



Enforcement Release: December 9, 2025

OFAC Settles with an Individual for \$1,092,000 Related to Apparent Violations of Ukraine-/Russia-Related Sanctions

A natural U.S. person (“U.S. Person-1”) has agreed to pay \$1,092,000 to settle potential civil liability for apparent violations of Ukraine-/Russia-related sanctions. The conduct giving rise to the apparent violations took place between 2018 and 2022 when U.S. Person-1 served as the fiduciary of the family trust of a sanctioned Russian oligarch.

The settlement amount reflects OFAC’s determination that U.S. Person-1’s apparent violations were non-egregious and not voluntarily self-disclosed. More broadly, this enforcement action highlights the unique ways in which legal structures like trusts can be used to conceal a blocked person’s interest in property. It also underscores the crucial position professional gatekeepers occupy in preventing sanctions evasion.

Description of the Apparent Violations

Initial Representation and Agreement to Serve as Fiduciary

U.S. Person-1 is an attorney and former U.S. government official. While in private practice following the conclusion of their government service, U.S. Person-1 met a Russian oligarch (“SDN-1”) who at the time had not yet been added to OFAC’s List of Specially Designated Nationals and Blocked Persons (the “SDN List”). After their meeting, U.S. Person-1 maintained a professional and occasionally social relationship with SDN-1 for a number of years, and their law firm represented SDN-1 in various legal matters.

Growing out of that relationship, prior to SDN-1’s designation, U.S. Person-1 agreed to serve in a fiduciary capacity for a U.S.-based trust funded almost entirely by SDN-1 (“the Trust”). This fiduciary role assigned U.S. Person-1 broad responsibilities with respect to the Trust, including, among others, authority to: (1) appoint or remove other fiduciaries; (2) make decisions about how and where to invest the Trust’s assets; and (3) make or withhold distributions to, or for the benefit of, the Trust’s beneficiaries.

In addition to U.S. Person-1’s responsibilities, two of SDN-1’s family members maintained roles with respect to the Trust. One of SDN-1’s family members—who had no occupation or source of income other than from SDN-1 directly—served as grantor of the Trust. Another family member (“the Proxy”) did not maintain any formal authority over the Trust but frequently liaised with investors and fiduciaries on SDN-1’s behalf. The Proxy also served as SDN-1’s interlocutor in dealings with U.S. persons in investment-related matters.

Post-Designation Services Rendered

OFAC added SDN-1 to the SDN List on April 6, 2018. Accordingly, as of that date, and unless otherwise authorized by OFAC, all property or interests in property of SDN-1 in the United States or within the possession or control of any U.S. person—including the Trust—became blocked and could not be dealt in. Additionally, as of that date, U.S. persons were prohibited from providing any services to or in support of SDN-1.

Following SDN-1’s designation, U.S. Person-1 took a series of steps to assess whether the Trust would now be blocked property. U.S. Person-1 consulted with various law firms to assess whether the Trust should be considered blocked. Among them, U.S. Person-1 retained outside counsel experienced in U.S. sanctions to conduct an investigation and provide an opinion regarding the status of the Trust’s assets. That outside counsel concluded that, based on the information provided, the Trust did not appear to be blocked property. U.S. Person-1 relied upon that opinion, as well as the consistent advice of their other legal counsel, in remaining in their fiduciary role with the Trust. OFAC has reason to believe that this opinion was predicated, at least in part, on the understanding, following legal counsel’s review, that the Proxy had no substantive role in the Trust’s management or operations, notwithstanding the Proxy’s history of acting on SDN-1’s behalf.

However, despite U.S. Person-1’s reliance on advice of external counsel, the Proxy’s substantive role with respect to the Trust persisted well after this point. U.S. Person-1 should have known, based on their personal knowledge of working with SDN-1 and their network, that the Proxy’s continued involvement following SDN-1’s designation allowed SDN-1 to retain control over decisions made related to the Trust, indicating that SDN-1 maintained a property interest in the Trust.

U.S. Person-1 continued to play a key role in authorizing the Trust’s day-to-day activities after SDN-1’s designation, including but not limited to: (1) authorizing the transfer of assets between entities owned or controlled by the Trust; (2) authorizing payments made by or on behalf of the Trust; and (3) authorizing substantive actions taken by the Trust, including executing agreements on the Trust’s behalf, liquidating related entities, and opening or closing accounts. U.S. Person-1 ultimately resigned from their fiduciary position in mid-2022.

As described above, over the course of U.S. Person-1’s time as fiduciary, between 2017–2022, U.S. Person-1 authorized the transfer of Trust assets, paid various service providers on behalf of the Trust, and authorized various substantive actions taken by the Trust, which resulted in a total of 122 apparent violations of the Ukraine-/Russia-Related Sanctions Regulations, 31 C.F.R. part 589 (URSR) (the “Apparent Violations”).

Penalty Calculations and General Factors Analysis

OFAC determined that U.S. Person-1 did not voluntarily disclose the Apparent Violations, and that the Apparent Violations constitute a non-egregious case. Accordingly, under OFAC’s Economic Sanctions Enforcement Guidelines (“Enforcement Guidelines”), 31 C.F.R. Part 501, app. A., the

base civil monetary penalty applicable in this matter equals the applicable schedule amount per apparent violation, which in this case totals \$6,245,136.

The settlement amount of \$1,092,000 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 received and relied upon legal advice in remaining in their fiduciary role with respect to the Trust; however, U.S. Person-1 should reasonably have known, based on all readily available information, that the Proxy’s continued involvement following SDN-1’s 2018 designation allowed SDN-1 to retain control over decisions made related to the Trust and indicated that SDN-1 maintained a property interest in the Trust.
- (2) U.S. Person-1 acted contrary to the goals of OFAC’s Russia sanctions by enabling SDN-1, a designated Russian oligarch, to avail himself of the U.S. financial system. U.S. Person-1 continued to serve in a fiduciary capacity and provide services to the Trust after SDN-1 was added to the SDN List, allowing the assets owned by the Trust to substantially grow in value after SDN-1 was designated. Moreover, U.S. Person-1’s continued work on the Trust’s behalf provided an air of legitimacy to the Trust’s continued operation after SDN-1 was designated, leading other U.S. persons to believe that it was permissible to continue providing other, similar services. The circumstances of the Apparent Violations directly harmed the integrity of OFAC’s Russia sanctions and undermined broader U.S. policy objectives.

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

- (1) U.S. Person-1 has not received a penalty notice or Finding of Violation from OFAC in the five years preceding the earliest date of the transactions giving rise to the Apparent Violations.
- (2) U.S. Person-1 provided substantial cooperation with OFAC throughout the duration of its investigation, including by providing timely and fulsome responses to all OFAC subpoenas and requests for information. U.S.-Person-1 also agreed to toll the statute of limitations on multiple occasions throughout the course of OFAC’s investigation.

Compliance Considerations

This enforcement action highlights the risks that arise when gatekeepers—professionals such as investment advisors, accountants, attorneys, and providers of trust and corporate services, among others—fail to properly understand and mitigate the risks associated with the provision of their services. Gatekeepers occupy crucial financial and legal positions that place them at particular risk of being used by blocked persons to evade the effects of U.S. sanctions.¹ Gatekeepers can provide an air of legitimacy and provide comfort to other similarly situated U.S. persons where, as here, U.S. Person-1’s continued provision of services allowed others to feel more comfortable in their

¹ See Department of the Treasury, “[2024 National Money Laundering Risk Assessment](#)” (February 2024), p. 76.

own roles. Given that they often occupy positions of trust, gatekeepers are also often better positioned than others to monitor for and identify ways in which a blocked person may retain an interest in property.

This enforcement action also demonstrates the importance for U.S. persons operating in the trust and corporate services sector of developing and maintaining a thorough understanding of sanctions-related risks. OFAC implements broad definitions of “interest” and “property interest” that look beyond legal formalities to underlying practical and economic realities. U.S. persons operating in this industry should exercise caution when engaging in activities in which a sanctioned party is or was involved. In particular, U.S. persons operating in this sector should understand the sanctions risks present where an existing client is added to the SDN List. OFAC is aware of numerous instances where, as here, complex legal structures have been used to conceal rather than extinguish a blocked person’s interest in property. U.S. persons serving in the trust and corporate services sector who encounter the involvement of a blocked person, including a person who later becomes blocked, should assess any continuing role or influence a blocked person may have with respect to property in considering whether it is blocked. Because OFAC sanctions may be enforced on a strict liability basis, failing to properly guard against these risks could cause even well-meaning U.S. persons to inadvertently act as gatekeepers for sanctioned individuals.

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.

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>.

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 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. FinCEN is currently accepting whistleblower tips.

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