

Remarks by Deputy Secretary of the Treasury Wally Adeyemo at the United Arab Emirates Banks Federation Roundtable

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As Prepared for Delivery

Thank you all for joining me today, and thank you to the UAE Banks Federation for bringing this group together. It's great to be with you again, seven months since our last meeting.

I want to start by commending your commitment to building robust systems for preventing money laundering and protecting your institutions from being used for illicit purposes, including the financing of terrorist activity. I know this is only possible because of the strong public and private partnership that exists between your government and financial sector, which I've heard about in meetings with your government over the past two days.

Despite this commitment, the UAE—and other global financial hubs—continue to face the threat of illicit financial flows. This requires you, like U.S. financial institutions, to adhere to the highest standards for due diligence. Since our last meeting, the world has changed dramatically, most notably with Russia's brutal and unprovoked invasion of Ukraine, bringing new challenges for both governments seeking to hold Russia accountable and for financial institutions like yours that are responsible for implementing the financial sanctions we impose.

It is important that we recognize that Russia's violation of Ukraine's sovereignty is creating spillovers far from Ukraine. It has exacerbated global food security challenges and created a crisis around the world, and in particular in some of the world's lowest income countries. In 36 countries, food inflation is **15 percent or higher**. Overall, outside analysts estimate Russia's efforts to block Ukrainian grain exports could cause the starvation of up to **47 million people**.

In response to Russia's unprovoked aggression, the United States and a coalition of more than 30 countries have placed a set of comprehensive sanctions on the Kremlin. Financial institutions like those you represent are our indispensable partners in this effort, implementing sanctions and ensuring the global financial system lives up to our highest

commitments—that it is not a refuge for those who undermine principles like sovereignty and territorial integrity or who endanger the lives of innocent people around the world.

I'm here today to thank those who have cooperated in this effort and to underscore the need for your vigilance and proactive action in combatting Russian sanctions evasion, including in the UAE. We know that Russian banks have employed deceptive payment practices and used shell companies and other means to hide the true nature of their transactions. Financial institutions must be exceedingly cautious in handling any Russia-related businesses and in managing the risks associated with financial institutions that have exposure to the Russian financial system.

Failing to do the sufficient due diligence needed to know your customers is not a defense. In addition, non-U.S. persons may also be subject to U.S. sanctions enforcement if a transaction involves a U.S. person or has a U.S. nexus. Foreign financial institutions should also be mindful of OFAC's authority to target foreign persons for providing "material support" to a sanctioned entity. This can occur even if none of the entities touch the U.S. financial system and are located outside the U.S. This "material support" provision exists in the majority of OFAC's sanctions regulations, including those related to Russia.

Thank you again for taking the time to speak with me today, I'm looking forward to hearing what you've been seeing and the challenges you're facing. I want to know what we at Treasury can do to provide further clarity and enhance your ability to help implement these sanctions, and to work together to hold Russia accountable.

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