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Sanctions compliance in an era of international conflict: An organizational imperative

By Michael Volkov and Alexander Cotoia

Since the Russian Federation’s full-scale offensive military action against the sovereign nation of Ukraine in late February 2022, the imposition of incrementally more aggressive sanctions regulations targeting certain sectors of the Russian economy, oligarchs tied to the Putin regime, and organizations implicated in providing materiel and support to Russia’s military has been ubiquitous. These measures include, but are not limited to, sanctions regulations promulgated by the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) and trade controls issued by the U.S. Department of Commerce’s Bureau of Industry and Security (BIS) that have attempted to cripple the Putin regime’s ability to acquire both financing and tangible commodities to sustain its military offensive.

While a fulsome discussion of these sanctions regulations is beyond the immediate scope of this article, compliance with OFAC and BIS regulations poses a unique challenge to organizations with international exposure, especially regarding Russia, Belarus (a close Putin ally), and certain occupied regions of Ukraine (including, but not limited to, the Crimean Peninsula, and the so-called Donetsk and Luhansk People’s Republics). Notably, trade controls have also grown in prominence in connection with the People’s Republic of China, which, as of this article’s writing, seems intent on undermining US foreign policy strategy by supplying the Russian Federation with a variety of direct and indirect aid.

The sheer volume of sanctions regulations amidst rising international tensions requires organizations to adopt new policies, procedures, and specific controls to mitigate the potential for a regulatory infraction or, worse, a criminal violation. As U.S. Deputy Attorney General Lisa Monaco emphasized during remarks made last summer, the Department of Justice (DOJ) views sanctions enforcement as the “new FCPA”—an explicit allusion to the DOJ’s concerted effort over the past decade to ramp up enforcement of the Foreign Corrupt Practices Act, a statutory scheme used to hold individuals and entities accountable for the bribery of foreign government officials.^[1] To that end, organizations are encouraged to consider the following in relation to their sanctions and export control programs.

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