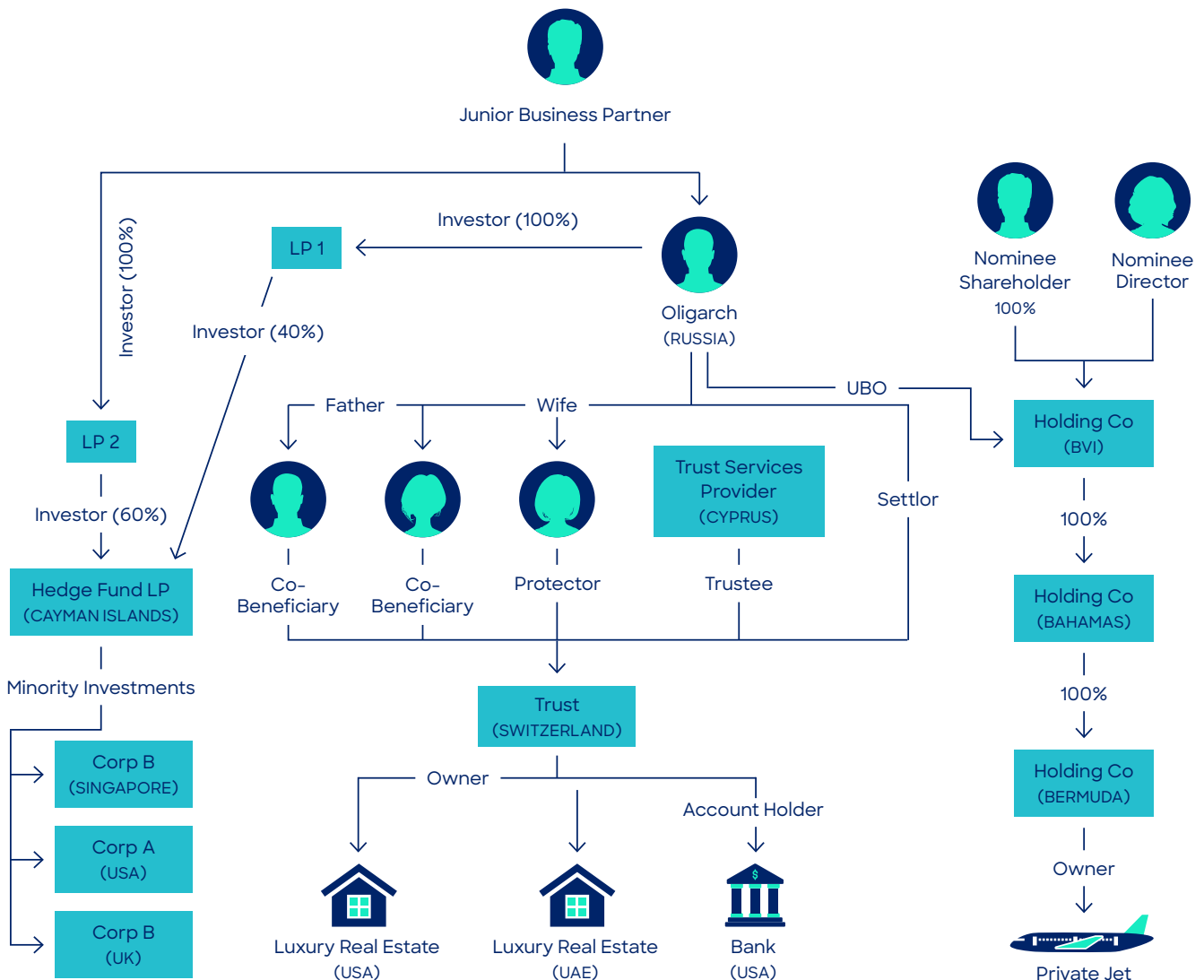
Russia Sanctions Evasion: Key Methods and Techniques - Part 1

Last updated: April 24, 2023

For information on how to access our recent sanctions masterclass (April 20, 2023) titled “Current Sanctions Evasion Typologies and Future Threats”, click [here](#)

As international sanctions and economic pressure against Russia continues to escalate in 2023, there is a significant focus on targeting those who evade or facilitate the evasion of sanctions. In the March 2023 **AFC Briefing - Russia Sanctions Evasion: Planning Assumptions**, ACAMS provides an overview of trends, techniques, and planning assumptions that reflect consolidated insights and themes discussed through various forums, including expert level roundtable discussions, webinars, events and conferences. Read the Executive Summary [here](#).

Financial Sanctions Evasion by Oligarchs, Other Elites and Proxies*



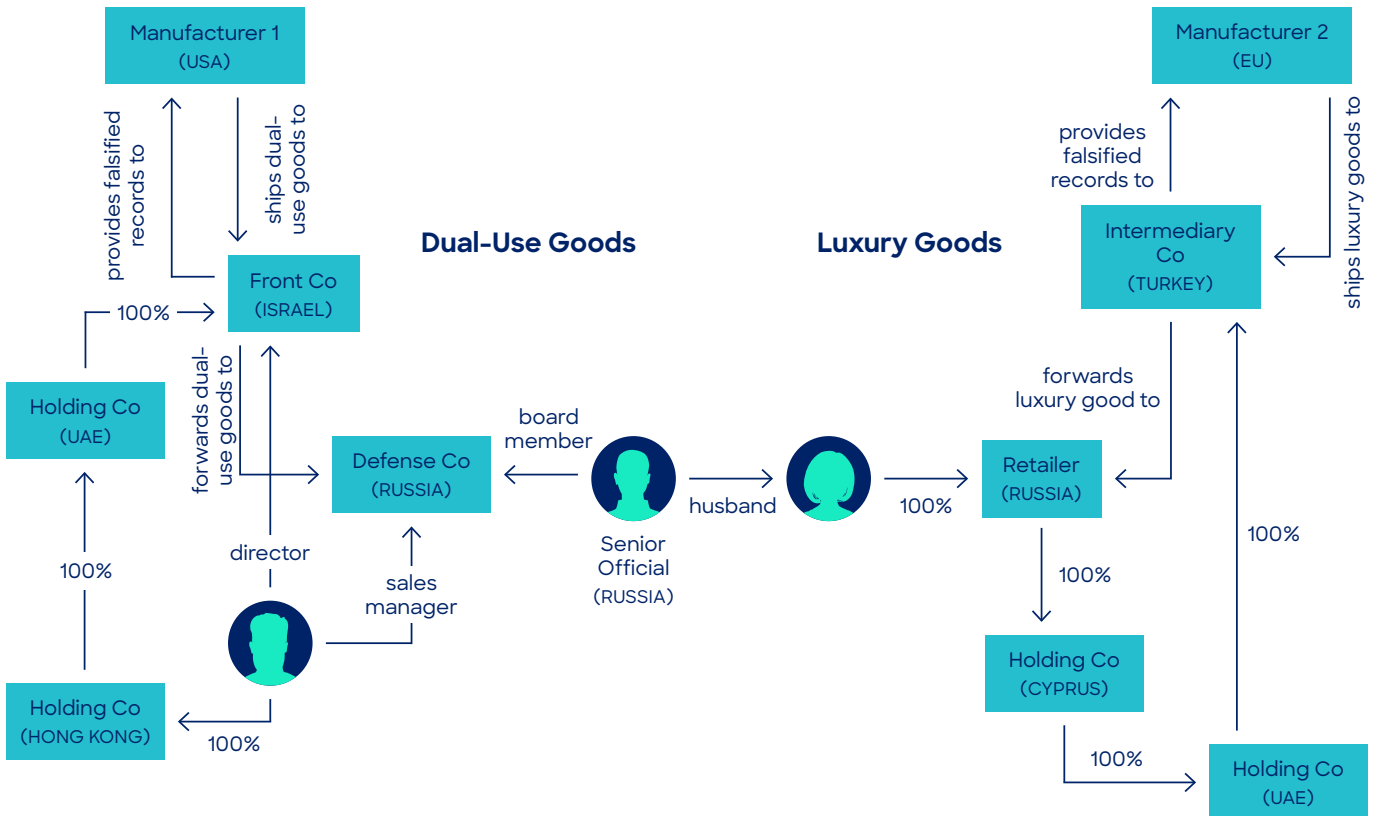
* This is a fictional example. The jurisdictions mentioned in the above graph have been previously identified by western regulatory agencies as having been involved in fund and asset transfers on behalf of and for the benefit of Russia's political and economic elites.

A sanctioned Russian oligarch is an indirect investor (40%) in a Cayman Islands-domiciled hedge fund which has minority investments in three foreign corporations (Singapore, US and UK). The other indirect investor (60%) in the same hedge fund is the oligarch's junior business partner. Due to the nature of the two individuals' personal relationship, the oligarch controls the entirety of the hedge fund's assets.

The oligarch is the settlor of a Swiss trust in which his two children are co-beneficiaries and his wife is a protector. The trust is managed by a specialist trust services provider based in Cyprus. Its assets include two luxury real estate properties, in the US and UAE, as well as a large bank account in a US financial institution. The oligarch exercises de facto control over the all-family trust.

The oligarch is the ultimate beneficial owner of three holding companies, registered in the BVI, the Bahamas and Bermuda, through which he owns a private jet. The top-tier holding company (BVI) has a nominee shareholder and is managed by a nominee director.

Procurement of Defense Items, Dual-Use Goods and Sensitive Technologies as well as Embargoed Luxury Goods*



* This is a fictional example. The jurisdictions mentioned in the above graph have been previously identified by western regulatory agencies as possible transshipment hubs.

DUAL-USE GOODS:

A senior Russian government official, who is a sanctioned individual, is a board member at state-owned Defense Co. A sales manager at Defense Co has incorporated two holding companies in Hong Kong and the UAE through which he owns Front Co, based in Israel. When placing an order with a US manufacturer of dual-use goods, Front Co misrepresents the end use, end user, and final destination of the goods. Once the goods are received by Front Co, they are shipped to Russia for the benefit of Defense Co.

LUXURY GOODS:

A Russian retailer, which used to buy luxury goods directly from EU manufacturers prior to 2022, has established an intermediary company in Turkey, which it wholly owns through two holding companies based in the UAE and Cyprus. The Turkish intermediary places an order with an EU-based manufacturer of luxury goods. When placing the order, it certifies that the goods are not for use in Russia. However, once the goods are received, they are shipped back to the Russian retailer whose current sole owner is the sanctioned senior Russian official's wife.

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