



STRONGER TOGETHER

TACKLING RUSSIAN SANCTIONS EVASION



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We are in this together.

This advisory was a collaborative effort across many companies in the financial crimes compliance community. Please reach out to our authors directly if you have any questions or require assistance.

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STRONGER TOGETHER: TACKLING RUSSIAN SANCTIONS EVASION

The anniversary of the Allied victory over Nazi Germany this year brings a new sense of meaning. Europe is now embroiled in war at a scale not seen since World War II. Russia has traded places with Germany to become the new antagonist, and the collective nations of Europe stand side-to-side against this aggression. In the compliance community, we are proud to stand with Ukraine by doing our own part to implement sanctions and facilitate a key prong in our countries' responses.

Since our last advisory, the world has uncovered various Russian crimes against humanity, including massacres at Buchaⁱ and the nearly total destruction of Mariupol.ⁱⁱ The war is far from over and these transgressions aren't likely to be the last. We should expect to learn about new crimes as Ukraine liberates more territory and interviews survivors.

Yet there is reason to hope. The war has not gone well for Russia, who has lost an estimated 15,000 soldiers and sailors to Ukraine's stalwart defense.ⁱⁱⁱ Ukraine has steadily attrited Russian units of their manpower, equipment, and supply trucks, and has demonstrated the ability to rapidly counter-attack Russian positions before they can consolidate their gains. There is the *slight chance* that Russia can make a limited push in Eastern and Southern Ukraine, but the Russian army is simply running out of bodies to take any more cities.^{iv}

Compliance departments should not expect Russia-related sanctions to be lifted anytime soon. Indeed, the crimes of Bucha have only made the sanctions more entrenched and have likely guaranteed that they will remain after the war.^v Russia's rhetoric has also escalated and now seeks to frame the war as an existential conflict with the West.^{vi} This is hardly the environment which would see sanctions lifted.



PRESENTING A UNITED FRONT

This advisory was the collaborative effort of many of our countries' experts across multiple industries. We come from different firms, specialize in different regions, and provide different types of technologies, investigations, or analysis. **But from America to Australia, the United Kingdom to Germany, we stand together in our commitment to self-determination and human rights.**

Our explicit goal is to not just focus on the sanctions targets themselves, but to help the compliance community undercut the tactics used to evade those sanctions. Each month we will be focusing on a selection of topics which help compliance professionals better understand the sanctions landscape or overall trends in sanctions risks.

For our inaugural edition, we take on a trio of interesting topics:

- First, Charles Ike, Olivia Longson (**Pole Star Global**), and I (**Blackstone Compliance**) take stock of the maritime industry, including identifying the gaps in various sanctions frameworks and the effects of flag hopping on Russian sanctions evasion.
- Second, Serge Masters from **SDM Group** explores how Russian nationals are obtaining Western credit cards from third parties, even after Visa and Mastercard exited the Russian market.
- Finally, Rosemary Lark from **Paladin Associates** explains the role that “Kremlin Kids,” the children or close family members of Russian senior officials and oligarchs, play in evading sanctions.

If you have any questions or would like to speak to one of our authors, please do not hesitate to contact us. Likewise, **this is an alliance which benefits when its membership swells.** If you would like to co-author future advisories, please reach out to me at tannenbaum@blackstonecompliance.com.

Sincerely,

David Tannenbaum

David Tannenbaum
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No Safe Harbor: Assessing the Current State of Russia-related Maritime Sanctions

By David Tannenbaum (Blackstone Compliance), Charles Ike, and Olivia Longson (Pole Star Global)

The maritime industry is a natural gatekeeper for international business. Over eight-tenths of internationally traded goods are transported at sea,^{vii} all of which is supported by a complex network of ship owners and operators, charterers, flag administrations, ports, insurers, and a myriad of other service providers. Like other sanctions programs aimed at Iran and North Korea, the U.S., U.K., and E.U. (collectively “the authorities”) have placed a myriad of sanctions on Russia’s maritime industry which impact thousands of vessels.

At present, Russia-related maritime sanctions focus on three key areas: the authorities have banned certain Russian vessels from using their ports, placed various sanctions on Sovcomflot, Russia’s largest operator of tankers and LNG carriers, and have placed both blocking and debt-and-equity sanctions on the banks and Russian energy companies who may be providing or underwriting the cargoes aboard those vessels.

Cracks in the Hull

Problematically, each authority has taken a different approach to these sanctions. Take Sovcomflot; the British and E.U. have placed it under blocking sanctions but the Americans have only prohibited certain transactions involving its debt or equity. The E.U. also exempts transactions which involve the importation of oil and gas, Sovcomflot’s bread and butter.^{viii} Yet buying and selling oil and gas is an international business, forcing compliance departments to consider whether they – or the transaction – have a nexus in all three of the jurisdictions. Smart companies might keep their distance from Sovcomflot, but the promise of cheap charters and big discounts means less risk adverse companies are still eager to buy their cargo.

This is hardly the only gap in the authorities’ sanctions framework. One of the most effective measures appears to be their bans on Russian vessels from visiting ports in Western Europe and America. While the U.S. and U.K. ban Russian owned, operated, or flagged vessels from using their ports, a trio of members within the E.U. successfully lobbied for the E.U.’s port ban to only target Russian flagged vessels.^{ix} This gap is significant as many Russian owned vessels are flagged elsewhere. For example, at the beginning of the war only 21 of Sovcomflot’s 131 active ships were flagged in Russia.^x

However, it’s not all doom and gloom. The E.U. and U.K. sanctions have made Sovcomflot uninsurable, and the tanker company intends to sell off a third of its fleet to pay off its debts before the E.U. permitted wind-down period expires on 15 May.^{xi} Charter rates to carry Russian oil soared, at one point with fees reaching as high as 1,600% compared to pre-war rates.^{xii} Even though these rates have come down, Russian energy companies are now



paying significantly more to ship oil and gas to buyers while also selling their oil and gas at steep discounts.^{xiii} These costs significantly cut into Russia's bottom line.

The port ban in the United Kingdom also promises to be particularly effective. The ports are enthusiastic about implementing the sanctions but have called on the British government to provide better information on which vessels to target.^{xiv} They have good reason to ask for this assistance, as no country has every banned the assets of another G-20 nation so comprehensively from their infrastructure. However, both the technology and investigative resources exist to fully implement the ban, and it would be replicable to mainland Europe if the E.U. were to extend the coverage of their ban.

Charting a Path Forward

The biggest risk in the implementation of the maritime sanctions comes from Russian companies' abilities to register their ships at different flag states. While 23 Russian flagged vessels have hopped to a different registry,^{xv} Russian flag hopping efforts amount to a drop in the ocean. Almost 90% of vessels which can be traced to a Russian party using IMO data are registered at different flag states, including those of Liberia, Malta, Cyprus, and Greece – a common practice throughout the industry.^{xvi}

However, the IMO data only seriously tracks a vessel's registered owner and operator but doesn't provide information on the vessel's ultimate beneficial owner. This is not a new problem for the maritime industry, but once again the problem with Russia-related sanctions is one of scale. Independent researchers had previously been able to track Iranian and North Korean vessels, both of whose countries had limited fleets and assets. Keeping track of the ultimate beneficial owners tied to a G-20 country is a much harder game and will require significantly improved customer due diligence and onboarding practices at flag states.

This has knock-on effects to other maritime sanctions, as sanctions targets may own or control a vessel outside of the public eye. It also places other components of the maritime industry at risk such as ports, financial institutions, and service providers who may not have the capacity or time to conduct full background checks on a vessel's ownership. In this respect, these upstream maritime components may need to rely on information collected by flag states much in the same way as intermediary financial institutions rely on their correspondents to conduct due diligence on the correspondent's customer base. This level of assurance doesn't currently exist in the maritime industry.

Russia also isn't going to take these maritime sanctions, or much steeper ones currently being discussed, lying down. In the past, sanctioned actors have used tactics such as disabling or spoofing their AIS transponders and conducting ship-to-ship transfers of their goods to evade sanctions. As sanctions continue to constrict Moscow's ability to ship



goods, Russia will begin resorting to these tactics. Much as above, the difference is the scale and resources which Russia could dedicate to this cause.

Unlike Iran and North Korea, Russia has access to an enormous coastline of AIS transceivers which it can shut off or manipulate, and an ample fleet of older vessels whose transponders could be used as decoys to confuse investigators. It also has more advanced cyber capabilities which can be used to exploit more hardened maritime surveillance technologies, and it's military and civilian fleet could use electronic warfare capabilities to jam local and satellite AIS and Inmarsat services. A string of Russian naval facilities and tenders could even facilitate more complex transfer or transshipment operations than other sanctioned actors, or it could work in conjunction with their networks.

What controls can be put in place to mitigate these new risks?

For shipping companies, financial institutions, governments, and flag administrations there are certain measures that can be put in place to mitigate the risk of noncompliance that is increasing with the evolving state of maritime-related sanctions. These include:

- Utilizing technologies that incorporate sanctions updates from all relevant regulators, including OFAC, UK, EU, and as many other jurisdictions as possible, to ensure that your business remains compliant all-round and you are not caught out by the gaps and inconsistencies between the different authorities' regimes.
- Identifying and screening more than just the vessel. It's essential to also pass sanctions checks against a vessel's ownership, management, flag registry, and its movements, port calls, and dark activity to sufficiently conclude your due diligence.
- Checking prior flag registrations to identify flag hopping. Companies should conduct enhanced due diligence on vessels which have changed their flags frequently in a short period of time or has deregistered from the Russian flag after the 24 February 2022. In line with new sanctions, Russian-flagged vessels are no longer allowed to access EU, UK, and U.S. ports, so engaging with these vessels may place your business operations at risk.
- Flag registries should check a vessel's current and previous flag during onboarding. Russian-flagged vessels may attempt to utilize flag registries to flag hop and registering it under your flag may be unknowingly assisting its illicit endeavors.
- Equally important, if they have not already done so, flag registries should immediately implement common Know-Your-Customer controls on new ship registrants and review existing high risk ships for a Russian or other sanctioned nexus. This includes identifying the ultimate beneficial owners of these ships and screening those names against relevant sanctions risks.



From Russia, with Credit Card

By Serge Masters (SDM Group)

One of the first casualties of Russia-related sanctions was the country's credit card industry. With 70% of Russia's financial institutions under either blocking sanctions or debt-related sanctions (which would include debt accrued on credit cards), Mastercard and Visa was forced to suspend their operations in Russia. Overnight, Russians couldn't use their credit cards in international point of sale terminals ("POS terminals") or payment processors. Cards outside of Russia wouldn't work in Russian POS terminals or ATMs.^{xvii}

The effects were as jarring for the card companies as they were for Russian card carriers. Both Visa and Mastercard derived four percent of their total revenue apiece from its Russian customers.^{xviii} Concomitantly, Russian card carriers were sent scrambling to retain accounts that offered convertible currencies. The effects were dramatic; yes, card holders can continue using Russia's National Payment Card System ("NSPK") to process transactions locally,^{xix} but unless other countries find ways to settle with NSPK then Russian Mastercard and Visa holders won't be able to use their cards for international transactions, including popular subscription services, tourism, or purchases from abroad.

Sometimes the World is Enough: Enter the Travel Companies

In these situations, past is often prologue. Iranian nationals frequently travel to other jurisdictions to access international financial services.^{lxx} A similar situation is developing in Russia, where Russian nationals have begun opening accounts in adjacent countries to obtain Western credit cards. What differentiates this situation from prior cases is the scale of operations, the support they're getting from the select few countries, and how quickly Russians have adapted.

What started out with individuals hopping on a plane to Uzbekistan, Armenia, or Turkey to get a piece of plastic has transformed into an industry with tour operators organizing so called "plastic tours" consisting of airline flights, hotel stays, and a chaperoned visit to a local bank.^{xxi} The infrastructure was already there. Russian travel companies had been previously running "vaccine tours" during the pandemic, allowing Russian nationals to snag a jab when vaccines were still not widely available in Russia. With the pandemic on the wane and a new world crisis, tour operators quickly shifted to the new demand.

Russian tourists appear to be attracted to countries whose banks require less paperwork to open an account. Uzbekistan in particular is emerging as a top destination for people wanting to get a U.S. dollar or Euro card, with consumers praising the ability to open an

¹ OFAC considers Iranian accounts to be "accounts of persons who are ordinarily resident in Iran, except when such persons are not located in Iran, or of the Government of Iran, an Iranian financial institution..." See 31 CFR §560.320.



account in hours.^{xxii} Turkey, already a staple for Russian tourists, is also proving popular alongside Armenia.^{xxiii} Blogs and articles have been cropping up across Russian media where netizens gossip about which bank provides faster services or offering practical tips about the onboarding process.^{xxiv}

Virtual currency, a perennial cocktail topic in anti-money laundering associations, has even figured out a way to wiggle into these schemes. Bankoff, a fintech firm, briefly allowed users to obtain Visa debit cards which are funded by depositing Tether, a popular stablecoin.^{xxv} Visa quickly moved to cut them off,^{xxvi} but other virtual card providers still attract Russian interest. For example, RB, a Russian media organization, points its readers to other virtual cards such as Ezzocard, in the United States, and Unlimited, in Cyprus. The Cypriot card issue requires customers to go through a KYC process, but RB assures its readers that certain accounts from Ezzocard require no such effort.^{xxvii}

Unclear Sanctions Implications

The sanctions implications of Russians obtaining credit cards en-masse are more speculative than direct. Russia is not a comprehensively sanctioned country (yet), and even if it were, precedent from other sanctions regulations suggests these accounts could function abroad. But that also doesn't mean that this is devoid of risk. We see this trend impacting compliance processes in three ways:

- First, designated Russian financial institutions (e.g., VTB Bank, etc.) may have an indirect or contingent interest in these cards – particularly if they are used to routinely pay off the cards. In this case, it would be equally impossible to separate an SDN's interest in transactions made with these cards as it would be for compliance departments to have the foresight that the debt will be paid down from sanctioned bank accounts.
- Second, these networks may offer blocked persons access to the broader international financial system. Both sanctioned companies (including those under debt-and-equity sanctions) and sanctioned individuals could obtain cards to pay for their operations or for their personal benefit.
- Finally, virtual card issuers could provide sanctions targets with liquidity to cash out any virtual currencies they accrued from malign activities such as ransomware attacks, or which was used to evade sanctions.

Card companies will have a difficult time untangling this knot. On the one hand, we saw that they were able to quickly clamp down on smaller actors such as Bankoff who had aggressively marketed their products to Russian nationals. The larger banks are a different matter. Turkey has the 19th largest economy in the world, and it would be impractical for



Visa or Mastercard to offboard Turkish banks, even if they are providing cards to Russians looking to circumvent the ban. Instead, card companies should focus on shoring up their terms and conditions to prevent this behavior and demand that the issuing banks enhance their sanctions policies and KYC procedures. This would benefit both parties. It would help the card companies from potentially inviting apparent violations, while also keeping the issuing banks out of hot water for causing a violation of the various sanctions regulations.



Kremlin Kids Present Higher Risk to Compliance Than What is Commonly Understood

While Vladimir Putin prepared to invade Ukraine, OFAC leveled a set of sanctions on individuals that raised some eyebrows. While most observers had expected OFAC to initially designate certain Russian oligarchs and senior officials, the agency went after their kids instead.^{xxviii} Designating the so-called “Kremlin Kids” allowed OFAC to target one of the most employed means of Russian oligarchs and senior officials to hide their money, while also opening a new front against the younger generation of the elite class that holds the levers of power in Russia.

This trend will likely continue. Take the U.S. response to massacres in Bucha. On 6 April, OFAC added Russian President Vladimir Putin’s two adult daughters, Katerina Tikhonova and Maria Vorontsova, to the SDN list as well as Sergey Lavrov’s wife and daughter.^{xxix} An earlier round of sanctions in March had targeted Kremlin spokesperson Dmitri Peskov, his wife, Tatiana Aleksandrovna Navka, and two of his adult children, Elizaveta Dmitriyevna Peskova and Nikolay Peskov.^{xxx}

The U.S., U.K., and E.U. decision to target “Kremlin Kids” appears less motivated by a desire to annoy the ruling elite by cramping the shopping sprees, than by a growing realization that many of these second generation Kremlin Kids are being used to funnel the assets of their parents out of the reach of sanctions.

According to Agnieszka Legucka, an analyst at the Polish Institute of International Affairs who co-authored an influential study in 2019 called “*Kremlin Kids: The Second Generation of the Russian Elite*”, the use of relatives and other proxies by Russia’s ultra-wealthy became more “important after the United States started to impose sanctions in retaliation for Russia’s meddling in the 2016 U.S. presidential election, use of nerve agent on UK’s soil in an assassination attempt and Russia’s hijacking of Ukrainian sailors after Kerch Strait incident.”^{xxxi}

One way we can peer into their tactics is by examining some of the secrecy-related leaks, such as the Panama Papers and Pandora Papers investigations. Take the case of Herman Gref, the CEO of Sberbank, Russia’s second largest bank and a target of sanctions. After Sberbank was placed under sectoral sanctions in 2014, Gref began using an offshore operative in Singapore in 2015 to restructure a \$75 million family trust tied to a tangle of offshore companies. The Pandora Papers show that Gref then gave more than \$50 million held in the trust to a then-24-year-old nephew, Oskar Gref, an inexperienced financial adviser who previously had internships at his uncle’s bank.^{xxxii}

Gref’s choice of recipients was no accident. The ICIJ notes that “Gref chose his nephew ‘to gradually take over the mantle of the family’ and manage the Grefs’ wealth because he



had been living outside Russia for 12 years — in contrast to Gref’s son, Oleg, who was ‘very deep rooted in Russia and had no desire to leave.’^{xxxiii} This allowed the elder Gref to maintain control of his assets outside of Russia, but away from prying eyes who would be less likely to recognize the nephew. **We have provided several other case studies in Appendix C.**

As Legucka notes, including these individuals in sanctions is a critical first step in blunting their parents’ efforts to evade sanctions. This allows the authorities to continue to target the financial interests of oligarchs and senior officials who have installed their family members on the boards of big state-owned companies and banks.^{xxxiv} These patronage networks also dispel the notion that Western education and acceptance may soften the regime. Instead, Bielszczuz and Legucka argue that the “Kremlin kids generally do not westernize beyond appearances, on the contrary, they often help undermine western democratic institutions and support Russian foreign policy goals instead.”^{xxxv}

What does that mean for Compliance professionals?

Compliance professionals should not underestimate the importance of designations against the children of Russian oligarchs and senior officials. Instead, they should keep a keen eye on those related to the relatives and children of Russia’s elites and begin including them in watchlists and negative news searches even before being designated. We recommend that compliance departments consider the following:

- Compliance professionals should understand the familial connections of clients who are being onboarded, particularly when dealing with private wealth accounts, family office investment accounts, or businesses which are closely associated with politically exposed persons or other persons of high net worth.
- Understanding who the children and spouses of high-risk clients are, and considering where they are positioned geographically and/or within their parent’s businesses.
- Consider expanding customer screening of ultimate beneficial owners to both senior officials and oligarchs – via sanctions and PEP lists – as well as their close or immediate family members.

As a reminder, it is important that financial investigators not only comply with economic sanctions, but also provide law enforcement with quality financial intelligence. This intelligence is important both to track the assets of Russian sanctions targets or potential sanctions targets, but to also determine if property was used to commit a crime – including causing a violation of the sanctions regulations – and build an asset forfeiture case.



Appendix A: Russian Flag Changes Since 24 February, 2022

Vessel:	TOPAZ TOBOL	Flag name	Effective from
IMO:	9812224	Marshall Islands	Mar 2022
Type:	Heavy Load Carrier	Russia	May 2018
Status:	In Service/Commission		
Vessel:	TOPAZ BELAYA	Flag name	Effective from
IMO:	9811579	Marshall Islands	Mar 2022
Type:	Heavy Load Carrier	Russia	Apr 2018
Status:	In Service/Commission		
Vessel:	PRISCO BRAVO	Flag name	Effective from
IMO:	9011519	Liberia	Apr 2022
Type:	Chemical/Products Tanker	Russia	Jul 2020
Status:	In Service/Commission	Norway	Sep 1991
Vessel:	OMSKIY-132	Flag name	Effective from
IMO:	8873025	Palau	Mar 2022
Type:	General Cargo Ship	Russia	Jan 1992
Status:	In Service/Commission		
Vessel:	UMYD	Flag name	Effective from
IMO:	9557616	Kazakhstan	Apr 2022
Type:	Crew Boat	Russia	Mar 2020
Status:	In Service/Commission		
Vessel:	VOLGONEFT-268	Flag name	Effective from
IMO:	8230962	Cameroon	Mar 2022
Type:	Products Tanker	Russia	Jan 1997
Status:	In Service/Commission		
Vessel:	PRISCO ALFA	Flag name	Effective from
IMO:	9171735	Liberia	Mar 2022
Type:	Chemical/Products	Russia	Dec 2018
Status:	In Service/Commission		
Vessel:	VOLGO-BALT 225	Flag name	Effective from
IMO:	8230431	Palau	Mar 2022
Type:	General Cargo Ship	Russia	Aug 2018
Status:	In Service/Commission		
Vessel:	TOPAZ LENA	Flag name	Effective from
IMO:	9812195	Marshall Islands	Mar 2022
Type:	Heavy Load Carrier	Russia	Jun 2018
Status:	In Service/Commission		
Vessel:	DREMORA 2	Flag name	Effective from
IMO:	9471800	St Kitts & Nevis	Mar 2022
Type:	General Cargo Ship	Russia	Apr 2020
Status:	In Service/Commission		
Vessel:	DREMORA 3	Flag name	Effective from
IMO:	9471812	St Kitts & Nevis	Mar 2022
Type:	General Cargo Ship	Russia	May 2021
Status:	In Service/Commission	St Kitts & Nevis	Sep 2019
Vessel:	SAYAN PRINCESS	Flag name	Effective from
IMO:	9651852	Cyprus	Mar 2022
Type:	Platform Supply Ship	Malta	Nov 2021
Status:	In Service/Commission	Russia	Jun 2021



		Malta	Nov 2020
		Russia	Aug 2020
		Malta	Dec 2012
Vessel:	VOLGO-BALT 244	Flag name	Effective from
IMO:	8230584	Unknown	Mar 2022
Type:	General Cargo Ship	Russia	Jun 2018
Status:	In Service/Commission		
Vessel:	SEA ALFA	Flag name	Effective from
IMO:	9466271	Netherlands	Mar 2022
Type:	Tug	Russia	Mar 2019
Status:	In Service/Commission		
Vessel:	KIGORIAK	Flag name	Effective from
IMO:	7824261	St Kitts & Nevis	Mar 2022
Type:	Anchor Handling Tug Supply	Russia	Oct 2005
Status:	Broken Up		
Vessel:	ARCTIC	Flag name	Effective from
IMO:	8223464	Palau	Mar 2022
Type:	Refrigerated Cargo Ship	Russia	Dec 2013
Status:	Broken Up		
Vessel:	DUMANKAYA	Flag name	Effective from
IMO:	9390317	Turkey	Feb 2022
Type:	Chemical Tanker	Russia	May 2011
Status:	In Service/Commission		
Vessel:	DREMORA 1	Flag name	Effective from
IMO:	9407029	St Kitts & Nevis	Feb 2022
Type:	General Cargo Ship	Russia	Jul 2020
Status:	In Service/Commission	St Kitts & Nevis	Nov 2019
Vessel:	VOLGO-BALT 193	Flag name	Effective from
IMO:	8230302	Faeroe Islands	Feb 2022
Type:	General Cargo Ship	Russia	Nov 2018
Status:	In Service/Commission		
Vessel:	OZKAN-1	Flag name	Effective from
IMO:	8874354	Palau	Feb 2022
Type:	General Cargo Ship	Russia	Aug 2020
Status:	In Service/Commission	Comoros	May 2014
Vessel:	OKEAN	Flag name	Effective from
IMO:	9083005	Russia	Feb 2022
Type:	Fishing Vessel	Unknown	Jan 2022
Status:	In Service/Commission	Niue	Dec 2021
		Russia	Jun 2011
Vessel:	PAVEL PANIN	Flag name	Effective from
IMO:	7703998	Gabon	Feb 2022
Type:	Fish Factory Ship	Russia	Aug 2018
Status:	Broken Up		
Vessel:	SARBASIMO	Flag name	Effective from
IMO:	9384265	Kazakhstan	Apr 2022
Type:	Pusher Tug	Russia	Apr 2017
Status:	In Service/Commission		



Appendix B: List of International Banks, Companies, or Travel Companies Involved in the Acquisition of Russian Mastercard and Visa Cards

Name	Role	Description and PAI Citation
VEDI Group	Tour Operator	Russian tour operator offering card tours. See e.g., https://www.veditour.ru/tourprogram/uzbekistan/n-za-visa-v-uzbekistan/
BSI Group	Tour Operator	Russian tour operator offering card tours. See e.g., https://www.bsigroup.ru/country/uzb/tip-tura/business-tour/
Russian Express	Tour Operator	Russian tour operator offering card tours. See e.g., https://tour.r-express.ru/
PAC Group	Tour Operator	Russian tour operator offering card tours. See e.g., https://www.pac.ru/tour/program/5190/city-213217/checkin-20220508.20220508/night-7/category-1.5/
Kapital Bank	Bank	Uzbekistani bank being cited in Russian media fir the ease of opening a card account at. See e.g.: https://www.atorus.ru/news/press-centre/new/59277.html https://vc.ru/finance/384977-kak-otkryt-mezhdunarodnuyu-visa-mastercard-za-odin-den-v-uzbekistane https://www.tourdom.ru/hotline/test-drayvy/kak-ya-oformlyala-bankovskuyu-kartochku-v-uzbekistane/
Ipak Yuli	Bank	Uzbekistani bank being cited in Russian media fir the ease of opening a card account at. See e.g.: https://www.atorus.ru/news/press-centre/new/59277.html https://quote.rbc.ru/news/article/626c1cf59a7947163cd62317
Vakif Katilim	Bank	Turkish bank being cited in Russian media as a bank working with Russian clients in opening card accounts. See e.g.: https://lenta.ru/articles/2022/04/09/ala_card/
Denizbank	Bank	Turkish bank being cited in Russian media as a bank working with Russian clients in opening card accounts. See e.g.: https://lenta.ru/articles/2022/04/09/ala_card/
Ineco	Bank	Armenian bank being cited in Russian media as a bank working with Russian clients in opening card accounts.



		<p>See e.g.:</p> <p>https://news.ru/dengi/tur-de-kart-chem-teper-turoperatory-zamanivayut-turistov/</p> <p>https://lenta.ru/articles/2022/04/09/ala_card/</p>
IDBank	Bank	<p>Armenian bank being cited in Russian media as a bank working with Russian clients in opening card accounts.</p> <p>See e.g.:</p> <p>https://lenta.ru/articles/2022/04/09/ala_card/</p>
Bankoff	Virtual Card Issuer	<p>Bankoff allowed Russian nationals to obtain Visa cards by depositing stablecoins (USDT). Visa has since suspended their operations. See e.g., https://www.bankoff.co/.</p> <p>See also e.g., https://www.banki.ru/news/daytheme/?id=10964217, https://news.bitcoin.com/bankoff-crypto-cards-suspended-amid-high-volume-of-russian-transactions/</p>
Easypay	Virtual Card Issuer	<p>Easypay is offering Russian nationals to open virtual cards through Kazakh and Kyrgyz banks under “Live as Before” and “Dive into the World of Freedom with Visa /Mastercard” slogans on their website. See e.g., https://easypay.world/</p> <p>See also e.g., https://www.forbes.ru/finansy/460323-zivite-kak-prezde-kto-pomogaet-rossianam-polucat-karty-visa-i-mastercard</p>
Ezzocard	Virtual Card Issuer	<p>Ezzocard is listed in various Russian media sources as a provider of virtual cards which do not require any formal registration. For example, the website rb[.]ru notes that “some [Ezzocards] such as Black, Purple, and Red, do not require registration.”</p> <p>See www.ezzocard.com.</p> <p>See also e.g., https://decenter.org/kak-ghrazhdaninu-rossii-otkryt-virtualnuiu-kartu-v-zarubiezhnom-bankie-ili-siervisie/, https://rb.ru/list/bankovskij-schet-za-rubezhom-onlajn/.</p>



Appendix C: Case Studies of Russian Oligarchs Using Family Members to Shelter Assets from Sanctions

Below are additional case studies which can be used to understand how Russian oligarchs and senior officials may use their family members as proxies to evade sanctions.

- Alexei Mordashov, the largest shareholder in Severstal, a steel and mining conglomerate, was targeted by European sanctions due to his stakes in a Russian bank that has enriched Putin allies, as well as in media companies accused of broadcasting anti-Ukraine propaganda. To dodge these sanctions, Mordashov transferred or sold nearly 30 percent of his shares in TUI Group, a prominent German travel company, after Russia's invasion of Ukraine was underway but before he was hit by European sanctions, according to statements from TUI.^{xxxvi} TUI at first said it didn't know who owned or controlled the shell company, Ondero Ltd., that had suddenly become one of its major shareholders. **The next day, however, TUI said it had been "informed" that Ondero was owned by Marina Mordashova, who is described in media reports as the oligarch's wife.**^{xxxvii}
- Suleymon Kerimov, a Russian billionaire, was propelled into that position by a spike in gold prices that drove up the value of his family's 76 percent stake in Russia's largest gold mining company, PJSC Polyus. To avoid holding a majority interest in Polyus and therefore triggering sanctions, Polyus disclosed that its largest shareholder, Kerimov's son, had sold a 30 percent stake in the company.^{xxxviii} The move reduced the Kerimovs' holdings in Polyus below 50 percent, potentially protecting the company from sanctions.

ⁱ Browne, Malachy, David Botti, and Haley Willis. *Satellite images show bodies lay in Bucha for weeks, despite Russian claims*. New York Times. 4 April, 2022. Accessed at <https://www.nytimes.com/2022/04/04/world/europe/bucha-ukraine-bodies.html>.

ⁱⁱ Greta Hamann. *Mariupol: Before and after pictures show extent of destruction*. Deutsche Wells. 24 April, 2022. Accessed at <https://www.dw.com/en/mariupol-before-and-after-pictures-show-extent-of-devastation/a-61570963>

ⁱⁱⁱ On 24 April, the U.K. defense minister estimated that 15,000 Russian troops have been killed in Ukraine. See e.g., Saul, Derek. *Russia-Ukraine War's Mounting Death Toll: Latest Estimates Suggest Russian Troops Have Been Hit Harder*. Forbes, 26 April, 2022. Accessed at <https://www.forbes.com/sites/dereksaul/2022/04/26/russia-ukraine-wars-mounting-death-toll-latest-estimates-suggest-russian-troops-have-been-hit-harder/?sh=15b7bf045495>.



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- xi Maritime Executive. *Report: Sanctions Force Sovcomflot to Seek Sale of Tankers*. 4 May, 2022. Accessed at <https://www.maritime-executive.com/article/report-sanctions-force-sovcomflot-to-seek-sale-of-tankers>.
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- xviii See e.g., PYMTS. *Visa Expects Global Growth to Cover Russian Revenue Loss Within a Year*. 10 April, 2022. Accessed at <https://www.pymnts.com/visa/2022/visa-expects-global-growth-to-cover-russian-revenue-loss-within-a-year/>. See also, GlobalData. *Mastercard, Visa and PayPal miss out on combined \$2.4 billion in revenue due to Russia-Ukraine conflict, says GlobalData*. 1 April, 2022. Accessed at <https://www.globaldata.com/mastercard-visa-paypal-miss-combined-2-4-billion-revenue-due-russia-ukraine-conflict-says-globaldata/#:~:text=Murthy%20Grandhi%2C%20Banking%20Analyst%20at.of%20its%20total%20revenue%2C%20respectively..>
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