

The background of the image is a dark red gradient. It is filled with numerous stacks of US dollar bills, primarily \$100 bills, which appear to be falling from the top. The stacks are rendered in a semi-transparent, faded style, creating a sense of motion and abundance. On the right side of the image, there is a vertical strip of black background, where the stacks of dollar bills are shown in their original, vibrant colors, appearing to fall into the red area from the right.

UNITED KINGDOM

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Before leaving the EU, the UK had been one of the most active EU Member States in proposing and enforcing sanctions designations. In recent years, the UK has adopted new legislation, increased resources for authorities enforcing sanctions, established a new authority to combat kleptocracy, and has specifically targeted the assets of sanctioned corrupt elites. However, little information about the outcomes of UK's heightened efforts have been made public so far and the extent to which the origins of sanctioned assets are investigated for potential criminality is unclear.

Legislative and institutional framework

Over the past two years, the UK has adopted a series of new laws and policies in order to strengthen its sanctions regime and to help overcome challenges that the UK has faced in the past when attempting to confiscate the proceeds of financial crime originating in foreign jurisdictions. Amongst the changes brought forward include the Economic Crime (Transparency and Enforcement) Bill 2022, establishing a new Register of Overseas Entities, which requires the identification of owners behind foreign companies which own UK property. It also includes reforms to Unexplained Wealth Orders (UWOs). These new laws however do not specifically call on or encourage law enforcement authorities to investigate the origins of sanctioned assets.¹⁴³

At the same time, the government established a new entity aimed at targeting "sanctions evasion and corrupt Russian assets hidden in the UK."¹⁴⁴ The Combatting Kleptocracy Cell, housed within the National Crime Agency, is a multi-disciplinary body combining the intelligence and operational expertise of

both law enforcement and government. While it was launched in reaction to Russia's invasion of Ukraine, its focus going forward should be on corrupt elites and their enablers in general.¹⁴⁵

Further strengthening of institutions fighting financial crime was announced a year later, in March 2023, which included new methods of engagement with the private sector, the general public and law enforcement agencies themselves, and the hiring of 475 new financial crime investigators "spread across intelligence, enforcement and asset recovery at key agencies."¹⁴⁶ The UK also expanded the Combatting Kleptocracy Cell, increased the NCA's budget and announced the investment of GBP 100 million (approx. EUR 120 million) in new technology and data analytics software to support the efforts of law enforcement.

Financial sanctions are implemented and enforced in the UK by the Office of Financial Sanctions Implementation (OFSI)¹⁴⁷ who can impose civil penalties of up to GBP 1 million (approx. EUR 1.2 million) or 50% of the value of the funds linked to the offence, whichever is greater. The most serious evasion cases can be referred by OFSI to the National Criminal Agency (NCA) for criminal investigation, which can then refer cases to the Crown Prosecution Service for prosecution. The primary legislation governing OFSI's operations is the Sanctions and Anti-Money Laundering Act 2018 (SAMLA).¹⁴⁸

The NCA has powers and a range of tools available via the Proceeds of Crime Act 2002 (POCA) to pursue the permanent confiscation of criminal assets through criminal and civil recovery proceedings. In line with the experience of other



jurisdictions, civil recovery is likely the preferred and more feasible way to recover assets of foreign corrupt officials. Nevertheless, even though UK authorities can use a range of tools to facilitate confiscation, including UWOs, challenges in their application have heightened interest in further legislative improvements.¹⁴⁹

Investigations into assets linked to sanctioned individuals

In 2023, the UK reported that it had frozen more than GBP 18 billion (approx.. EUR 20 billion) in Russian private assets,¹⁵⁰ one billion less than that frozen in all EU Member States together. While the Combating Kleptocracy Cell is mandated to targeting the assets of corrupt elites and their networks in general, the action of the Cell so far has focused on sanctions compliance. Following suspicions of evasion linked to sanctioned properties, the Cell has raided several houses of sanctioned individuals, gathered additional evidence, and secured further assets belonging to them.¹⁵¹

The NCA's Cell is reported to have secured nearly 100 disruptions, meaning "actions that demonstrably remove or reduce a criminal threat – against Putin-linked elites and their enablers".¹⁵² Examples of disruptions include Account Freezing Orders (AFOs), investigations and "discreet action", as well as targeting pathways to hide possible unexplained or undeclared wealth. Based on the available information about the nature of these disruptions, it has been estimated that they include around 10 account freezing orders.¹⁵³

It is unclear how many cases of criminal charges for evasion of financial sanctions have been initiated by the NCA, as it has declined to openly publish this information.¹⁵⁴ Media accounts described and followed the investigations of Petr Aven and Mikhail Fridman, which have

been partially rolled back against Aven and completely dropped against Fridman.¹⁵⁵ Beyond these sanctions evasion cases, there has been no information about any current prosecution case or confiscation proceedings linked to sanctioned individual's illegal wealth in general.

While the UK has been the leader when it comes to pursuing financial crime and enforcing sanctions in Europe, these efforts still cannot compare to the magnitude of the challenge in the country, given the size of its financial system. While the UK opened the newly resourced and staffed Kleptocracy Cell, announced new investments, and expanded OFSI staff numbers from 40 to more than 140, the amount of routine work that might keep the regulators away from focusing on the big cases increased dramatically. For example, the number of licence applications related to Russian sanctions that OFSI received before the war was 11, while in the following year it increased to 1,000 requests.¹⁵⁶