

## Treasury Sanctions Entities Tied to Arms Deals Between North Korea and Russia

August 16, 2023

WASHINGTON — Today, the Department of the Treasury’s Office of Foreign Assets Control (OFAC) imposed sanctions on three entities tied to a sanctions evasion network attempting to support arms deals between Russia and the Democratic People’s Republic of Korea (DPRK). The entities are **Limited Liability Company Verus** (Verus), **Defense Engineering Limited Liability Partnership** (Defense Engineering), and **Versor S.R.O.** (Versor).

This action is part of the continuing U.S. strategy to identify, expose, and disrupt third-country actors seeking to support Russia’s brutal war against Ukraine. As Russia has continued to expend munitions and lose heavy equipment on the battlefield, it has been increasingly forced to turn to its few allies, including the DPRK, to sustain its unprovoked war in Ukraine. To date, Treasury has sanctioned hundreds of individuals and entities involved in circumventing the international sanctions regime on Russia.

“The United States continues to root out illicit financial networks that seek to channel support from North Korea to Russia’s war machine,” said Under Secretary of the Treasury for Terrorism and Financial Intelligence Brian E. Nelson. “Alongside our allies and partners, we remain committed to exposing and disrupting the arms trade underpinning Putin’s brutal war in Ukraine.”

### THE ILLICIT ARMS TRADE

OFAC [designated](#) Slovakian national Ashot Mkrtychev (Mkrtychev) on March 30, 2023, for attempting to facilitate arms deals between Russia and the DPRK. Through his negotiations with DPRK and Russian officials, he organized potential plans to transfer over two dozen kinds of weapons and munitions to Russia in exchange for a range of goods, including raw materials and commodities, to the DPRK. Mkrtychev is the President of **Versor**, the founder and owner of **Verus**, and the sole director of **Defense Engineering**. Mkrtychev has coordinated with DPRK procurement officials and used Versor to conduct negotiations with companies abroad.

OFAC is designating Versor, Verus, and Defense Engineering pursuant to Executive Order (E.O.) 13551 for being owned or controlled by, or having acted or purported to act on behalf of, directly or indirectly, Mkrtychev, an individual blocked pursuant to E.O. 13551.

## SANCTIONS IMPLICATIONS

As a result of today's action all property and interests in property of the designated persons described above that are in the United States, or in the possession or control of U.S. persons, are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly, 50 percent or more by one or more blocked person are also blocked. Unless authorized by a general or specific license issued by OFAC, or exempt, OFAC's regulations generally prohibit all dealings by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons.

In addition, persons that engage in certain transactions with the individual designated today may themselves be exposed to designation. Furthermore, any foreign financial institution that knowingly facilitates a significant transaction or provides significant financial services for the individual designated today could be subject to U.S. correspondent or payable-through account sanctions.

The power and integrity of OFAC sanctions derive not only from OFAC's ability to designate and add persons to the Specially Designated Nationals and Blocked Persons (SDN) List, but also from its willingness to remove persons from the SDN List consistent with the law. The ultimate goal of sanctions is not to punish, but to bring about a positive change in behavior. For information concerning the process for seeking removal from an OFAC list, including the SDN List, please refer to OFAC's Frequently Asked Question 897 [here](#).

For detailed information on the process to submit a request for removal from an OFAC sanctions list, please click [here](#).

[Click here for more information on the entities designated today.](#)

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