

RUSSIA SANCTIONS EVASION: PLANNING ASSUMPTIONS

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.

A few key takeaways from our planning assumptions include:

- With the ‘easy-to-sanctions targets’ in Russia mostly complete, focus will shift to quality vs. quantity. This will include more comprehensive enforcement measures and advancement of domestic legal frameworks.
- Greater focus is expected on combating the facilitation of evasion by professional enablers and state-backed transnational criminal organizations, as well as reducing loopholes through increased pressure on countries who are non-aligned to Western sanctions efforts.
- Russian authorities will likely focus evasion efforts on procuring goods that are essential to sustaining a protracted war against Ukraine, and future evasion patterns are increasingly likely to mirror those used by Iran.

As noted within the briefing, use of professional enablers and proxies in moving assets and managing wealth is the primary trend in financial sanctions evasion by oligarchs and other elites. These individuals are increasingly using non-transparent corporate ownership and asset management vehicles to move funds and assets.

Government agencies, including the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN), have issued advisories on kleptocracy and foreign public corruption, highlighting emerging patterns of sanctions evasion by Russian oligarchs and political elites. In particular, the analysis by FinCEN highlights three primary techniques used by Russian elites to evade sanctions enforcement: **initiating asset and funds transfers to unsanctioned proxies, purchasing high-value**

goods and property, and using cross-border funds transfers to disperse assets internationally.

Additionally, since February 2022, the US, UK, EU and other jurisdictions have instituted unprecedented export controls aiming to undermine Russia's military capabilities and to cripple its ability to sustain a long military campaign. Given Russia's continued reliance on foreign-made technology and dual-use goods, the Russian Armed Forces, and the broader military-industrial complex, have placed an emphasis on the illicit procurement of these vital resources.

There is growing evidence of Russia's continued efforts to evade export controls for its military and defense industry needs, as gathered by independent researchers and journalists. To attain their objective, the procurement networks operating on Russia's behalf utilize a combination of methods, such as: **(1) transshipment through neutral countries; (2) the use of shell/front companies, nominee directors/shareholders and various intermediaries; (3) misrepresentations regarding the origin, end use and end user of goods being exported.**

Moreover, the circumvention of commodity bans and sanctions evasion concerns related to Russian-origin commodities, such as crude oil, petroleum products, natural gas, liquefied natural gas (LNG), gold, coal, and certain steel and iron products, among others, remains a growing concern. Since the start of Russia's war against Ukraine, the West has imposed embargoes on specific Russian-origin commodities.

Read the full briefing [here](#).