

SANCTIONS

Global sanctions compliance 2024

The webinar will begin in a minute

**The webinar is being recorded and
you will receive the recording after
the webinar**

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Ask us questions in the chat or Q&A

**Write 'demo' if you want to know
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Sanctions compliance two years after the Ukraine invasion

- Western nations have imposed sanctions on Russia following the Ukraine invasion
- Other geopolitical issues like the Hamas-Israel War, Iran and China have sparked new waves of sanctions
- New UK regulators: Office of Trade Sanctions Implementation
- Intersection of sanctions, terrorist financing and anti-money laundering make this a complex issue



How have Russia sanctions affected business?



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The latest on sanctions

- Sanctions rapidly imposed on Russia following the 2022 invasion
- Many companies scrambling to comply with ever changing regulations
- UK sanctioned six people involved in the Alexei Navalny killing
- All business - regulated and unregulated - need to comply
- Entities and individuals need to be screened
- Breaching sanctions is a strict liability offence - a single unintentional breach is still a crime

A man and a woman are sitting at a wooden table, looking at a tablet together. The man is on the left, wearing a grey sweater, and the woman is on the right, wearing a light-colored top. They appear to be in a professional or collaborative setting.

Poll 1:

What is the main challenge you have faced in sanctions compliance?

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Russia - Ukraine. What happened?

- Russia launched a full-scale invasion in February 2022
- Conflict has been ongoing since 2014, when Russia illegally annexed Crimea
- Tens of thousands of civilians killed, hundreds of thousands of military casualties, and over 8 million refugees
- The war sparked overlapping crises: refugees, food supply and supply chain disruption
- Concerted effort among the West to punish Russia for the aggression and reduce its war machine

Sanctions on Russia

- Sanctions imposed by the US, EU, UK, Canada, Australia, Japan and others
- Targeting individuals, assets, trade goods, financial and energy sectors of the Russian economy
- 1,700 individuals and 269 entities subject to UK sanctions
- 2,000 entities and individuals subject to EU measures
- In December 2023, the EU sanctioned 61 individuals and 86 entities

Breaches of sanctions

- UK's OFSI recorded 473 suspected breaches
- Russia was highly integrated into the global economy, complying with sanctions is complex
- Much harder than dealing with sanctions against Iran or North Korea
- OFSI facing scrutiny for supposed leniency
- OFSI have pledged to enact 'proactive' enforcement going forward

New sanctions against trade goods

- Office of Trade Sanctions Implementation (OTSI) being created by UK Gov to go after sanctioned trade goods
- Aim to clamp down on sanctions evasion of trade goods and investigate possible breaches
- Can refer cases for criminal enforcement
- Parallel powers to the OFSI



**Download our guide to every item
under Russian trade sanctions - link in
the chat now**

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Dealing with sanctioned trade goods

- All goods in the Common High Priority List are under trade sanction
- These items have been found on the battlefield in Ukraine and help Russian war efforts
- Handling them is like handling stolen goods
- Logistics, warehouses, shipping, all could be at risk of committing an offence

Bound for Iran

US went after individuals exporting to UAE, but items were bound for Iran.

Falsified documents obscured the final destination of drill parts in violation of US sanctions.



Poll 2:

How high a priority is sanctions compliance for your organisation?



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Sanctions on the compliance agenda

- Sanctions enforcement is ramping up
- 13th round of EU sanctions against Russia recently
- US regulator OFAC launched new sanctions in December 2023
- President Biden signed EO to enable blocking sanctions of banks anywhere in the world connected to Russia

What are the penalties?

- Strict liability offence in the UK
- 'Balance of probabilities' test
- OFSI considered severity, amount, intent
- Breach can result in up to 7 years imprisonment, or a fine, or both
- US has worked to reduce Russian access to weapons and tech
- Attacking assets, trade, economic sectors and high ranking officials and Putin allies

Consequences of a breach - Wise

- August 2023, OFSI named Wise, Standard Chartered and Travelex UK as having breached sanctions
- Wise Payments is a large Fintech, allowed Russian customer on sanctions list to withdraw money
- Wise made a full disclosure as soon as it found the breach
- Fully cooperated with investigation and proved it had screening in place
- OFSI did not issue a fine, but shares took a hit



**Download our guide to Russian
sanctions compliance in 2024 - link in
chat now**

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A person wearing a white shirt is sitting at a wooden desk. They are holding a black pen in their right hand and touching a tablet with their left hand. There are some papers on the desk. The background is slightly blurred.

Poll 3:

Do you have an automated sanctions screening tool?

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Sanctions screening

- Technically simple - check names against a list
- If they are sanctioned, you cannot work with them without a license
- EU, UK, US and UN publish their own lists
- Higher risk entities should be checked more often
- Sanction lists are frequently updated, sometimes overnight
- Clients, suppliers and other third parties all need to be checked
- Impossible to do manually

Omnitrack: VinciWorks' no-hassle sanctions screening tool

Integrated with Credas and Thirdfort

Schedule a demo now



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Failing to screen for sanctions

- Payoneer sends money quickly and cheaply around the world... without due diligence
- OFAC charged Payoneer with sanctions violations for processing payments via Iran, Sudan, Syria and Crimea
- 19 payments for sanctioned individuals
- Multiple compliance breakdowns, matches went unflagged, didn't screen data, automatically released payments
- Payoneer settled with OFAC, otherwise it could have faced over \$4m in penalties & fired Chief Compliance Officer

A blurred background image of two business professionals in suits sitting at a table, looking at documents and holding pens. The image is semi-transparent to allow text to be overlaid.

Poll 4:

How confident are you about your organisation's ability to detect a potential sanctions breach?

Sanctions after October 7

- Wide range of new sanctions against Hamas terrorists
- Al Qaeda leaders lived in relative poverty, but Hamas leaders have a wealth of over \$11bn
- Hamas launders money through crypto, Barclays bank accounts, Sudanese mining companies, property in Dubai, Algeria and Turkey
- Hamas is second richest terrorist group after Hezbollah in Lebanon

Sanctions on Hamas leaders

- Hamas designated as terror group since 1997
- Leaders avoided major sanction until May 2022
- OFAC sanctioned Hamas financiers and related entities
- Post October 7, coordinated international sanctions against Hamas leadership and Iranian supporters
- High risk countries include Sudan, Turkey, Algeria and Qatar
- Gaza-based cryptocurrency laundromats sanctioned for funding October 7

Sanctions on Iran

- Sanctions on Iran for funding Hamas, Hezbollah and Houthis
- Iran excluded from SWIFT banking system
- New Iran sanctions connected to support for Russia
- UK sanctioned Iranian business leaders involved in production and supply of drones to Russia
- Iran is a top military backer of Russia

Sanctions on China

- China sanctioned for human rights abuses against Uyghur in Xinjiang region - goods like cotton sanctioned
- US and EU sanctioning Chinese companies helping Russia
- China is major Russian trading partner
- Trade increased to \$190bn in 2022
- China has objected to Russian sanctions, although fears being sanctioned itself

Rules

Standards

Dealing with breaches

Compliance

Law

Regulations

Reporting sanctions breaches

- Over 100 companies have self-reported a breach
- Those who self report get leniency, like Wise
- Reduce the risk of a breach through frequent risk assessments
- Think about high risk countries surrounding Russia
- Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan
- Turkey and United Arab Emirates are still grey listed by FATF

Money laundering and terror financing

- Abuse of charitable sector for terror financing
- ‘Medical Aid for Palestinians’ English charity, partially UN funded, sending money to terrorists in Gaza
- Links to individuals sanctioned due to involvement with Hamas
- UN employees participated in October 7, some UN individuals and entities involved in hostage taking
- Charitable and international organisations not exempt from sanctions or terror links

A man and a woman are sitting at a wooden table, looking at a tablet together. The man is on the left, wearing a grey sweater, and the woman is on the right, wearing a light-colored top. They appear to be in a professional or collaborative setting. The background is a plain, light-colored wall.

Poll 5:

Does your organisation roll out sanctions training?

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A top-down view of a diverse group of people in a meeting around a wooden table. The table is cluttered with business documents, charts, and laptops. One document prominently displays a world map with red and yellow highlights, and text including "01 Retention", "Customer Service", and "02 Profitability". A person's hand is pointing at a laptop screen showing a data visualization. Other items on the table include coffee cups, sticky notes, and a brown folder.

Q: Current update on the goods sanctioned by the UK?

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A person wearing a white long-sleeved shirt is sitting at a desk, working on a silver laptop. Their hands are on the keyboard, and they are holding a black pencil in their right hand. In the background, there is a wooden desk with several colorful sticky notes (yellow, pink, green) on a notebook. The scene is brightly lit, suggesting an office environment.

Q: Who has to comply with US sanctions?

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Q: What percentage of ownership is required for an entity to be considered sanctioned?

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