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UK TARGETED SANCTIONS QUARTERLY UPDATE

6 November 2024

REDRESS

This update provides an overview of recent developments in the UK’s use of targeted sanctions regimes as of 6 November 2024.¹ Our most recent updates from January 2024 and May 2024 can be found [here](#) and [here](#).

SUMMARY OF RECENT SANCTIONS DEVELOPMENTS

Between 9 May 2024 and 6 November 2024, the UK used its targeted sanctions regimes to respond to the invasion of Ukraine and the conflict in Israel-Gaza. Also, the UK’s National Crime Agency (“NCA”) secured, by way of consent order, the forfeiture of sanctioned funds alleged to be held for the benefit of Russian individual, Petr Aven, the first recovery of its kind in the UK. In total, since 9 May 2024, the UK has announced 18 targeted sanctions packages, sanctioning 76 entities, 50 individuals and 59 ships.

- **UK GENERAL ELECTION & LABOUR GOVERNMENT’S SANCTIONS PRIORITIES.** In the run-up to the Labour Party’s General Election [victory](#) on 4 July 2024, now-Foreign Secretary David Lammy stated that, “fighting kleptocracy will be a focus of the next Labour Foreign Office”. Since its victory, the new Government has used sanctions as part of its [efforts](#) to “degrade Russia’s war machine” and [respond](#) to the conflict in Israel-Gaza.

¹ ‘Targeted sanctions regimes’ include Global Human Rights Sanctions (GHRS), which address human rights abuses, Global Anti-Corruption Sanctions (GACS), which target corruption anywhere in the world (together known as ‘Magnitsky sanctions’), as well as country-specific sanctions regimes which are used to address specific issues (such as human rights or rule of law issues) in relevant countries. Targeted sanctions can be used against individual persons, ships and entities.

- **TARGETING PUTIN'S 'SHADOW FLEET'.** On 31 July 2024, the UK Government brought into force new powers to sanction individual ships belonging to Putin's 'Shadow Fleet' - around 600 tankers used to circumvent sanctions on Russian oil. Since those regulations came into force, 59 tankers have been sanctioned.
- **SUSPENDING WEAPONS TRANSFERS TO ISRAEL.** Following mounting pressure from civil society organisations ("CSOs"), on 2 September 2024, the UK announced the immediate suspension of around 30 Israeli export licences for items used in the current conflict in Israel-Gaza, due to concerns around Israel's compliance with International Humanitarian Law. This was coupled with three rounds of sanctions on 2 September, 10 September and 14 October, targeting a total of 13 Iranian individuals and 7 entities, for allegedly supporting armed groups seeking to de-stabilise Israel, and developing ballistic missiles for attacks.
- **CRACKING DOWN ON RUSSIAN PROXIES.** On 13 June 2024, the UK added two entities, Diamville and Wood International Group Sarlu, to the UK's Central African Republic ("**CAR**") sanctions regime. Both entities were designated because of their alleged association with the Wagner Group, a Russian private military group and proscribed terrorist organisation. 16 members of Russian cyber-crime gang Evil Corp were also sanctioned on 1 October 2024, followed by six sanctions targeting Russian disinformation networks on 28 October 2024.
- **MAINTAINING PRESSURE ON BELARUS.** Marking the fourth anniversary of the widely disputed presidential elections in Belarus, on 9 August 2024, the UK designated seven individuals and entities in coordinated action with the US and Canada. The four individuals targeted are commanding officers of Belarusian penal colonies where political prisoners have allegedly been subjected to torture. In addition, three Belarusian entities were sanctioned for their role in producing goods for military use. Also, on 3 October 2024, CJSC Alfa Bank Belarus, a subsidiary of Russia's largest private bank, was subjected to an asset freeze by the UK for its links to the Belarusian Government.
- **HOLDING ISRAELI WEST BANK SETTLEMENTS TO ACCOUNT.** On 15 October 2024, the UK Government announced sanctions on three Israeli settler outposts, and four Israeli organisations, in the West Bank, for links to activities amounting to cruel, inhuman or degrading treatment or punishment of Palestinians.
- **APPLYING PRESSURE TO MYANMAR SECURITY FORCES.** On 29 October 2024, the UK sanctioned six entities, for activities such as illicit transfers of aviation fuel to the Myanmar Security Forces, as well as the supply of restricted goods.
- **TARGETING SOMALIAN REBEL GROUPS.** On 22 May 2024, the UK sanctioned three individuals responsible for supporting Al-Shabaab, a proscribed terrorist organisation, and engaging in acts that threaten the peace and security of Somalia under the Somalia Sanctions regulations pursuant to UN Sanctions Designations.
- **ENFORCING SANCTIONS BREACHES.** The UK took several actions to enforce its sanctions regime. Among them, the NCA secured the first forfeiture of £783,827 in frozen funds held for the benefit of Russian sanctioned oligarch, Petr Aven. The UK Government is yet to confirm what it will do with the recovered funds.

- **LEGAL CHALLENGES TO SANCTION DESIGNATIONS.** On 14 May 2024, the UK Supreme Court granted permission to Eugene Shvidler to appeal against the UK Court of Appeal judgment upholding sanction against him.

KEY POLITICAL DEVELOPMENTS

On 4 July 2024, the Labour Party won the UK General Election. In the run up to the election, Labour promised a crackdown on sanctions evasion and ‘dirty money’ in the UK, with a, “fresh approach based on action, enforcement and a crackdown on the enablers”. As part of this effort, Labour presented a six-point plan to tackle ill-gotten gains, which includes taking a global leadership role on tackling enablers of kleptocracy by ensuring the UK’s sanctions regime targets enablers, and launching a new whistleblower reward scheme.

Since the new Government came into power, 36 entities, 39 individuals and 59 ships have been added to the UK sanctions list. Most of these designations have focused on disrupting weapons transfer networks in the context of Israel-Gaza, and illicit Russian state revenues in the context of the ongoing invasion of Ukraine. They have also been accompanied by public commitments from the new Government to strengthen the enforcement of its sanctions. For example:

- During a statement to the House of Commons about the Middle East on 2 September 2024, the UK Foreign Secretary David Lammy MP remarked, “we will continue to work hand in glove with our international partners to stand up to Iranian aggression and malign activity wherever it is found, and we continue to hold Iran to account, including through extensive sanctions.”
- During an urgent question on the situation in Ukraine, Minister of State for Development, Anneliese Dodds MP stated, “this Government are absolutely committed to ensuring that there is no sanction dodging and that we have an effective sanctions regime, which is critical to ensuring that Putin’s illegal war does not succeed.”
- On 9 September 2024, Parliamentary Under-Secretary of State for the Middle East, Afghanistan and Pakistan Hamish Falconer MP, during a debate on amendments to the Syria (Sanctions) (EU Exit) (Amendment) (No. 2) Regulations 2024, (SI, 2024, No. 833), stated that, “UK sanctions on Syria continue to send a clear message to the regime and its supporters: we will not stand by while they commit serious human rights abuses....The regulations ensure that the sanctions will not hinder humanitarian aid efforts”.
- On 9 September 2024, during a debate of amendments to the Russia (Sanctions) (EU Exit) (Amendment) (No. 3) Regulations 2024, (SI, 2024, No. 834), Parliamentary Under-Secretary of State for the Middle East, Afghanistan and Pakistan Hamish Falconer MP described sanctions as, “a critical tool to weaken Russia’s ability to attack Ukraine”.
- On 23 October 2024, in a debate concerning the Iran (Sanctions) (Amendment) Regulations 2024 (SI, 2024, No. 944), Minister of State, Foreign, Commonwealth and Development Office, Stephen Doughty MP stated that, “The proper implementation and enforcement of UK sanctions is critical to maximising their impact, and this Government are committed to improving the UK’s track record on sanctions enforcement.”

KEY HUMAN RIGHTS AND ANTI-CORRUPTION SANCTIONS DESIGNATIONS

Of the 185 designations made since 9 May 2024, the vast majority are associated with either the conflicts in Ukraine or Israel-Gaza, underscoring the UK Government's efforts, alongside allies, to disrupt Russia's attempts to bolster its future energy revenues to fund its war in Ukraine, and to prevent an escalation of the situation in the Middle-East. The welcome trend towards multilateralisation in sanctions has continued: the UK has coordinated with international partners, most commonly the US, France, Germany, Australia, and Canada, in at least four sanctions packages since 9 May.

- **TARGETING PUTIN'S 'SHADOW FLEET' AND WEAPONS SUPPLIERS:** In the last quarter the UK has moved to tackle the circumvention of the price cap on oil set by the 'Price Cap Coalition' of the G7, EU and Australia in September 2022. The price cap mandates that any third countries receiving oil from Russia must cap their buying price at \$60 per barrel. Any non-compliant countries will be barred from shipping services, such as insurance through UK's Lloyd's of London.

Since the introduction of the price cap, Russia has consistently sought to circumvent the price cap by exporting increasing amounts of its oil through its so-called 'Shadow Fleet' of around 600 tankers. Commonly, these are only 2-3 year away from scrappage, with unclear ownership structures, and have previously been used in similar circumstances transporting Venezuelan or Iranian oil. These tankers also pose an environmental risk, given their age and lack of regulation. Politico recently reported a 23 kilometer oil slick off the north coast of Scotland, caused by one such vessel on its way from Russia to a refinery in India.

The UK initially responded to the 'Shadow Fleet' on 6 December 2023 with financial sanctions against four Emirati shipping companies linked to 82 tankers trading Russian oil. In addition, on 17 May 2024, the UK, in coordination with the US and Australia, announced sanctions targeting the Russia-North Korea 'arms-for-oil' trade, sanctioning two North Korean shipping companies.

As a further step, since 24 May 2024, the Government has used new powers providing for shipping sanctions in its Russia sanctions regime, which prohibit designated ships from entering a port in the UK and interacting with any UK based shipping services, for example shipping insurance through Lloyd's of London.

Since those powers came into force, 59 ships have been sanctioned in coordination with international partners. For example, on 13 June 2024, as part of a sanctions package coordinated with G7 partners to "degrade Putin's war machine", the UK announced six sanctions against "ships in Putin's shadow fleet, institutions at the heart of Russia's financial system, and suppliers supporting Russia's military production".. Following up on this action, the UK announced sanctions on 11 ships on 18 July, five ships on 10 September 2024, 10 on 11 September 2024, five on the 26 September, and 22 on 17 October.

The UK Government has also used its sanctions regime to target weapons transfers from Iran to Russia. On 10 September 2024, the UK Government took action against Iranian and Russian entities and individuals involved in the transfer of ballistic missiles from Iran to Russia for use in Ukraine. In announcing sanctions, UK Foreign Secretary David Lammy MP stated that, "Iran supplying Russia with ballistic missiles to fuel its illegal invasion of Ukraine is a significant and dangerous escalation." Accompanying the sanctions, the UK issued a joined statement with France and Germany condemning

transfer of ballistic missiles to Russia and announcing that the Governments would work towards imposing sanctions on Iran Air, Iran's national airline. The sanctions were imposed in coordination with similar measures in the US.

- **SUSPENDED EXPORT LICENCES FOR ARMS, AND SANCTIONS DESIGNATIONS TARGETING IRANIAN ARMS TRANSFERS, IN THE CONTEXT OF ISRAEL-GAZA:** In an unprecedented step, on 2 September 2024, the UK announced the immediate suspension of around 30 export licences for items used in the current conflict in Gaza. These actions came amidst long term pressure from CSOs and credible reports of weapons being used in the commission of what could potentially amount to international crimes. In January 2024, a coalition of around 250 humanitarian and human rights organisations wrote to all UN Member States requesting a halt to weapons transfers, citing the risk of violations of international humanitarian law.

In the announcement, UK Foreign Secretary David Lammy MP confirmed that, “there exists a clear risk that certain items, if exported, might be used to commit or facilitate a serious violation of International Humanitarian Law”. According to the Government, factors key to the decision included that Israel had not fulfilled its duty as an occupying power to facilitate supplies essential for the survival of the population of Gaza, and that there had been credible claims of the mistreatment of detainees.

In the same press release, the UK also announced sanctions on three Iranian individuals and one Iranian entity within the Islamic Revolutionary Guard Corps (“**IRGC**”) Quds Force and an IRGC unit, “for threatening the stability of the Middle East”. Specifically, those targeted include Hamid Fazeli, the former head of Iran's Space Organisation and reportedly head of Unit 340 of the IRGC's Quds Force and Behnam Shahriyari, a senior IRGC official, who has been sanctioned and charged by the US with facilitating a multi-billion dollar oil laundering network on behalf of the Iranian state, to circumvent sanctions on oil and finance the IRGC's proxies in the region. Iran reportedly summoned the British chargé d'affaires in response to these designations, which reflect UK attempts to prevent weapons and finances flowing to Iranian proxies in the region.

On 14 October 2024, the UK sanctioned seven individuals and two entities following Iran's attack on Israel on 1 October 2024, targeting senior figures in the Islamic Republic of Iran Army, Iran's Air Force and organisations linked to Iran's ballistic and cruise missile development. The package also designates Farzanegan Propulsion Systems Design Bureau (“**FPSDB**”), which designs and manufactures parts that can be used in cruise missiles, as well as the Iranian Space Agency, which develops technologies that have applications in ballistic missile development. The designations followed a joint statement by the G7 on 3 October 2023, condemning Iran's missile attack on Israel and calling on all parties to engage constructively to de-escalate the current conflict.

- **CRACKING DOWN ON RUSSIAN PROXIES:** During the reporting period the UK Government has further used its sanctions regimes to counter Russia's destabilising activities in Africa. Thus, on 13 June 2024, the UK added two entities, Diamville SAU and Wood International Group Sarlu (“**Wood Group**”), to its CAR sanctions regime for their associations with the Wagner Group – a Russian private military group and proscribed terrorist organisation, which has been involved in violations of international humanitarian law in the CAR, including the deliberate targeting of civilians.

Wood Group is a timber company which reportedly received a natural resource concession from the CAR Government in exchange for services the Wagner Group provided in CAR. Diamville SAU is a gold

and diamond purchasing company which was controlled by former Wagner leader Yevgeny Prigozhin before his death. Diamville SAU is reportedly involved in a business network that moves gold and diamonds out of the CAR to other countries – often in the Middle East – where they are converted to cash and funneled to Russia. Diamond mining is part of Russia’s strategy to extract valuable resources from African countries, often in exchange for providing military aid. This designation mirrors the earlier US designation of Wood Group in March 2024 and Diamville SAU in June 2023.

On 1 October 2024, the UK, alongside the US and Australia, sanctioned 16 individuals believed to be members of Evil Corp, a cyber-crime gang originating from Russia. According to a report published by the UK’s NCA in October 2024, the Evil Corp maintain close links to the Russian State and have been tasked by Russian Intelligence Services to conduct cyber-attacks and espionage operations against NATO allies. This was followed by six sanctions targeting Russian disinformation networks on 28 October 2024.

- **MAINTAINED PRESSURE ON BELARUS:** Marking the fourth anniversary of the widely disputed elections in Belarus, on 9 August 2024, the UK designated four individuals and three entities in response to Belarus’ ongoing repression of civil society and widespread politically motivated arrests, in coordination with the US, EU, and Canada. Those targeted include commanding officers of four Belarusian penal colonies, in which political detainees and activists are illegally detained and allegedly subjected to torture. The three sanctioned entities include two machine tool manufacturers who have exported foods to Russia for use in the Russian military industrial sector, and one business affiliated with the Belarusian Government which had done business in the defence sector. Together with the designations, the UK Government also announced £2.5 million of planned funding to support the survival of Belarussian human rights and civil society causes in the face of continued political pressure.

KEY SANCTIONS ENFORCEMENT DEVELOPMENTS

In the last quarter, the UK has taken four significant steps to strengthen the UK’s enforcement of its sanctions regime. The Government secured the first forfeiture of sanctioned funds, removed a director of a company for sanctions evasion, censured due diligence failures at a bank, and launched the Office for Trade Sanctions Implementation.

- **CIVIL FORFEITURE OF RUSSIAN FROZEN FUNDS:** On 29 July 2024, the NCA announced that it had recovered £783,827 believed to be held for the benefit of Russian sanctioned oligarch Petr Aven, pursuant to the Proceeds of Crime Act 2002 (“**POCA**”), to end proceedings over alleged sanctions breaches. Aven was sanctioned by the UK Government in March 2022 for allegedly supporting the Government of Russia as a Director of Alfa-Bank (Russia) and having close ties with Vladimir Putin. According to the NCA, the funds subject to the investigation were transferred into a UK bank account said to be controlled by Aven’s assistant, Stephen Gater, from an Austrian account belonging to Aven – only hours before Aven was publicly announced as being under EU sanctions and two weeks before he was added to the UK sanctions list. Given the timing of the transactions, the NCA suspected that their purpose was to disguise the fact that Aven was the ultimate owner of the funds to circumvent anticipated UK sanctions.

This marks the first time that the NCA has secured the forfeiture of sanctioned funds pursuant to POCA. REDRESS has called on the UK Government to use its discretion to re-direct the money recovered from Aven to support survivors of the conflict in Ukraine. In doing so, the Home Office and

the NCA could emulate the approach already taken by the US Government. For example, in May 2023, US Attorney General Merrick Garland authorized the transfer of \$5.4 million judicially forfeited from a US bank account to provide assistance to Ukraine. The funds seized were traceable to violations of US sanctions by Russian oligarch Konstantin Malofeyev. Given the discretion afforded to UK agencies as to the distribution of funds received, they could, similarly, re-direct their portion of the Aven funds received to support survivors in Ukraine.

- **INTERIM DIRECTOR REMOVAL:** On 5 July 2024, in Garofalo v Crisp & Ors, the UK High Court ordered the interim removal of David Crisp as director of multiple companies that exported perfume to Russia in violation of sanctions, pending a full trial. In ordering Crisp’s removal, the Court found that “there is a strong prima facie case that Mr Crisp traded with Russia knowing that this was in breach of Regulations” and, therefore, that there is a “a strong prima facie evidential basis for the allegations that Mr Crisp was in breach of the Relationship Agreement, his fiduciary duties, the Russia Agreement, and his statutory duties as a director and that it was unfair.” According to Her Majesty’s Revenue & Customs (“**HMRC**”), a criminal investigation remains ongoing.
- **DUE DILIGENCE FAILURES CENSURED:** The UK’s Financial Conduct Authority (“**FCA**”) has fined Starling Bank Limited £28,959,426 for financial crime failings related to its financial sanctions screening process. In January 2023, the Bank became aware that its automated screening system had, since 2017, only been screening customers against a fraction of the full list of those subject to financial sanctions. A subsequent internal review identified systemic issues in its financial sanction’s framework. The FCA claims that the Bank left the financial system wide open to criminals and those subject to financial sanctions. The Bank is said to have opened 54,000 accounts for 49,000 high- and higher-risk customers after it had agreed in 2021 to accept no business of that kind until it had got its financial controls up to scratch. All financial penalties collected by the FCA are surrendered to the Consolidated Fund, the Government’s general bank account at the Bank of England.
- **OFFICE OF TRADE SANCTIONS IMPLEMENTATION LAUNCH:** On 10 October 2024, the Department for Business and Trade launched the Office of Trade Sanctions Implementation (“**OTSI**”). Its powers are set out in The Trade, Aircraft and Shipping Sanctions (Civil Enforcement) Regulations 2024 (“**TASS**”), which were introduced on 12 September 2024. According to TASS, OTSI will be responsible for monitoring and enforcing compliance with trade sanctions. Specifically, OTSI will investigate potential breaches, issue monetary penalties, and refer cases to HMRC for criminal enforcement, when necessary. OTSI will also have the power to compel the disclosure of information from a person, where it believes the person subject to the request may be able to provide it. The introduction of OTSI comes amidst ongoing concerns that trade sanctions are being circumvented, such as reports of UK luxury cars being sold in Russia.

RECENT SANCTIONS CHALLENGES

On 14 May 2024, the UK Supreme Court granted permission to Eugene Shvidler, described as a Russian-born billionaire metals tycoon and associate of former Chelsea FC owner Roman Abramovich, to appeal against the UK Court of Appeal judgment upholding sanctions against him. As reported in the May 2024 Quarterly Update, on 27 February 2024, the UK Court of Appeal dismissed Eugene Shvidler’s appeal of the Administrative Court’s dismissal of his designation challenge, stating that “...sanctions often have to be severe and open-ended if they are to be effective.” Shvidler’s lawyer previously indicated that they will argue that the Court of Appeal’s decision makes it “virtually impossible” for anyone to challenge their designation.