

# Understand Russian clients' behaviours and motives before analysing in terms of illegality and risk: red flags, borderlines, false positives

Structures, transactions (loans, donations...), dealing with domestic rules (anti-corruption, currency control...), sanctioned clients, new sources of wealth and opportunities since 2022

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### TRANSACTIONS

#### Understanding transactions made by Russian clients: red flags, borderlines and false positives

- Various practical reasons why Russian HNWI's have historically and currently aim to anonymize UBO in their structures: physical security, protection from government raids, latest cases of confiscation/nationalization of Russian assets
- Latest RF court cases on de-privatization revealed real UBO's of Russian business (former government officials): Makfa (pasta factory) case;
- Re-assessment of loans as most popular means of financing: loans to business partners (de-facto representing an equity interest); intra-family loans: arms-length loans, soft loans, provisions for establishment in life as a succession planning, sham transactions, or means to conceal other transactions?
- Gratuitous transactions – genuine donations or concealed transactions? Gratuitous asset transfer from an offshore company to its UBO as a legitimate de-offshorisation technique;
- Post-2022 requirements to sell Russian subsidiaries at 50% discount gave raise to parallel payments outside of Russia;
- Adult children: business successors, independent entrepreneurs, or straw persons?
- [Ex]wives and unmarried partners: empowered women or nominees?
- Red flags in business transactions from sanctions, AML and anti-corruption perspective

### STRUCTURES

#### Understanding the types of structures set up by Russian clients; understanding the real needs behind; what to think in terms of illegality and risk?

- Russian HNWI's tend to have the same needs as many HNWI from emerging countries have (confidentiality, strong desire to protect assets from spouses, creditors, partners; need for direct but hidden control)
- After 2022 the trend is for simplification of existing structures, often to direct ownership by UBO;
- For families who do have members unrelated or less related to Russia (adult children, wives) the non-Russian assets are transferred to them; some use nominees
- The structures which were not dismantled are often re-domiciled to 'friendly' jurisdictions
- Political uncertainty in Russia and abroad, existing and expected sanctions make creation of new structures less viable; but when the time will come, this will likely be in 'friendly' jurisdictions or in Russia
  - Closed-end Investment Funds;
  - Joint Stock Companies;
  - UAE foundation;
  - Russian private foundation.

### SUCCESSION PLANNING

#### Understand how Russian HNWI's do their succession planning

- Russian client's fatalistic approach to [lack of] succession planning and the typical problems it creates
- Successors of the Russian Clients and Western financial institutions: typical issues [case studies]
- Source of wealth checks for successors: issues successors face when inheritance is not taken as an answer
- When an SDN (Specially Designated National) passes away: do the sanctions follow the money and how they can be inherited?
- Effect of latest provisions of EU 12th Sanctions Package on succession

### DEALING WITH DOMESTIC RULES

#### Understanding the actual solutions used by Russian clients and how they are viewed from the point of domestic rules vs. views from foreign banks, service providers, etc.

- Civil servants and anti-corruption rules: transferring their business to the divorced wife / foundation / blind trust / nominee / business partner with buy-back option
- Recent RF authorities cases on de-privatization of old businesses: Metafrax Chemicals (spirits), Makfa (pasta factory), Chelyabinsk Electrometallurgical Plant, etc
- New Federal Law on Companies Significant for Economy: foreign shareholders deprived of corporate rights and even forced squeeze out; X5 (major supermarket chain) as the first implementation example
- Currency control rules
- Sanctions
- Forced heirship rules under Russian succession law
- Latest cases of bankrupting foreign companies in RF and subsidiary liability of UBO's and other foreign controlling persons (lawyers, bankers, accountants, etc.)

### NEW SOURCES OF WEALTH & INCOME SINCE 2022

#### Understanding the new Sources of Wealth / income and the new opportunities since 2022; what to think in terms of illegality and risk?

- Acquisition of western businesses- trade, imports
- Post-2022 requirements to sell Russian subsidiaries at 50% discount gave raise to transaction structures which involve parallel payments in non-Russian bank to compensate for the 'compulsory discount', can be disguised as 'something else':
  - loans with a subsequent waiver
  - sale of shares in a SPV or 'start-up company'
  - investment in a joint venture
  - .. and even cash in banknotes

### SANCTIONED CLIENTS

#### Sanctioned Russian clients' circumventing the foreign sanctions: lessons from recent cases

# Understand Russian clients' behaviours and motives

## PRACTICAL INFORMATION

**Venue**  
 Hotel President Wilson  
 47 quai Wilson, 1201 Geneva

**Visio conference on Zoom**  
 The Zoom link and the documentation will be sent to the participants on 3 June in the afternoon. Academy & Finance provides technical assistance during the conference.

**How to register**  
 by phone: +41 (0) 22 849 01 11  
 by fax: +41 (0) 22 849 01 10  
 by e-mail: info@academyfinance.ch  
 by post: Academy & Finance SA,  
 Rue Neuve-du-Molard 3, CH-1204 Geneva  
 www.academyfinance.ch

**Fees**  
 620 CHF (+ VAT 8.1%)  
 Additional registrations from the same company:  
 - 50%

**Registration and payment**  
 Payment is made by bank transfer or by credit card. Credit card payments will be debited immediately upon receipt of card details. In any case, we will send you an invoice by email.

**Substitution & cancellation policy**  
 Substitutions from the same company are accepted at any time. Cancellation requests must be received in writing, by fax or by post up to the following dates end of business :

- 28 May refund of 90%
- after 28 May no refund will be made for cancellation.

## REGISTRATION FORM

I register for the seminar "Understand Russian clients' behaviours and motives" on 4 June 2024.

I will attend in the conference room       I will attend online on Zoom

### FIRST PARTICIPANT

Full name.....  
 Position.....  
 E-mail.....

### SECOND PARTICIPANT (-50%)

Full name.....  
 Position.....  
 E-mail.....

Company.....  
 Address.....  
 Postcode..... City.....  
 Tel ..... Mobile.....

### Person to which the invoice must be sent for payment:

Name..... Email.....  
 Bank transfer  Mastercard  VISA   
 Credit card No : \_\_\_\_/\_\_\_\_/\_\_\_\_/\_\_\_\_ Expiry date : \_\_\_\_/\_\_\_\_  
 Cardholder.....  
 Date ..... Signature.....