

Treasury Targets Key Actors in Sanctions Evasion Scheme to Support Russia and North Korea



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DPRK and Russian Financial Entities Orchestrated Illicit Payment Mechanisms

WASHINGTON — Today, the Department of the Treasury's Office of Foreign Assets Control (OFAC) designated a network of five entities and one individual—based in Russia and in the Russia-occupied Georgian region of South Ossetia—that have enabled and supported ongoing efforts to establish illicit payment mechanisms between Russia and the Democratic People's Republic of Korea (DPRK). Today's action holds accountable parties that have assisted DPRK and Russian sanctions evasion and demonstrates Treasury's commitment to exposing and disrupting networks that facilitate the funding of the DPRK's unlawful weapons of mass destruction (WMD) and ballistic missile programs and support Russia's illegal war against Ukraine.

With mounting losses on the battlefield and deepening international isolation, Russia has become increasingly dependent on the DPRK for weapons procurement and economic cooperation. Today's sanctions demonstrate the Putin regime's use of illicit financial schemes to enable the DPRK to access the international banking system in violation of targeted financial sanctions required under United Nations Security Council resolution (UNSCR) 1718 and a ban on correspondent relationships with DPRK banks under UNSCR 2270.

"Today's action underscores our significant concern with efforts by Russia and the DPRK to deepen financial cooperation, in violation of UN Security Council resolutions," said Acting Under Secretary of the Treasury for Terrorism and Financial Intelligence Bradley T. Smith. "The United States remains strongly committed to leveraging all our available tools to disrupt this and other schemes intended to support Russia's war of aggression against Ukraine and enable the DPRK's illicit access to the international financial system."

This action targets illicit financial schemes orchestrated by two DPRK state-run organizations, Foreign Trade Bank (FTB) and Korea Kwangson Banking Corporation (KKBC),

both of which are designated entities on the 1718 Sanctions List. FTB is a twice U.S.-designated financial institution that serves as the DPRK's primary foreign currency exchange bank and is vital to the illicit financial networks the DPRK uses to finance its WMD and ballistic missile programs. FTB was [designated in 2013](#) for enabling transactions related to the DPRK's WMD proliferation networks and was subsequently [re-designated in 2017](#) after being identified as part of the Government of the DPRK. KKBC was previously [designated in August 2009](#), pursuant to Executive Order (E.O.) 13382 for providing financial services in support of multiple organizations that were identified as WMD proliferators. FTB and KKBC have continued to expand the DPRK's access to illicit financial networks with the assistance of the Russian Federation.

EXPANDING RUSSIA-DPRK FINANCIAL COORDINATION

In a scheme orchestrated by the Central Bank of Russia, **MRB Bank** (MRB), based in Georgia's South Ossetia region, acted as a cut-out for a [designated](#) Russian bank, **TSMRBank, OOO** (TSMRBank), to establish a secret banking relationship with the FTB. TSMRBank vice president **Dmitry Yuryevich Nikulin** (Nikulin) facilitated cash deposits from FTB through TSMRBank to MRB. Nikulin organized the opening of correspondent accounts for FTB and KKBC at MRB and coordinated with DPRK representatives to ensure the delivery of millions of dollars and rubles in banknotes to FTB and KKBC accounts at MRB. At least some of the DPRK accounts at MRB were used to pay for fuel exports from Russia to the DPRK.

As a part of a separate scheme in late 2023, the U.S.-designated **Russian Financial Corporation Bank JSC** (RFC), worked with FTB to establish a Moscow-based company, **Stroytrejd LLC** (Stroytrejd), to receive frozen DPRK funds held in defunct Russian banks. As a part of this effort to repatriate frozen assets to the DPRK, RFC-owned **Timer Bank, AO** (Timer Bank) transferred funds worth millions of dollars to Stroytrejd that were for the ultimate benefit of FTB. DPRK government officials worked with the RFC to increase high-level economic exchanges between the DPRK and Russia and to enhance financial collaboration between the two countries. FTB has also worked with RFC toward opening accounts for other DPRK banks, including U.S.-designated, DPRK-based [Agricultural Development Bank](#).

OFAC is designating MRB, RFC, Stroytrejd and TSMRBank pursuant to E.O. 13722 for having attempted to materially assist, sponsor, or provide financial, material, or technological support for, or goods or services to or in support of, the Government of North Korea and

pursuant to E.O. 14024, as amended, for operating or having operated in the financial services sector of the Russian Federation economy.

OFAC is designating Timer Bank pursuant to both E.O. 13722 and E.O. 14024, as amended, for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, RFC.

OFAC is designating Nikulin pursuant to E.O. 13722 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, the Government of North Korea and pursuant to E.O. 14024, as amended, for being or having been a leader, official, senior executive officer, or member of the board of directors of TSMRBank.

Today, OFAC is also publishing updated identifiers for the DPRK's KKBC, including DPRK Border Trade Settlement Bank, Border Trade Settlement Bank, and BTSB. KKBC uses these aliases to operate in Russia.

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, financial institutions and other persons that engage in certain transactions or activities with the sanctioned entities and individuals may expose themselves to sanctions or be subject to an enforcement action. The prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any designated person, or the receipt of any contribution or provision of funds, goods, or services from any such person.

Non-U.S. persons are also prohibited from causing or conspiring to cause U.S. persons to violate U.S. sanctions, wittingly or unwittingly, as well as engage in conduct that evades U.S. sanctions. OFAC's [Economic Sanctions Enforcement Guidelines](#) provide more information

regarding OFAC's enforcement of U.S. sanctions, including the factors that OFAC generally considers when determining an appropriate response to an apparent violation.

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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