

OFAC ALERT



Russian Attempts to Evade Sanctions Using New Overseas Branches and Subsidiaries

The Office of Foreign Assets Control (OFAC) is issuing this alert to warn foreign jurisdictions and financial institutions about Russia's attempts to evade sanctions by opening new overseas branches and subsidiaries of Russian financial institutions. As OFAC previously warned in its "[Updated Guidance for Foreign Financial Institutions on OFAC Sanctions Authorities Targeting Support to Russia's Military-Industrial Base](#)," Russia is increasingly using third countries to evade sanctions and continue procurement to support its military-industrial base. Russia continues to reorient its entire economy and government resources to support its war effort, including through Russian financial institutions. **Treasury has a variety of tools under both its sanctions and Bank Secrecy Act authorities to target Russia's attempts to finance its military-industrial base, including through the establishment of these new financial institution branches or subsidiaries.**

Foreign regulators and financial institutions should be cautious about the establishment of, or any dealings with, new overseas branches or subsidiaries of Russian financial institutions, including new branches or subsidiaries of Russian financial institutions that are not themselves sanctioned. Existing financial relationships that solely facilitate permissible transactions such as those related to food, agriculture, medicine, energy, and telecommunications continue to be authorized. However, efforts to open new branches or subsidiaries of Russia financial institutions should be viewed as a red flag for attempted Russian sanctions evasion. Thus, any foreign financial institutions that deal with such branches or subsidiaries — including activities such as maintaining accounts, transferring funds, or providing other financial services such as payment processing, trade finance, and insurance — should be aware of the significant sanctions risks associated with facilitating Russia's efforts to evade sanctions and abuse of the global financial system to fund its unjust war.

OFAC Sanctions Authorities

Under Executive Order (E.O.) 14024, as amended, OFAC may sanction foreign financial institutions that conduct or facilitate any significant transaction or transactions or provide any service involving Russia's military-industrial base. Russia's military-industrial base includes all persons blocked under E.O. 14024, as well as any person operating in the technology, defense and related materiel, construction, aerospace, and manufacturing sectors of the Russian Federation economy. See FAQs [1151](#), [1152](#), and [1181](#).



OFAC Compliance Hotline

ofac.treasury.gov/ofac-compliance-hotline

