



## EU Sanctions against Russian Oligarchs and Entrepreneurs: Implementation and Challenges

Elżbieta Kaca

EU sanctions against Russia's business elite resulted in the freezing of some assets, and the European Commission (EC) has strengthened the coordination of their implementation. The challenge is to further detect the ownership of property of sanctioned persons, and the potential confiscation and use of funds to help Ukrainian citizens. Poland may demand an extension of sanctions on other oligarchs, their family members and proxies, and require the EC to report regularly on the results of the restrictions.

In relation to [Russia's invasion of Ukraine in February](#), the EU significantly expanded the list of persons sanctioned, banned from entering EU territory and subject to freezing of assets. It consists of already 877 people, mainly military officials, politicians, lawyers and propagandists, but also several dozen Russian oligarchs, entrepreneurs and their family members (see table). [The restrictions](#) involve, among others, banning of financial transactions with EU entities, including in cryptocurrencies, and freezing bank accounts, property and resources of related companies, for example, where a sanctioned person owns more than 50% of shares in a company or has a decisive influence on its development. Financial restrictions are implemented directly by the Member States on the basis of the regulation, and the EC monitors their implementation. Such sanctions have been adopted by, among others Switzerland and Monaco, where significant Russian assets are located.

**Foreign Wealth of the Russian Elite.** In Russia, the richest group of citizens (1% of the population) owns nearly half the value of Russian household goods (World Inequality Database data). [The elite is made up of President Vladimir Putin's trusted associates and related individuals](#) who obtain lucrative income from state-owned companies. It is estimated that about half to two-thirds of the assets of Russian oligarchs and entrepreneurs worth up to \$800 billion are located outside Russia (in relation, for example, to the risk of expropriation of domestic property goods).

Russian billionaires invest funds abroad mainly in real estate, luxury goods (for instance yachts, planes and art) and investment funds. This allows money laundering as it is easier to hide the ownership structure through such transactions. The United States, UK and Turkey are popular geographic destinations for such investments, and in the EU, Austria, Belgium, Croatia, Cyprus, Finland, France, Greece, Spain, the Netherlands, Germany and Italy are also used. Payments are often made by family members and intermediaries such as lawyers, real estate agents and accountants. They register networks with up to several dozen shell companies in countries considered to be tax havens, such as the United Arab Emirates, the British Virgin Islands, and the Cayman Islands. For example, Sergey Chemezov's yacht, worth €140 million, was registered by his stepdaughter Anastasia Ignatova under the flag of Saint Vincent and the Grenadines, through a company registered in the British Virgin Islands. Many non-transparent transactions have been carried out by EU banks. For example, in 2018, [Russian money laundering at the Latvian ABLV bank and the Estonian Danske Bank was revealed](#). In the case of Russian bank deposits, significant amounts worth around \$213 billion are kept in Switzerland.

**Implementing Sanctions.** Some Member States actively block the assets of oligarchs, including those held by their proxies (mainly luxury yachts and planes, villas and apartments, and bank deposits). France and Germany have even set up special task forces for this purpose. Belgium

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froze assets worth €10 billion (deposits and transactions), Luxembourg - €2.5 billion, France - €850 million, Italy - approx. €800 million, the Netherlands - €392 million, Germany - €95 million, Lithuania - €13 million, and Latvia - €8 million. However, many countries (such as Austria) did not provide information on this subject, or released only partial data (Spain confirmed the arrest of three yachts and a few real estate properties, and the Czech Republic mentioned real estate worth several hundred million crowns). Outside the EU, Switzerland froze around €5.6 billion in deposits.

Many assets could not be blocked. Some oligarchs moved their yachts and planes to third countries. For example, Roman Abramovich transferred two superyachts to Turkey. Oligarchs also resigned from the boards of companies, withdrew investments or transferred the ownership of shares to other entities. Andrei Melnichenko left the boards of EuroChem Group AG and SUEK and withdrew his assets. Alexei Mordashov, the largest shareholder of the German company TUI Group, stepped down from the management board and transferred most of his contribution (€1.4 billion) to the Caribbean company Ondero Limited, controlled by the mother of his children, Marina Mordashov. The German authorities have opened an investigation into this issue.

To improve the implementation of sanctions, the EC has set up a special task force consisting of its officials and representatives of the Member States, Eurojust and Europol. It coordinates its activities and exchanges information on assets with the Russian Eites, Proxies and Oligarchs Task Force (REPO), established by the G7 countries and Australia. The EC has also launched a secure Internet platform for reporting information by whistleblowers.

**Challenges.** Due to economic ties with the EU and possession of European citizenship, many key people from Putin's inner circle, their family members (the Kremlin kids) and proxies are omitted by EU restrictions. This applies, for instance, to oligarchs such as Boris Rotenberg (a citizen of Finland), Wiktor Wekselberg (a citizen of Cyprus), Alexei Miller, the president of Gazprom, Oleg Deripaska, who has economic ties, among others in Austria and Cyprus, and the family members of Putin and his proxies, such as Alina Kabaeva, his cousin Igor Putin and his son Roman Putin, Kirill Shamalov (former son-in-law and son of his trusted associate). Importantly, all Member States which have so far issued "golden passports" (Cyprus, Malta and Bulgaria), ended or limited these programmes. Austria continues to enable the acquisition of citizenship through broadly defined rules for naturalisation.

The problem is to detect property and prove that it belongs to sanctioned persons. The services of the Member States can check the owners of bank accounts or EU companies, but in the case of other assets, such as real estate, the actual owners are not registered in the databases. Despite the mandatory description of the ownership structure, company registers in the EU are often not transparent. Many countries

have not correctly implemented the provisions of the 5th Directive on counteracting money laundering and terrorist financing adopted in 2018. The negotiated amendment to the directive clarifies the conditions for keeping registers and extends the obligation to identify real beneficiaries of foreign companies operating in the EU. The Union is also working on the ATAD 3 directive, which aims to facilitate, among other things, detection of shell companies registered in tax havens. Despite this, many of the oligarchs' assets were revealed by leaks of classified documents, the Panama, Paradise and Pandora Papers in the years 2016 to 2020, and by investigative journalists and non-governmental organisations.

The operational capacity of the Member States is limited. Only some of them, such as France, the Netherlands and Italy, have institutional systems capable of implementing financial sanctions. Many countries face shortages in human capital in countering financial crimes. Lawsuits can last for many years. To illustrate, the investigations into the freezing of the property of former presidents Hosni Mubarak and Zin el-Abidin Ben Ali, launched in France in 2011, were not completed before their deaths (in 2020 and 2019,,respectively). Due to the respect of property rights in the EU, the assets are only frozen. Poland and Lithuania call for the confiscation of the oligarchs' assets and the allocation of funds to help Ukraine. This requires the opening of separate legal proceedings in the Member States based on specific allegations of criminal offences such as money laundering.

**Conclusions.** So far, the value of assets belonging to Russian oligarchs and entrepreneurs frozen in the EU is relatively low. The pace of Member States' action will depend on public pressure to seize their goods. Poland may demand that the EC task force regularly collect data on frozen assets and inform the public. It could also seek to further extend the EU sanctions' list to include other oligarchs, their family members and proxies (for example, Oleg Deripaska, Wiktor Wekselberg, or Boris Rotenberg). For the effective detection of assets, it will be crucial that Member States fully implement EU rules on the transparency of financial transactions. It would be beneficial to promote in the media the EC platform that allows whistle-blowers to report hidden assets. The EU countries should withdraw their golden passports and visas issued so far to Russian and Belarusian citizens. In cases of suspicion of corruption and money laundering, it would be advisable to initiate lawsuits, confiscate assets and use them to help the civilian population of Ukraine.

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Table. List of Russian oligarchs, entrepreneurs and their family members subject to EU sanctions in the years 2014-2022.<sup>1</sup>

No.	Name and surname	Date of adoption of sanctions	Function
1	Roman Arkadyevich ABRAMOVICH	15.03.2022	Oligarch with close ties to Vladimir Putin. The main shareholder of Evraz – group from the steel sector. Date of birth: 24.10.1966.
2	German Borisovich KHAN	15.03.2022	Oligarch with close ties to Vladimir Putin. One of the main shareholders of Alfa Group. Date of birth: 24.10.1961.
3	Viktor Filippovich RASHNIKOV	15.03.2022	Oligarch. Owner, chairman of the board and chairman of the Strategic Planning Committee of Magnitogorsk Iron & Steel Works (MMK). Date of birth: 3.10.1948.
4	Alexey Viktorovich KUZMICHEV	15.03.2022	Oligarch with close ties to Vladimir Putin. One of the main shareholders of Alfa Group. Date of birth: 15.10.1962.
5	Alexander Alexandrovich MIKHEEV	15.03.2022	General Director of JSC Rosoboronexport. Date of birth: 18.11.1961.
6	Alexander Nikolayevich SHOKHIN	15.03.2022	Chairman of the Russian Union of Industrialists and Entrepreneurs, vice president of the board of Mechel PAO. Date of birth: 25.12.1951.
7	Andrey Valerievich RYUMIN	15.03.2022	Executive director of Rosseti PJSC, president of the board. Date of birth: 12.06.1980.
8	Marina Vladimirovna SECHINA	15.03.2022	Owner of LLC Stankoflot. The ex-wife of Igor Sechin. Date of birth: 1962.
9	Suleyman Abusaidovich KERIMOV	15.03.2022	Owner of the Nafta Moscow financial and industrial group. Date of birth: 12.03.1966.
10	Tigran Oganesevich KHUDAVERDYAN	15.03.2022	Executive director and deputy general director at Yandex NV. Date of birth: 28.12.1981.
11	Vladimir Valerievich RASHEVSKY	15.03.2022	CEO and director at EuroChem Group AG. Date of birth: 29.09.1973.
12	Alexander Dmitrievich PUMPYANSKY	9.03.2022	Son of businessman Dmitry Pumpyansky. Date of birth: 16.05.1987.
13	Alexander Semenovich VINOKUROV	9.03.2022	Chairman of the Maraton Group company, member of the management board of the Magnit company. His wife is Ekaterina Sergeevna Vinokurova, daughter of Sergey Lavrov, and his father is Semen Vinokurov, one of the most important entrepreneurs in the Russian pharmaceutical industry. Date of birth: 12.10.1982.
14	Andrey Igorevich MELNICHENKO	9.03.2022	The owner of EuroChem, one of the main fertilizer producers and the SUEK coal company.
15	Dmitry Alexandrovich PUMPYANSKY	9.03.2022	President of the management board of PJSC Pipe Metallurgic Company, chairman and member of the management board of Group Sinara. Date of birth: 22.03.1964.
16	Dmitry Arkadievich MAZEPIN	9.03.2022	The owner and CEO of Uralchem, a company producing mineral fertilizers. Date of birth: 18.04.1968.
17	Galina Evgenyevna PUMPYANSKAYA	9.03.2022	Chairman of the supervisory board of the "Sinara" foundation, which organizes charity work for large enterprises. Her husband is businessman Dmitry Pumpyansky. Date of birth: 10.02.1966.
18	Mikhail Eduardovich OSEEVSKY	9.03.2022	President of PJSC Rostelecom, Russia's largest provider of digital services and solutions. Date of birth: 30.11.1960.

<sup>1</sup> Transcription of names and surnames in line with the adopted EU legal acts.

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19	Mikhail Igorevich POLUBOYARINOV	9.03.2022	General Director of OJSC Aeroflot, the largest air carrier of the Russian Federation. Date of birth: 2.04.1966.
20	Sergey Alexandrovich KULIKOV	9.03.2022	President of the Management Board of RUSNANO LLC, an institution for the development of innovation. Date of birth: 6.04.1967.
21	Vadim Nikolaevich MOSHKOVICH	9.03.2022	Russian entrepreneur, operating in the agricultural sector and development activities. Date of birth: 6.04.1967.
22	Vladimir Sergeevich KIRIYENKO	9.03.2022	CEO of VK Company Limited, a Russian Internet company with a large reach in the Russian-speaking segment of the Internet. Date of birth: 27.05.1983.
23	Andrey Andreevich GURYEV	9.03.2022	President of the Management Board of PJSC PhosAgro, one of the world's leading producers of phosphate-based fertilizers. Date of birth: 7.03.1982.
24	Dmitry Vladimirovich KONOV	9.03.2022	President of the Management Board of PJSC SIBUR Holding, the largest integrated petrochemical company in Russia. Date of birth: 2.09.1970.
25	Nikita Dmitrievich MAZEPIN	9.03.2022	Russian racing driver of the Haas F1 Team. Nikita Mazepin's father is Dmitry Mazepin, whose company sponsors the Haas F1 Team. Date of birth: 2.03.1999.
26	Igor Ivanovich SECHIN	28.02.2022	CEO of Rosneft, a Russian state-owned fuel company and one of the world's largest oil producers. One of Vladimir Putin's closest advisers and his personal friend. Date of birth: 7.09.1960.
27	Nikolay Petrovich TOKAREV	28.02.2022	CEO of Transneft, a large Russian oil and gas company. A long-time acquaintance and close associate of Vladimir Putin. In the 1980s, he served with him in the KGB. Date of birth: 20.12.1950.
28	Alisher USMANOV	28.02.2022	A pro-Kremlin oligarch with very close ties to Vladimir Putin. Date of birth: 9.09.1953.
29	Petr Olegovich AVEN	28.02.2022	One of the oligarchs closest to Vladimir Putin, an important stakeholder of Alfa Group. Date of birth: 16.03. 1955.
30	Mikhail Maratovich FRIDMAN	28.02.2022	Founder and one of the main shareholders of Alfa Group. Considered one of the leading Russian financiers in Putin's inner circle. Date of birth: 21.04.1964.
31	Sergei Pavlovich ROLDUGIN	28.02.2022	A businessman with close ties to Vladimir Putin, he is part of Putin's financial network. Date of birth: 28.09.1951.
32	Alexander PONOMARENKO	28.02.2022	Russian oligarch and chairman of the board of Sheremetyevo International Airport.
33	Gennady Nikolayevich TIMCHENKO	28.02.2022	Oligarch, a long-time trusted associate of Vladimir Putin. He is the founder and shareholder of the "Volga Group", an investment group operating in key sectors of the Russian economy. Date of birth: 9.11.1952.
34	Alexey Alexandrovits MORDASCHOV	28.02.2022	President of Severstal and Severgroup. Date of birth: 26.09.1965.
35	Peter Mikhaylovich FRADKOV	28.02.2022	President of PJSC Promsvyazbank, a Russian state-owned bank that provides financial support to the Russian defense sector and the army. Date of birth: 7.02.1978.
36	Sergey Viktorovich LAVROV	25.02.2022	Minister of Foreign Affairs, a trusted associate of Vladimir Putin. Date of birth: 21.03.1950.
37	Vladimir Vladimirovich PUTIN	25.02.2022	The President of the Russian Federation. Date of birth: 7.10.1952.
38	Igor SHUVALOV	23.02.2022	Chairman of the VEB.RF State Development Corporation and member of the Council of the Eurasian Economic Commission. Date of birth: 4.01.1967.
39	Andrei Leonidovich KOSTIN	23.02.2022	President of VTB, one of the leading state-owned banks in Russia. Date of birth: 21.09.1956.

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40	Denis Aleksandrovich BORTNIKOV	23.02.2022	Son of Alexander Bortnikov, director of the FSB. Date of birth: 19.11.1974.
41	Lyubov Valentinovna PRIGOZHINA	23.02.2022	Spouse of Yevgeniy Prigozhin and owner of companies related to her husband.
42	Violetta PRIGOZHINA	23.02.2022	Yevgeniy Prigozhin's mother, owner of companies related to her son.
43	Sergei SHOIGU	23.02.2022	Minister of Defense, Putin's trusted associate. Date of birth: 21.05.1955.
44	Andrei SKOCH	23.02.2022	Billionaire in the steel sector. Member of the State Duma. Date of birth: 30.01.1966.
45	Leonid Jakovlevitch SIMANOVSKIY	23.02.2022	Billionaire, shareholder in Novatek (gas sector). Member of the State Duma. Date of birth: 19.07.1949.
46	Mikhail GUTSERIYEV	21.06.2021	Founder and largest shareholder of the Safmar Group, an oil, coal, real estate and retail conglomerate.
47	Yevgeniy PRIGOZHIN	15.10.2020	Responsible for deploying Wagner Group mercenaries abroad; financially linked to this private military company. Date of birth: 1.06.1961.
48	Sergey Viktorovich CHEMEZOV	12.09.2014	A close associate of Vladimir Putin. He chairs the Rostec conglomerate, a leading Russian defense and industrial corporation. Date of birth: 20.08.1952.
49	Nikolay Terentievich SHAMALOV	30.07.2014	President Putin's acquaintance for many years, an important shareholder of Bank Rossiya. Date of birth: 24.01.1950.
50	Yuriy Valentinovich KOVALCHUK	30.07.2014	Vladimir Putin's acquaintance for many years. He is the president and the largest shareholder of Bank Rossiya. Date of birth: 25.07.1951.
51	Arkady Romanovich ROTENBERG	30.07.2014	Russian oligarch with close personal ties to Vladimir Putin. Date of birth: 15.12.1951.
52	Aleksandr Vasilievich BORTNIKOV	25.07.2014	Permanent member of the Security Council of the Russian Federation. Director of the Federal Security Service (FSB), President Putin's trusted associate. Date of birth: 15.11.1951.
53	Nikolai Platonovich PATRUSHEV	25.07.2014	Permanent member and secretary of the Security Council of the Russian Federation, associate of President Putin.

Source: PISM own compilation.