

Treasury Designates Russian Companies Supporting Sanctions Evasion Through Virtual Asset Services and Technology Procurement

March 25, 2024

WASHINGTON — Today, the Department of the Treasury's Office of Foreign Assets Control (OFAC) sanctioned thirteen entities and two individuals for operating in the financial services and technology sectors of the Russian Federation economy including persons developing or offering services in virtual assets that enable the evasion of U.S. sanctions. Five entities were designated for being owned or controlled by OFAC-designated persons.

Many of the individuals and entities designated today facilitated transactions or offered other services that helped OFAC-designated entities evade sanctions. These designations build upon OFAC's February 23, 2024 action to target companies servicing Russia's core financial infrastructure and curtail Russia's use of the international financial system to further its war against Ukraine.

"Russia is increasingly turning to alternative payment mechanisms to circumvent U.S. sanctions and continue to fund its war against Ukraine," said Under Secretary of the Treasury for Terrorism and Financial Intelligence, Brian E. Nelson. "As the Kremlin seeks to leverage entities in the financial technology space, Treasury will continue to expose and disrupt the companies that seek to help sanctioned Russian financial institutions reconnect to the global financial system."

COUNTERING THE POTENTIAL FOR SANCTIONS EVASION WITH VIRTUAL ASSETS

On February 24, 2024, the G7 Leaders reaffirmed their commitment to step up efforts against the evasion and circumvention of G7 sanctions and export control measures. The companies designated by OFAC today have all either helped build or operate blockchain-based services for, or enabled virtual currency payments in, the Russian financial sector, thus enabling potential sanctions evasion.

Joint Stock Company B-Crypto (B-Crypto) is a Moscow-based fintech company that has partnered with OFAC-designated Rosbank to facilitate cross-border settlements for Russian exporters using virtual currencies. B-Crypto was designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy.

Obshchestvo S Ogranichennoy Otvetstvennostyu Sistemy Raspredeleennogo

Reyestra (Masterchain) is a Moscow-based fintech company that has agreements to issue digital financial assets, a term in Russia's legal framework that refers to blockchain-based tokens that confer digital rights, with various OFAC-designated Russian banks, including VTB Bank and the Central Bank of Russia. Masterchain was designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy.

Obshchestvo S Ogranichennoy Otvetstvennostyu Laitkhaus (Laitkhaus) is a Moscow-based fintech company that has worked with OFAC-designated Sberbank and VTB Bank to issue, exchange, and transfer digital financial assets. Laitkhaus was designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy.

Obshchestvo S Ogranichennoy Otvetstvennostyu Atomaiz (Atomaiz), a Moscow-based fintech company, is a registered digital financial asset operator that has worked to tokenize precious metals and diamonds for Russian companies and is partnered with OFAC-designated Rosbank and Sovcombank. Atomaiz was designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy.

Tokentrust Holdings Ltd., based in Cyprus, is the majority shareholder of Atomaiz and was designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy.

Obshchestvo S Ogranichennoy Otvetstvennostyu Veb3 Tekhnologii (Veb3 Tekhnologii) and **Obshchestvo S Ogranichennoy Otvetstvennostyu Veb3 Integrator** (Veb3 Integrator) are Moscow-based technology companies providing blockchain solutions and platforms within the Russian financial sectors, with clients including OFAC-designated Sberbank and Alfa-Bank. Veb3 Tekhnologii and Veb3 Integrator were designated pursuant to E.O. 14024 for operating or having operated in the technology sector of the Russian Federation economy.

Igor Veniaminovich Kaigorodov is the majority shareholder at both Veb3 Tekhnologii and Veb3 Integrator and was designated pursuant to E.O. 14024 for operating or having operated in the technology sector of the Russian federation economy.

Obshchestvo S Ogranichennoy Otvetstvennostyu Tsentri Obrabotki Elektronnykh Platezhey (TOEP), under its business names Netexchange and Netex24, is a Moscow-based fintech company that operates a virtual currency exchange which has enabled digital payments in rubles and virtual currencies to OFAC-designated entities such as Sberbank, Alfa-Bank, and Hydra Market. TOEP was designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy.

Timur Evgenyevich Bukanov (Bukanov) is the owner and director of TOEP and was designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy.

Bitfingroup OÜ (Bitfingroup) is an Estonian company that lists Bukanov as the sole owner. Bitfingroup was designated for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Bukanov.

Bitpapa IC FZC LLC (Bitpapa) operates a peer-to-peer virtual currency exchange and offers services to Russian nationals. To date, it has conducted transactions worth millions of dollars with OFAC-designated Russian entities Hydra Market and Garantex. Bitpapa was designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy.

Crypto Explorer DMCC (Crypto Explorer), under its business name AWEX, operates a Russia and UAE-based virtual currency exchange that offers conversions between virtual currencies, rubles, and UAE dirhams. AWEX offers cash services at its offices in Moscow and Dubai and also loads funds onto credit cards associated with OFAC-designated Russian banks such as Sberbank and Alfa-Bank. Crypto Explorer was designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy.

Obshchestvo S Ogranichennoy Otvetstvennostyu Kripto Eksplorer (OOO Kripto Eksplorer) is a Russian company that is solely owned by Crypto Explorer. OOO Kripto Eksplorer was designated for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Crypto Explorer.

DISRUPTING RUSSIA'S TECHNOLOGY PROCUREMENT

Joint Stock Company Echelon Technologies (Echelon Technologies) is a Moscow-based company that sells technology products and is owned by Joint Stock Company Echelon Union for Science and Technology (Echelon Union) an OFAC-designated entity licensed by the Russian Federal Security Service and the Russian Ministry of Defense. Echelon Technologies was designated pursuant to E.O. 14024 for operating or having operated in the technology sector of the Russian Federation economy.

Autonomous Non-Profit Organization of Additional Professional Education Echelon Training Center and **Limited Liability Company Key Information Systems** are Moscow-based companies that work with and share an address with OFAC-designated Echelon Union and were designated pursuant to E.O. 14024 for operating or having operated in the technology sector of the Russian Federation economy.

Limited Liability Company Echelon Innovations (Echelon Innovations), **Limited Liability Company Project Consulting Bureau Echelon** (Project Bureau Echelon), and **Limited Liability Company Cybersecurity Laboratory** (Cybersecurity Laboratory) all list Echelon Union as the sole or majority shareholder. Echelon Innovations, Project Bureau Echelon, and Cybersecurity Laboratory were designated for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Echelon Union.

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, individually or in the aggregate, 50 percent or more by one or more blocked persons are also blocked. Unless authorized by a general or specific license issued by OFAC, or exempt, OFAC's regulations generally prohibit all transactions 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, foreign financial institutions that conduct or facilitate significant transactions or provide any service involving Russia's military-industrial base run the risk of being sanctioned by OFAC. Examples of activities that could expose foreign financial institutions to sanctions risk under E.O. 14024, as amended, are maintaining accounts, transferring funds, or providing other financial services (i.e., payment processing, trade finance, insurance) for any persons designated for operating in the specified sectors or for any persons, either inside or outside

Russia, that support Russia's military-industrial base, including those that operate in the specified sectors of the Russian Federation economy. For additional guidance, please see the December 22, 2023 OFAC Sanctions Advisory as well as OFAC Frequently Asked Questions (FAQs) 1146-1157.

The power and integrity of OFAC sanctions derive not only from OFAC's ability to designate and add persons to the 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 individuals and entities designated today.](#)

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