

Locke Lord QuickStudy: OFAC Takes Action Against Russian Political Disinformation and New Sanctions Evasion Tactics

Locke Lord LLP

WRITTEN BY

Ryan Last

Russian Political Disinformation Efforts

On September 4, 2024, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") designated 10 individuals and two entities as specially designated nationals and blocked persons ("SDNs") pursuant to Executive Order 14024 for their part of a coordinated effort with the Russian government to malignly influence the 2024 U.S. presidential election. OFAC contends that Russian state-sponsored actors have long used a variety of tools, such as generative artificial intelligence (AI) deep fakes and disinformation, to undermine confidence in the United States' election processes and institutions. Beginning in early 2024, executives at RT—Russia's state-funded news media outlet—began an even more nefarious effort to covertly recruit unwitting American influencers in support of their malign influence campaign. RT used a U.S. front company to disguise its involvement and the involvement of the Russian government in content meant to influence U.S. audiences.

RT, formerly Russia Today, is a Russian state-funded news outlet that began broadcasting internationally in 2005. In 2017, RT registered as an agent of a foreign government in the United States. Beginning in early 2024, RT executives began an effort to covertly recruit unwitting American influencers. RT used a front company to disguise its own involvement or the involvement of the Russian government.

The September 4, 2024 OFAC designations complement law enforcement actions taken by the U.S. Department of Justice and the U.S. Department of State's designation of the Rossiya Segodnya media group and five of its subsidiaries, RIA Novosti, RT, TV-Novosti, Ruptly, and Sputnik. The related Departments have taken action to impose visa restrictions on certain of the designated entities' executives and have issued a Rewards for Justice (RFJ) offer of up to US\$10 million relating to information pertaining to foreign interference in a U.S. election.

Russian Attempts to Evade Sanctions Using New Overseas Branches and Subsidiaries

On September 4, 2024, OFAC published an OFAC Alert to warn foreign jurisdictions and global financial institutions including financial institutions and insurance companies to be alert to Russia's attempts to evade sanctions by opening new overseas branches and subsidiaries of Russian financial institutions and SDNs.

OFAC has seen a significant uptick of Russian financial institutions' establishment of new overseas branches and subsidiaries to further Russia's efforts to evade U.S. sanctions and facilitate Russia's quest for hard currencies.

Russia is increasingly using third countries to assist it to evade sanctions and continue procurement of currencies and materials to support its military-industrial base. Particular attention should be given to attempts to open or maintain financial accounts, transfer funds, or requests for other financial services such as payment processing, trade finance, and insurance. There are significant sanctions risks associated with facilitating Russia's efforts to evade sanctions and abuse of the global financial system to fund its military industrial base that can lead to substantial penalties.

Conclusion

This paper is intended as a guide only and is not a substitute for specific legal or tax advice. Please reach out to the authors for any specific questions. We expect to continue to monitor the topics addressed in this paper and provide future client updates when useful.

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