



**U.S. DEPARTMENT OF THE TREASURY
OFFICE OF FOREIGN ASSETS CONTROL**



Enforcement Release: November 24, 2025

OFAC Imposes \$4,677,552 Penalty on an Individual for Violating Russia Sanctions and Reporting Obligations

OFAC has issued a Penalty Notice imposing a \$4,677,552 penalty on a natural U.S. Person (“U.S. Person-1”) for two violations of OFAC’s Russia sanctions and for failing to comply with an OFAC subpoena. Between April 2023 and March 2024, U.S. Person-1, acting through and on behalf of the Atlanta, Georgia-based real estate investment company King Holdings LLC, willfully dealt in residential real property owned by a blocked individual, including by mortgaging, renovating, and selling the property to an unwitting third party. The sale, which U.S. Person-1 concealed from OFAC, also violated the terms of an OFAC cease-and-desist order.

The penalty amount reflects OFAC’s determination that the violations were egregious and not voluntarily self-disclosed. More generally, this enforcement action highlights the obligation of all U.S. persons, including investors and others in the real estate sector, to comply with OFAC’s sanctions regulations and orders.

Description of the Violations

The violations in this case arose from U.S. Person-1’s willful dealings, through King Holdings LLC, in the blocked U.S. residential real property of a sanctioned person. In March 2022, OFAC added to its Specially Designated Nationals and Blocked Persons List (“SDN List”) numerous Russian elites for providing direct and indirect support to the Government of the Russian Federation in support of its ongoing invasion of Ukraine. The cohort of blocked persons included a Russian oligarch’s family member designated pursuant to Executive Order 14024, “Blocking Property with Respect to Specified Harmful Foreign Activities of the Government of the Russian Federation.” At all relevant times, this blocked person owned the Atlanta, Georgia-area residential real property at issue in this case directly and in their own name.

The March 2022 designation blocked all property of the SDN in the United States, including the Atlanta property, thereby prohibiting all dealings in the property, including its transfer, sale, or foreclosure. In September 2022, OFAC issued a notice to Fulton County informing county officials of the property’s blocked status and the restrictions on dealings involving the property. At OFAC’s request, the county recorded the document in October 2022 and made it available to the public. Despite these measures, the property went into foreclosure around this time.

The foreclosure process culminated in King Holdings’ purchase of the blocked property at public auction in January 2023. Despite the purported transfer of ownership, however, the property remained blocked pursuant to OFAC’s regulations, which generally render null and void any

unlicensed transfer of blocked property.¹ U.S. Person-1 planned, through King Holdings, to renovate and sell the property, which they apparently did not realize was blocked at the time of purchase.

OFAC learned of the foreclosure and purported transfer of the blocked property in April 2023, after both had occurred. OFAC immediately contacted U.S. Person-1 and explained that the property remained blocked and could not be dealt in without authorization from OFAC. OFAC also explained how U.S. Person-1 could apply for a license from OFAC.

Neither U.S. Person-1 nor King Holdings applied for a license, nor did either seek further information or authorization from OFAC. Instead, U.S. Person-1 willfully continued their plan to renovate and sell the property despite knowing it was blocked. Ten days after OFAC's outreach, on April 13, 2023, U.S. Person-1 signed, on behalf of King Holdings, for an \$872,338 mortgage against the property to finance its renovation. In doing so, U.S. Person-1 attested in a declaration as part of the mortgage materials that all payments related to the loan were compliant with OFAC's regulations. Following the renovations, King Holdings listed the property for sale in August 2023.

A few months later, in December 2023, U.S. Person-1 executed, on behalf of King Holdings, an agreement to sell the property to an unwitting third-party buyer. Despite the agreement's warranty that the seller was conveying "good and marketable title" to the property—which U.S. Person-1 knew was blocked—U.S. Person-1 did not inform the buyer, the closing law firm, or any other party involved with the sale of OFAC's communications to U.S. Person-1 explaining the blocked status of the property and the attendant prohibitions on transfers of or other dealings in it.

On February 1, 2024, OFAC sent King Holdings a cease-and-desist order and administrative subpoena. The cease-and-desist order reiterated the applicable sanctions prohibitions and instructed King Holdings to stop violating them immediately. The subpoena requested information on all dealings involving King Holdings and the blocked property since January 2023. U.S. Person-1 certified under penalty of perjury the accuracy and completeness of the subpoena response, which described renovation work but did not mention the listing or the pending sale of the blocked property. Several days after producing the response, on March 5, 2024, King Holdings certified in writing through counsel its compliance with the terms of the cease-and-desist order. Eight days later, on behalf of King Holdings, U.S. Person-1 closed on the sale of the blocked property—in violation of OFAC's regulations and the cease-and-desist order—to the third-party buyer for \$1.4 million. U.S. Person-1 made at most \$478,000 for King Holdings from the sale.

The conduct described above resulted in two violations by U.S. Person-1 of prohibitions in § 587.201(a) of the Russian Harmful Foreign Activities Sanctions Regulations and one violation of § 501.602(a) of the Reporting, Procedures and Penalties Regulations.

¹ See 31 C.F.R. § 587.202, "Effect of transfers violating the provisions of this part." See also OFAC FAQ [402](#) ("[A]ny blocked property or interests in property that come into the possession or control of a U.S. person must be blocked and reported to OFAC, and OFAC does not recognize any subsequent unlicensed transfers, through changes in ownership or otherwise, of such property.").

Penalty Calculations and General Factors Analysis

Under OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, Appendix A ("Enforcement Guidelines"), OFAC determined that U.S. Person-1 did not voluntarily self-disclose the violations and that the violations constitute egregious cases. Accordingly, under the Enforcement Guidelines, the base civil monetary penalty applicable to U.S. Person-1 equals the statutory maximum of \$4,677,552.

The final penalty amount of \$4,677,552 reflects OFAC's consideration of the General Factors under the Enforcement Guidelines.

OFAC determined the following to be **aggravating factors**:

- (1) U.S. Person-1 acted willfully by dealing in the blocked property for nearly a year after receiving clear and actual notice from OFAC that all dealings in the property such as those engaged in were prohibited without authorization from OFAC. U.S. Person-1 also willfully certified the accuracy and completeness of a subpoena response by King Holdings that was inaccurate and incomplete. The dealings in the property for nearly a year constituted a pattern of violative conduct.
- (2) U.S. Person-1 was aware at all times of their conduct involving the property, including through King Holdings.
- (3) By continuing to deal in the property despite receiving notice of its blocked status, U.S. Person-1 exposed multiple third parties to potential economic harm and legal liability and significantly damaged the integrity of OFAC's sanctions.
- (4) U.S. Person-1 failed to cooperate with OFAC's investigation by certifying an inaccurate and incomplete subpoena response by King Holdings.

Compliance Considerations

This enforcement action, like another earlier this year, underscores the sanctions risks that can arise in the real estate sector, particularly with respect to blocked persons.² This case demonstrates that while blocked persons may have a direct, readily apparent interest in real property through ownership in their own name, blocked property interests may also be indirect, and the blocked party's name may not appear on relevant deeds or transactional documents. At the time of the foreclosure that occurred in this case, the blocked person's name appeared directly on the property title, and after the foreclosure, researching the previous property owners' names would have identified the SDN.

Regardless of the nature of such blocked property interests, all parties involved in real estate transactions—including financial institutions, brokers, agents, title insurers, law firms, registrars, and county authorities—should exercise appropriate caution and conduct risk-based due diligence to

² See, e.g., U.S. Department of the Treasury, "[Family International Realty LLC and its Owner Settle with OFAC for \\$1,076,923 Related to Apparent Violations of Ukraine-/Russia-Related Sanctions](#)," January 16, 2025.

avoid dealing in blocked property. Standard compliance controls such as screening parties against the SDN List can serve as a crucial part of such compliance efforts, regardless of whether OFAC has issued a notice related to a specific parcel of real property. Proactive compliance efforts are likely to be particularly beneficial to real estate market participants in light of the nullification of unauthorized transfers of blocked property that may occur under many OFAC sanctions programs, which can affect third-party claims to the property.

Additionally, OFAC reminds real estate sector actors of their obligations to block and report all property in which a blocked person has an interest. The responsibilities for blocking and reporting property in the real estate sector—and attendant civil liability for failure to do so—may fall equally upon multiple parties, including those that typically deal with customers and other third parties, such as agents, brokers, title insurers, and attorneys. County authorities or other local officials that record real property blocking notifications should ensure that any notifications from OFAC are properly linked to relevant parcels of real property in electronic and paper records. Failure to block and report blocked property can result in a penalty even where no further sanctions violation has occurred.

Lastly, this case also highlights the need for all U.S. persons—regardless of size, sophistication, or expertise in sanctions-related matters—to timely and fully comply with administrative subpoenas and orders issued by OFAC. Here, U.S. Person-1 instead continued to deal in blocked property after OFAC provided actual notice that doing so was prohibited and concealed the conduct from OFAC.

OFAC Enforcement and Compliance Resources

On May 2, 2019, OFAC published [A Framework for OFAC Compliance Commitments](#) in order to provide organizations subject to U.S. jurisdiction, as well as foreign entities that conduct business in or with the United States or U.S. persons, or that use goods or services exported from the United States, with OFAC’s perspective on the essential components of a sanctions compliance program. The *Framework* also outlines how OFAC may incorporate these components into its evaluation of apparent violations and resolution of investigations resulting in settlements. The *Framework* includes an appendix that offers a brief analysis of some of the root causes of apparent violations of U.S. economic and trade sanctions programs OFAC has identified during its investigative process.

OFAC makes available on its website a variety of resources designed to assist with sanctions implementation and compliance, including [industry-specific guidance](#), [instructive videos](#), [answers to frequently asked questions](#), and [tools for searching OFAC’s sanctions lists](#).

Information concerning the civil penalties process can be found in the OFAC regulations governing each sanctions program; the Reporting, Procedures, and Penalties Regulations, 31 C.F.R. part 501; and the Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, app. A. These references, as well as recent civil penalties and enforcement information, can be found on OFAC’s website at <https://ofac.treasury.gov/civil-penalties-and-enforcement-information>.

Sanctions Whistleblower Program

The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) maintains a whistleblower incentive program for violations of OFAC-administered sanctions, in addition to other violations of the International Emergency Economic Powers Act and violations of the Bank Secrecy Act. Individuals located in the United States or abroad who provide information may be eligible for awards, if the information they provide leads to a successful enforcement action that results in monetary penalties exceeding \$1,000,000 and the statutory requirements in 31 U.S.C. § 5323 are otherwise met. The incentive program is available for whistleblowers providing information relating to potential violations at any type of enterprise in any commercial sector. FinCEN is currently accepting whistleblower tips.

For more information regarding OFAC regulations, please visit: <https://ofac.treasury.gov>.