

## FOLLOWING THE FUNDS: FINCEN PUBLISHES FINANCIAL TREND ANALYSIS REGARDING RUSSIAN OLIGARCHS

Just prior to the end of the 2022 calendar year, the U.S. Department of Treasury Financial Crimes Enforcement Network ("**FinCEN**") published its "[Financial Trend Analysis, Trends in Bank Secrecy Data: Financial Activity by Russian Oligarchs in 2022](#)." While the publications content should not come as particularly surprising, it lends itself to a few key takeaways:

- FinCEN is reviewing and analysing the Bank Secrecy Act (BSA) reports its receiving and it is receiving a lot of them as they relate to Russia and Russian oligarchs and high-ranking officials. When FinCEN issued a similar analysis for ransomware reports (and covering a similar period of time), they reference approximately 1,000 reports. This analysis references approximately 7,000 reports relating to Russia, and discusses FinCEN's further analysis of 454 reports specifically referencing Russian oligarchs, high-ranking officials, and sanctioned entities.
- In terms of geography, FinCEN notes that funds are being transferred to individuals, shell companies, and for real estate purchases in several jurisdictions, but most frequently Cyprus, Turkey, and the UAE.
- The transfers seem to most often involve family members (and ex family members), meaning that identifying relatives of higher risk clients, even where those relatives have not been formally designated may be important to managing the risks arising from the flow of potentially illegal funds.
- As FinCEN had previously cautioned, and which the trend analysis supports, funds are being used for the purchase of luxury goods and real estate. Financial institutions are reminded to pay particular attention to transactions involving real estate companies, luxury good merchants, and auction houses. See [FinCEN's March 2022 Alert on Real Estate, Luxury Goods, and Other High Value Assets Involving Russian Elites, Oligarchs, and their Family Members](#).
- The report notes that of the reports FinCEN reviewed concerning Russian oligarchs, high-ranking officials, and sanctioned entities, roughly one third did not include in Field 2 of the suspicious activity report reference to the specific FinCEN alerts issued starting in March 2022. FinCEN may

separately reiterate the importance of filing institutions using Field 2 to call attention to their reports relating to Russia.

FinCEN continues to encourage financial institutions to be diligent in identifying and reporting suspicious activity. As the war continues, efforts by sanctions targets to evade the sanctions to access the US financial system to move funds will continue to increase and US financial institutions should ensure their transaction monitoring systems are up to date to manage these risks.

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