

Treasury Designates Russian Financial Institution Supporting North Korean Sanctions Evasion



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WASHINGTON – The U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) today announced the designation of a Russian entity that has assisted North Korea in evading sanctions to access the international financial system. Today’s action targets Russian-registered Russian Financial Society pursuant to Executive Order (E.O.) 13382 for having provided, or attempted to provide, financial, material, technological, or other support for, or goods or services in support of, U.S.-designated Dandong Zhongsheng Industry & Trade Co. Ltd (Dandong Zhongsheng), an entity that is owned and controlled by, directly or indirectly, U.S.- and United Nations (UN)-designated Foreign Trade Bank (FTB), North Korea’s primary foreign exchange bank.

“Treasury continues to enforce existing U.S. and UN sanctions against individuals and entities in Russia and elsewhere who facilitate illicit trade with North Korea. Those who attempt to circumvent our authorities to provide the DPRK with access to international financial markets expose themselves to significant sanctions risk,” said Under Secretary for Terrorism and Financial Intelligence Sigal Mandelker.

Russian Financial Society began to provide financial services to North Korea immediately upon attaining their non-banking credit organization license, which allows Russian Financial Society to transact in multiple foreign currencies. Russian Financial Society provided bank accounts for OFAC-designated Dandong Zhongsheng and to a North Korean chief representative of Korea Zinc Industrial Group, which was also designated for operating in the mining industry in the North Korean economy and for having sold, supplied, or transferred zinc from North Korea, where revenue or goods received may benefit the Government of North Korea.

Since at least 2017 and continuing through 2018, Russian Financial Society has opened multiple bank accounts for Dandong Zhongsheng. These actions have enabled North Korea to circumvent U.S. and UN sanctions to gain access to the global financial system in order to generate revenue for the Kim regime’s nuclear program.

Dandong Zhongsheng was designated by the United States for being owned or controlled by, directly or indirectly, FTB, an entity whose property and interests are blocked pursuant to E.O. 13382. Han Jang Su, FTB's chief representative in Moscow, played a key part in acquiring banking services from Russian Financial Society. Han Jang Su was designated by the United States on March 31, 2017, for acting for or on behalf of, directly or indirectly, FTB. Both Han Jang Su and FTB have also been designated by the UN Security Council Committee pursuant to Resolution 1718 (2006).

Russian Financial Society is the latest Russian financial institution sanctioned by OFAC for providing financial services to North Korea. In August 2018, OFAC designated Russian-registered Agrosoyuz Commercial Bank for knowingly conducting or facilitating a significant transaction on behalf of Han Jang Su.

As a result of today's action, all property and interests in property of this target that are in the United States or in the possession or control of U.S. persons must be blocked and reported to OFAC. OFAC's regulations generally prohibit all dealings by U.S. persons or within the United States (including transactions transiting the United States) that involve any property or interests in property of blocked or designated persons.

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