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Departments of Justice, Commerce and Treasury Issue Joint Compliance Note on Russia-Related Sanctions Evasion and Export Controls

WASHINGTON — The U.S. Department of Commerce’s Bureau of Industry and Security (BIS), the Department of the Treasury’s Office of Foreign Asset Control (OFAC), and the Department of Justice today issued a joint compliance note on the use of third-party intermediaries or transshipment points to evade Russian- and Belarussian-related sanctions and export controls. Today’s note marks the first collective effort by the three agencies to inform the private sector about enforcement trends and provide guidance to the business community on compliance with U.S. sanctions and export laws. The three agencies will issue these advisories on an ongoing basis.

“Ever since Russia’s unprovoked invasion of Ukraine, the Department of Justice’s priority has been the robust enforcement of U.S. export and sanctions laws and cracking down on efforts to evade those laws,” said Assistant Attorney General for National Security Matthew G. Olsen. “Companies are our first line of defense, and today’s joint compliance note will inform the private sector about enforcement trends and convey the Department’s expectations as to national-security related corporate compliance. We are proud to partner with BIS and OFAC on this important effort.”

“Those who attempt to prop up Putin’s war machine by evading our export controls and sanctions will be held accountable,” said Assistant Secretary of Commerce for Export Enforcement Matthew S. Axelrod. “As this first-ever joint compliance note makes clear, it is incumbent upon industry to maintain effective, risk-based compliance programs. BIS, in coordination with our partners, including at OFAC and the Department of Justice, will continue to use all tools at our disposal to prevent bad actors from circumventing the comprehensive export controls put in place to deter Russian aggression.”

“Our economic tools are constraining Russia – so much so that the Kremlin has tasked their intelligence services with finding ways to get around international sanctions and export controls,” said OFAC Director Andrea M. Gacki. “The private sector is an essential partner in ensuring that we cut off Russia from accessing much-needed equipment to continue their unjust war against

Ukraine. By issuing a joint alert, our enforcement agencies are illustrating the importance of a risk-based approach that protects the international financial system from abuse by Russia.”

The compliance note highlights one of the most common tactics used to evade Russia-related sanctions and export controls: the use of third-party intermediaries or transshipment points to circumvent restrictions, disguise the involvement of Specially Designated Nationals (SDNs) or parties on the Entity List in transactions, and obscure the true identities of end users. The note provides warning signs on what to look for if a company suspects that a customer is using a third-party intermediary to evade sanctions or export controls as well as recent examples of tactics allegedly used by defendants to evade detection while attempting to flout the controls. Further, the compliance note provides guidance to companies on how to maintain an effective, risk-based sanctions and export compliance program.

Since Feb. 24, 2022, BIS has implemented a series of stringent export controls that restrict Russia’s access to the technologies and other items that it needs to sustain its illegal war in Ukraine. These controls target Russia’s defense, aerospace, and maritime sectors, and have been expanded to Russia’s oil refining, industrial, and commercial sectors, as well as to luxury goods used by Russian elites. BIS’s controls have also been applied to Belarus for its substantial enabling of Russia’s invasion. Additional information on BIS’s actions is available online at: [bis.doc.gov/index.php/policy-guidance/country-guidance/russia-belarus](https://www.bis.doc.gov/index.php/policy-guidance/country-guidance/russia-belarus).

OFAC will continue to use, its broad targeting authorities against non-U.S. persons that provide ammunition or other support to the Russian Federation’s military-industrial complex, as well as to private military companies or paramilitary groups participating in or otherwise supporting the Russian Federation’s unlawful and unjustified attack on Ukraine. OFAC will continue to target Russia’s efforts to resupply its weapons and sustain its war of aggression against Ukraine, including any foreign persons who assist the Russian Federation in those efforts. Additionally, OFAC will continue to impose civil monetary penalties against U.S. persons who violate OFAC sanctions to benefit Russia, and against non-U.S. persons who cause U.S. persons to violate the Russia sanctions programs.

The Justice Department’s enforcement of these new measures has been led by Task Force KleptoCapture, an interagency law enforcement task force dedicated to enforcing the sweeping sanctions, export controls, and economic countermeasures that the United States, along with its foreign allies and partners, has imposed in response to Russia’s unprovoked military invasion of Ukraine. Announced by the Attorney General on March 2, 2022, and under the leadership of the Office of the Deputy Attorney General, the task force will continue to leverage all tools and authorities to combat efforts to evade or undermine the collective actions taken by the U.S. government in response to Russian military aggression.

The full compliance note is available here: <https://www.bis.doc.gov/index.php/documents/enforcement/3240-tri-seal-compliance-note/file>