

**Congress of the United States**  
**Washington, DC 20515**

June 16, 2022

Antony Blinken  
Secretary of State  
United States Department of State  
Washington, DC 20520

Janet Yellen  
Secretary of Treasury  
United States Department of the Treasury  
Washington, DC 20220

Dear Secretaries Blinken and Yellen,

We write you concerning the various “safe-havens” Russian sanctioned oligarchs have found for their ill-gotten gains following the Russian invasion of Ukraine in countries that have strong partnerships with the U.S., despite a concerted effort by U.S. authorities to freeze those assets worldwide. While we are pleased to see the creation of the transatlantic “Kleptocapture” task force to better enforce the sweeping sanctions imposed on Russian oligarchs, we are concerned that “safe-haven” jurisdictions enable Russian kleptocrats to evade these efforts and hold onto the wealth that has helped decimate Ukraine and buttress Russian President Vladimir Putin’s government.

**As the United States and other Western countries continue to increase the freezing and seizure of oligarch assets, some U.S. partners provide avenues for oligarchs to protect their wealth and launder it through global financial systems.** We understand that many countries have existing security relationships with Russia, including close U.S. partners. We believe the U.S. should work with these partners to mitigate their concerns to ensure that efforts to cut off oligarchs from the global financial system do not undermine our partners’ security.

Realtors in the Middle East and elsewhere have reported surges in inquiries and purchases by Russian billionaires following the invasion of Ukraine.<sup>i</sup> Russian kleptocrats also park<sup>ii</sup> their luxury yachts and private planes in these safe haven jurisdictions, to avoid potential seizures.<sup>iii</sup> Oligarchs even take advantage of “golden visa” programs throughout the world to gain long-term residency status in exchange of investment in the local economy, a mechanism Russian oligarchs on the run have abused. In recent years, we have seen countries like the United Kingdom, Cyprus, and Bulgaria eliminate or rollback their “golden visa” schemes to eliminate “pay for citizenship” pathways for Russian oligarchs and the U.S. should work with partners to eliminate similar programs elsewhere.

The sale of diamonds, gold, and other precious stones and metals are another way oligarchs can launder money and move wealth across borders, many times through the same safe haven jurisdictions. While primary sanctions were imposed on Russian gold, the illicit gold trade facilitated by third countries allow Russian companies owned by sanctioned oligarchs to evade primary sanctions. According to a recent report, Russia has sold most of the illicit gold it mines in Middle Eastern and South Asian markets, providing yet another avenue for the oligarchs who own the mining companies to find profits in U.S. partner countries.<sup>iv</sup> Making matters worse, the Wagner group, a Russian mercenary outfit with close ties to Putin-aligned oligarchs that are complicit<sup>v</sup> in human rights violations, work with some African governments in exchange for control over precious natural resources in lieu of cash.<sup>vi</sup> This bargain provides greater access to gold and diamonds for their own money laundering amid an ever-tightening sanctions environment.

Despite two rounds of U.S. sanctions on Alrosa, a partially Russian government-owned diamond mining company that controls 28% of the global rough diamond trade, Middle Eastern and South Asian diamond

importers continue to purchase Russian rough diamonds from the company.<sup>vii</sup> After receiving rough diamonds, they are often traded multiple times and polished in these third countries and then resold as the third country's product. This lack of traceability in the industry has created an enforcement challenge that could transform the diamond trade into a channel for bypassing US, UK, and EU sanctions.

**We applaud the administration for moving swiftly to sanction these oligarchs and their business interests, but there are major loopholes in our ability to freeze these assets and are concerned our partners are aiding the oligarchs' abilities to hide their wealth.** Below are actions the administration should consider to close these loopholes and signal to our allies that we cannot tolerate the enablement of Putin's cronies:

- Mandate the Financial Crimes Enforcement Network (FinCEN) to publish an advisory urging financial institutions to exercise heightened due diligence on financial flows to/from jurisdictions that reportedly help sanctioned Russian oligarchs launder their ill-gotten gains through international financial systems, including a focus on, but not limited to the precious metal and real estate sectors, and any other assets that the uber-rich use to hide their wealth.
- Exert pressure in the Kimberley Process, an international consortium of governments to remove "blood diamonds" from the market by suspending trading of Russian diamonds and employ bilateral pressure on jurisdictions that help launder Russian rough diamonds. Work with industry to accelerate traceability mechanisms and consider an Executive order prohibiting the dealing in any polished diamonds of Russian origin.
- Publish as complete a list as possible of sanctioned Russian oligarchs' assets, including shell companies, trusts, family funds, hedge funds, and other assets. Without this, real estate agents, financiers, lawyers, companies, banks and other parties in safe havens have plausible deniability to continue facilitating transactions with sanctioned oligarchs.
- Work with allies and partners to phase-out and ultimately remove "golden visa" programs.
- Consider the imposition of secondary sanctions on individuals or entities facilitating significant transactions on behalf of Russian sanctioned persons (SDN's), including oligarchs.

We look forward to working with you to address these issues.

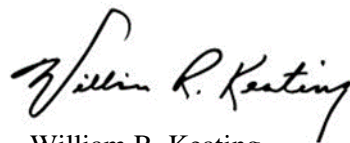
Respectfully,



Tom Malinowski  
Member of Congress



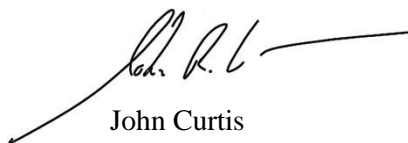
Adam Kinzinger  
Member of Congress



William R. Keating  
Member of Congress



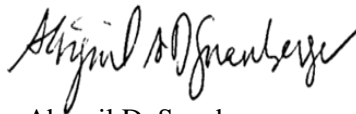
Brian Fitzpatrick  
Member of Congress



John Curtis  
Member of Congress



Joe Wilson  
Member of Congress



Abigail D. Spanberger  
Member of Congress



Micheal Waltz  
Member of Congress



Steve Cohen  
Member of Congress



Katie Porter  
Member of Congress



Dina Titus  
Member of Congress



Sheila Jackson Lee  
Member of Congress

---

<sup>i</sup> Hyatt, John, “Russian Oligarchs Fleeing Sanctions Are House Hunting in Dubai,” *Forbes*, April 8, 2022.

<https://www.forbes.com/sites/johnhyatt/2022/04/08/russian-oligarchs-fleeing-sanctions-are-house-hunting-in-dubai/?sh=339a3f0958ce>

<sup>ii</sup> Tognini, Giacomo, “Biden And Allies Are Coming For Russian Billionaires’ Yachts: Forbes Tracked Down 51. Here’s Where To Find Them,” *Forbes*, March 1, 2022.

<https://www.forbes.com/sites/giacomotognini/2022/03/01/biden-and-allies-are-coming-for-russian-billionaires-yachts-forbes-tracked-down-51-heres-where-to-find-them/?sh=2ac1ed4c54ac>

<sup>iii</sup> Kirkpatrick, David, El-Nagger, Mona, & Forsythe, Michael, “How a Playground for the Rich Could Undermine Sanctions on Oligarchs,” *New York Times*, March 9, 2022. <https://www.nytimes.com/2022/03/09/us/russian-oligarchs-sanctions-dubai.html>

<sup>iv</sup> Hunter, Marcena, “Going for Gold: Russia, Sanctions, and the Illicit Gold,” *Global Initiative Against Transnational Organized Crimes*, April 2022. <https://globalinitiative.net/wp-content/uploads/2022/04/GITOC-Going-for-Gold-Russia-sanctions-and-illicit-gold-trade.pdf>

<sup>v</sup> Amin, Mohammed, “Russian mercenaries near Sudan accused of killing hundreds as African gold rush intensifies,” *Middle East Eye*, April 5, 2022. <https://www.middleeasteye.net/news/russia-sudan-central-african-republic-mercenaries-kill-hundreds>

<sup>vi</sup> Clooney, George, Gudzowska, Justyna, & Prendergast, John, “Putin’s Exploitation of Africa Could Help Him Evade Sanctions,” *The Time*, April 8, 2022. <https://time.com/6165246/putin-africa-evade-sanctions/>; Walsh, Delcan, “‘From Russia With Love’: A Putin Ally Mines Gold and Plays Favorites in Sudan,” *New York Times*, June 5, 2022. <https://www.nytimes.com/2022/06/05/world/africa/wagner-russia-sudan-gold-putin.html>

<sup>vii</sup> Megiddo, Gur, “Israeli Diamond Traders Fund Putin’s War Machine in Ukraine,” *Haaretz*, April 13, 2022. [https://www.haaretz.com/israel-news/premium.MAGAZINE-the-israeli-diamond-traders-funding-putin-s-war-machine-1.10737192?utm\\_source=mailchimp&utm\\_medium=content&utm\\_campaign=daily-brief&utm\\_content=2d8174f2f0#commentsSection](https://www.haaretz.com/israel-news/premium.MAGAZINE-the-israeli-diamond-traders-funding-putin-s-war-machine-1.10737192?utm_source=mailchimp&utm_medium=content&utm_campaign=daily-brief&utm_content=2d8174f2f0#commentsSection)