



Task Force KleptoCapture: A Conversation with Andrew Adams

TRANSCRIPT

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- **Andrew Adams**, Director, Task Force Kleptocapture
- **Nate Sibley**, Research Fellow, Hudson Institute

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A video of the event is available: <https://youtu.be/tg1KhaJ0QJU>

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Nate Sibley:

Well, hello everyone and welcome to Hudson Institute in Washington, DC. For those of you joining us online or for the first time, we are a non-partisan think tank promoting US Global Leadership and engagement for a secure, free and prosperous future. My name's Nate Sibley, and I run a Hudson project called the Kleptocracy Initiative, conducting policy research to counter corruption from authoritarian regimes. Today, I'm delighted to introduce Andrew Adams, Director of Task Force KleptoCapture, the inter-agency unit set up in the aftermath of Russia's invasion of Ukraine last year to investigate and prosecute Russian sanctions evasion. Andrew's a distinguished prosecutor who joined the US Attorney's Office for the Southern District of New York in 2013, and went on to lead high-profile cases against Russian money laundering and organized crime. And it was this experience that led to his being appointed director of Task Force KleptoCapture back in March 2022.

Since then, Andrew's team and their international partners have worked tirelessly to deprive Kremlin-linked elites of their ill-gotten gains, often making headlines with the seizure of super yachts and other luxury assets. Here at Hudson, we've been laser focused on the Russian kleptocracy issue since 2014. We were one of the first, if not the first think tank to have a dedicated program to it. And I can tell you, I was never 1% as busy as I was from March last year onwards, so it's amazing to see this issue come to the fore of US foreign policy in this way. Today, Andrew's going to tell us in more detail about what this work really involves, and what new developments we can expect from Task Force KleptoCapture in the weeks and months ahead. He'll now provide some opening remarks following which we'll proceed to a discussion and audience Q&A. Andrew, over to you.

Andrew Adams:

Thank you, Nate. Thank you, everybody. Let me just start very quickly by mentioning a quick anecdote. About five years ago I was a still relatively mid-level prosecutor at the US Attorney's Office, and at the point where you think about where you want to specialize and what you want to do. And I saw a speech by a Spanish prosecutor named Grinda Gonzalez, who talked about Russian organized crime. He talked about it as a form of civilizational assault, I think was the phrase that he used. He talked about its corrosive effects on democracy and democratic institutions. And it was really an inspiring talk that he gave on that day, and steered me in this direction, and remains sort of a foundational text for me and for this task force. And I mention it today because it happened at the Hudson Institute about five years ago, maybe in this room, and it's a special honor to be invited to speak here today. I don't know if it's normal to have an emotional attachment to a think tank, but I do have one that I want to just share with the room before we kick off.

I'd like to spend a few minutes at the outset talking about the work that this taskforce has undertaken in approximately the last year. Some successes, some hurdles, and some strategies for jumping those hurdles. And then, I'll turn to what comes next. Our continued focus on money laundering, on procurement networks, and an expanding global effort to address criminal sanctions and export control violations. Last year at the beginning of March, President Biden announced at the State of the Union that the Department of Justice would be standing up this task force with an emphasis on targeting criminally-derived assets of the Russian oligarchs. Within days, the department had established what is now called Task Force KleptoCapture, and

we had at the outset two lines of efforts that we were prioritizing. The first of those was of course, the rapid seizure of high-value assets around the world.

Those assets, yachts, planes, cash accounts, securities holdings, real estate constituted illicit proceeds of one sort or another. Typically, assets involved in money laundering or the proceeds of sanctions evasion or export control evasion. And the primary goal of those seizures was really a swift demonstration of the power, the breadth, and the commitment of the United States to what is effectively an economic blockade of the people who provide the Kremlin with material support. Taking immediate action was an effort to spur prosecutors around this country, and to spur our global allies to follow suit. And those immediate actions were intended as some unmistakable signals to the private sector that the scope and the speed of these investigations was going to require rapid response and an unprecedented level of compliance. I want to give two examples of the early days efforts. The first was the immediate unsealing of charges and the arrest relating to a Kremlin propaganda, Konstantin Malofeyev, and his sanctions of evasion network as alleged in the Malofeyev indictment, he has aided the Russian regime through the provision of funds and propaganda since the original 2014 Crimean invasion.

And the case against Malofeyev's network, it's important to note predated the creation of this task force. It was a project that was actually undertaken years prior to the creation of this task force by the Southern District of New York and the money laundering unit there. But while that investigation had existed for some time, and had played out over the course of years, the United States' ability to act on those investigations, and act on potential charges had been limited. Obtaining evidence abroad, securing extraditions from abroad had been a tall order in a world where the United States' sanctions program extended significantly beyond that of even our closest allies. But Russia's illegal and violent breach of international law created the conditions for a dramatic shift in that global context. And within days of the announcement of the task force, we had seized bank accounts in the United States, we'd secured the arrest of Malofeyev's facilitator in the United Kingdom, and this was an example of an immediate public demonstration of that sea change in global cooperation and global realignment.

Another example is the high-speed maritime chase of the yacht known as the Amadea. Unlike the Malofeyev case, this is one that unfolded in a matter of weeks, not in the matter of years. And when I emphasize that to track a boat fleeing from an international dragnet from the Atlantic, through the Panama Canal, and quickly across the Pacific was truly a remarkable feat by a group of sleepless attorneys, agents, analysts, linguists, all dedicated to the task force, and by our global partners around the world. And again, that was an action early on as a demonstration of a few key facts. One was our willingness to extend resources, time and money to take oligarch assets out of commission. And two, that jurisdictions that had historically been viewed as opaque, jurisdictions that had historically been viewed as safe havens could no longer be relied on by Russia's kleptocrats for the protection of their riches. Throughout the Amadea's failed flight across the Pacific, offshore jurisdictions and purportedly opaque countries chipped in to build that case, did it quickly, and affected our warrant ultimately, ending a half-billion dollar yacht being piloted into San Diego Harbor.

The demonstrative aspects of those early efforts served the broader purpose, not only of arresting money launderers, but of arresting the attention of international partners and partners in the private sector. The signals are important to note that everyone in the democratic law-abiding world needed to place the same sort of importance on upholding the global sanctions regime targeting Russia that the United States had pioneered as early as 2014. And along the

way, we began collecting at least some modest recompense for the people of Ukraine to which I'll return in a moment. For the first goal of the task force, of course, the goal itself and the means of achieving it are situated in the short term. The assets that we're talking about apart from physical real estate are mobile by nature, and our window for executing on those assets would steadily close in the early weeks and months of the task force. We do still see today and we will continue to see targets for seizure that remain within our grasp.

Our investigations continue to uncover illegal sanctions evasion, and our foreign partners continue to strengthen their own criminal sanctions regimes that in turn expand our ability to project American seizures abroad, so we will have opportunities to continue to collect on the debt that the Kremlin's money men owe to the law abiding world. But the task force has not only been focused on the short term of course, and the asset seizure blitz that I was just describing is not our only or even our most important priority or undertaking. From the outset of the task force, we understood that developing robust, internationally-focused criminal charges against money laundering and smuggling networks would be in the longterm, our major contribution to reinforcing the US sanctions and export control regime. There are pockets of the global economy with firms and countries that have not historically been as committed to instilling adequate and effective money laundering and sanctions compliance programs as one might have hoped. By contrast, for the better part of 25 years, American financial institutions have faced significant penalties including criminal prosecution for failures in their anti-money laundering programs.

For the better part of 10 years, financial institutions in Western Europe have come to understand that those policies must respect US sanctions and money laundering laws if they want to avoid the same stiff penalties. And if last year's \$2 billion criminal forfeiture and guilty plea in the Danske Bank case relating to the activities of its Estonian subsidiary demonstrated nothing else, it provides some tangible and significant evidence that financial institutions with global operations in former Soviet states must invest proactively in rooting out corruption and money laundering through Russia and elsewhere, or face the same massive fines, criminal liability and incalculable reputational damage. These lessons will be learned in the broader global economy. Businesses that turn a blind eye to illicit procurement networks or novel forms of money laundering through trade-based laundering, through virtual assets will learn the hard way that their business models come with catastrophic criminal risks. And the way that they will learn that is through charges, seizures and international arrests. And from the outset, the task force has poured resources into cases that will drive this point home.

And of course, coordinated international investigations and significant sophisticated charges require some time for both investigation and execution. And as the short term priorities played out, after approximately six months or so, we began to see the task force rolling out cases that fall into this second priority category. And I'd like to touch on just two examples today. The first is in the field of economic sanctions. In October of last year, we unsealed indictments and conducted arrests in the United States and in the United Kingdom relating to the sanctions evasion network of Oleg Deripaska. He's an aluminum magnate with close ties to the criminal. Although we did charge Deripaska himself, and we did list three parcels of luxury real estate as forfeitable property in that indictment, I emphasized this case as an example of the department's focus on not the oligarch himself or his assets, but on facilitators for that target. The professionals and the service providers who make their money by assisting sanctioned parties in enjoying the privileges of life in a democracy even as they hustle to undermine those same privileges for others.

The second I want to highlight, the export control cases coming out of the Eastern District of New York and the District of Connecticut last year. These cases targeted networks of US, Europe, and Russia-based smugglers and procurement agents, smugglers of sensitive and often dangerous technologies. And all told, the prosecutions in those cases resulted in charges against two corporations, roughly a half dozen individuals, including US citizens and including a suspected FSB officer. And the seizure of bank accounts, machine tools, and nearly 400 pounds of sniper rifle ammunition destined to Russia and the Ukrainian front. It's important to emphasize this case while understanding that Russia's military is not off-target, it's not self-sufficient. It has to go abroad for critical material. It has to go abroad for critical technology. And these cases highlight the commitment of prosecutors in the United States and globally.

Investigators, linguists, analysts with the task force and critically our partners in Estonia, in Latvia, in Italy, in Germany, in the United Kingdom, and other countries to imposing serious criminal consequences on anyone whose activities threatened to create a leak in the US and our allies' efforts to strangle the Russian military's ability to continue this ruinous war. Before I talk about what comes next in my mind, let me say that these cases also highlight a key hurdle in our efforts, and a related opportunity for some new success. The international aspect of this work is both our strength and it's our greatest challenge. Last January, the world was very different with regard to the enforcement of the US' sanctions against the Russian regime. Notwithstanding Russia's record of unlawful arrests and sham prosecutions, of journalists, of sham prosecutions, of reformers, of international assassinations and assassination attempts. Notwithstanding all of those things executing on us requests for search warrants, and subpoenas, and interviews, and other legal process remained a tall order because there is a mismatch in our US and foreign allies sanctions regimes.

But that's no longer the case in theory, and it is dramatically less and less the case in practice. Although the investigative challenges of excavating layer upon layer of multi-jurisdictional fraudulent corporate ownership that remains a hallmark of these cases is still a challenge. The alignment and the realignment of international priorities is truly without precedent, and continues to make these cases more and more effective. And the cases that I've been discussing are examples, I think, of the power of that alignment. Both in the form of seizures of bank accounts, stock holdings, luxury goods, but also in the form of providing information to our foreign partners to ensure the freezing and the confiscation of assets found in other jurisdictions under other jurisdictions own authorities, and sometimes new authorities. Assets that would previously have been untouchable. We expect that that cooperation will only continue to deepen in the future.

The European Union's sanctions directives appear to be moving apace to include criminalization of sanctions evasion, a move that upon implementation in member states will continue to strengthen our ability in the United States to make requests for action abroad, and will invite requests from abroad into the United States so that we can take action on behalf of our foreign partners. It'll also mean that pressure will continue to mount on those countries through which sanctioned oligarchs and facilitators have historically operated in relative secrecy. That increased international cooperation is at the top of my mind as we come close to the one-year anniversary of these efforts. The task force, along with others throughout the United States government, will continue efforts to advocate for swift implementation of sanctions here and abroad, the recognition of criminal penalties for evasion and for international cooperation with US investigations.

Top of mind too is our deepening cooperation with those in the private sector from financial institutions to manufacturers of goods of all kinds and all sizes in aiding Ukraine by cutting its aggressor off from the lucrative and the legitimate world of international trade and finance. We have and we will continue to find success in providing information to and receiving information from private firms. I think about this effort essentially as one related to traditional organized crime. In organized crime investigations, private businesses and businesspeople tend to be both the vectors for crime and exploited by it, sometimes simultaneously. And finding support of private businesspeople in that context, sometimes people who fear for their livelihoods, people who fear for their physical safety is critical to success in organized crime prosecutions. But providing a voice for those people who want to fight that exploitation, who hate that exploitation and the taint of organized crime in their private business is a mission that organized crime investigators and prosecutors meet every day, and it's one that we take to heart in the context of this task force as well.

There are millions of people in the United States who drive the wheels of commerce and deliver the seeds of capital who want to contribute to a safe, just, prosperous and law-abiding world. They want and they deserve to feel pride in their professions and in their firms, their teams. And the task force has been, and it remains here to partner with them, to empower and to provide an opportunity to act on that pride. And I need the private sector frankly, if this task force is going to continue to be successful tomorrow and in the long run. To that end, success in my mind goes beyond seizures and it goes beyond prosecution, it goes beyond arrest. Success may well lie in providing information sufficient to allow private firms to take their own actions in service of fighting Russian aggression. Abrupt calls on loans, revocation of insurance coverage that essentially moors a vessel. For example, the firing of clients whose adherence to the Russian regime makes them financially and ethically untenable. All of that counts as success in my mind.

In the future, we're also poised to begin the transfer of forfeited assets for the benefit of Ukraine. I want to highlight this as a relatively recent development. In the closing days of 2022, Congress passed and the president signed the Consolidated Appropriations Act of 2023. And among its provisions is a law that newly empowers the Justice Department to direct forfeited funds to the State Department for the purpose of providing aid to Ukraine. The law doesn't provide a route for the transfer of all forfeited funds that might arise through these efforts. And importantly, forfeitures tied to export control violations are not currently included in that new provision. It's not a silver bullet, but it is nevertheless, something that makes me hopeful that we will start to see the first transfers from justice to the State Department occurring in the coming weeks and months as the first final orders of forfeiture are obtained with respect to certain assets. To be clear, these amounts are minuscule compared to the cost of the catastrophe inflicted by Russia on the people and the land of Ukraine. But the contribution is important.

It's important first because any forfeited dollar available to address what Mr. Grinda called the civilizational assault is a dollar put to good use. And it's also important as a model for our foreign partners, who we continue to be in dialogue with about this issue. It is possible to adhere to established law. It is possible to target criminal proceeds through rule-based forfeiture. It's possible to give innocent third parties an opportunity to contest those forfeiture and to be heard with respect to our seizures. It's possible and it is permissible under fundamental norms of due process and international law to divest criminal actors of ill-gotten gains, and to make those assets available to the victims of this illegal war. It is possible, it is imperative, and we are doing it in the United States. It may be a challenge and it may require new laws, it may require new methods of investigation and prosecution, but this is a challenge worth meeting. And it's a

challenge that we hear in the US at the DOJ, at treasury, at State and Congress have met, and will meet again.

These upcoming transfers are proof for the world that at the task force we can be successful when we act on facts and under the strictures and limitations of the law in stark distinction with our adversaries. Fundamentally important to this project in my mind is that we embrace the challenges. We embrace the investigatory, the prosecutorial and the litigation challenges that are inherent in this effort, so that those looking to the United States can see this task force and see this aid to Ukraine as an exercise in demonstrating the power of the rule of law, and the power of that rule when amplified through dedicated public servants, committed private sectors, empowered private sector, and an unprecedented level of international cooperation. Thank you, all. Appreciate it.

Nate Sibley:

Well, thank you so much Andrew for that very detailed and clear overview of all the work you've been doing in the past coming up to a year. I was delighted you brought up the Grinda event, which wasn't the way you'd seen. And actually, to add a very quick anecdote of my own, one of my first jobs at Hudson Institute was standing at the back of that event helping to make sure everything ran smoothly, including the translation for Mr. Grinda who didn't speak English, which was we hadn't done before. That was tricky, but now we're both up here together I guess, so things come around.

Andrew Adams:

Full circle.

Nate Sibley:

I wanted to start off by asking you a question that jumps to the front of every lay people, at least, mind. And I'm going to ask you because I think journalists will anyway if I don't. But is it possible to put a figure on the total value of assets that have been frozen and seized by the KleptoCapture unit since March last year? And secondly, is it possible to talk a bit more about how much money or what proportion of that is likely to be returned to Ukraine in the coming weeks and months, and any more information you can give us about that upcoming transfer of assets under the new law?

Andrew Adams:

Sure. On the value question first and on the process second. On the value, it's not an exact science, but what we have seized, and I want to distinguish between what we have either gotten a warrant for or listed in an indictment as forfeitable, as opposed to things that are blocked or frozen by treasury, which is a much larger and frankly harder to calculate number. But what is essentially subject to our forfeiture actions is in the hundreds of millions, if not over a billion. We're talking about the fair market value of super yachts and luxury villas, et cetera. It's not an exact number, but it's substantial. What's available for transfer? I expect that we will be able to get anything that we forfeited to Ukraine for purposes of reconstruction and aid. The process was greatly eased by the amendment to the law at the end of the year last year with respect to assets that are related to certain sanctions violations.

It happens that many of the cases that we have today relate to that particular sanctions violation or that suite of sanctions violations that allow for this streamlined provision of funds to the State Department. That law doesn't provide the same streamlining for things like export control violations and things that are seized under that authority or related to that authority. It doesn't relate to funds that are involved in acts that are in violation of slightly earlier executive orders. There are some subset of assets where we may need to go through a different route to make the funds available.

Nate Sibley:

I think that's fine 'cause the underlying principle of KleptoCapture's work, the bulk of US assistance to Ukraine is coming from DOD and the State Department. That's the tens of hundreds of billions or whatever it is we're going to end up spending. This is more about delivering some measure of accountability and showing that justice will be done, right?

Andrew Adams:

I think that's right.

Nate Sibley:

Yeah. I mean, that's the guiding sort of principle here, which has huge value beyond numbers in itself, which is why I said other people will ask. I'm actually not massively interested strangely in how much money you've seized, just more that you're actually doing it, which I think is great. And then secondly, yesterday there was a huge enforcement action against a crypto exchange, Bitzlato which, I hadn't heard of before, but apparently is a China-based Russian founder with massive sanctions, money laundering facilitator. And it got me thinking one of the things that the treasury used, there was an updated authority they had. They imposed a sanction on this crypto exchange, but it wouldn't be able to do it previously without an update to that law that they used to do it at the authority because crypto is one of those new areas where... Anti-money laundering provisions that were passed during the war on terror were designed for old fashioned banking where bank-side correspondent accounts and sort of gentlemen bankers arrange for money transfers and things. Whereas nowadays, with money service businesses, everything's online, people are just doing it themselves.

I think most people, at least in this room are probably familiar with the traditional model of Russian kleptocracy. They embezzle or they steal whatever it is back in Russia, then they set up shell companies, they use banks in offshore tax havens to launder money into the West into real estate and so on. But as the US leads the Western crackdown on this model of Russian kleptocracy, are you finding that the Russian kleptocrats themselves are moving more into these alternative updated versions of money laundering? Are they using crypto more for example?

Andrew Adams:

I think we do see shifts in certain kinds of typology. I'll touch on crypto in just a second, but the main shift is geographic. You can see yachts and planes on Twitter bots off to particular jurisdictions. It's no accident that things are congealing in particular jurisdictions where it's less likely that we'll get traction on a seizure warrant for example. That's one shift. In terms of corporate structuring, I think we have seen, and maybe we've seen an uptick in essentially the

use of private trusts and sham divestments through the use of trust vehicles. That's not necessarily new, but there's certainly an incentive to use it more often and by a broader swath of people today. The crypto side I think is really is particularly interesting, and I'll bring it back to the emphasis actually on export controls, which I think may not be at the top of mind when people think about the crypto side. There are technological and economic limitations that make me think that you're unlikely to see an oligarch park a billion dollars of their assets into FTT, for example, especially today.

And from that perspective as a money laundering tool for parking a huge amount of money, and hoping that it stays stable, and safe, and anonymous over the long term, crypto may have some utility. It's not the most obvious thing as compared to say real estate held by a series of nested trusts. On the other hand, with respect to export control in particular, crypto is a very good way of conducting a relatively anonymous or pseudonymous cross-border payments for goods and services. And we look very heavily at the crypto space in that milieu, and you see at least some public reporting from firms that do coin tracing and the like of payments to things like Russian military and paramilitary military groups. That's certainly at the top of mind, but we think of it not so much as an oligarch problem probably, more as a payments problem.

Nate Sibley:

I think that's a really important point to highlight about your work is that everyone associates you with oligarchs, but actually you're charged with going after any sort of Russian sanctions vision. Right?

Andrew Adams:

That's right.

Nate Sibley:

How much of your work is going after sort of big flashy oligo yachts? And then proportionally going after... Like you said you seized all this sniper ammunition. Presumably that sort of thing's probably more of a priority at this point than the oligarchs.

Andrew Adams:

Yeah, that's right. Like I discussed earlier, we started with two essentially parallel priorities. The early days efforts are these quick seizures of mobile assets, and that'll continue apace to a degree. But if you'd asked me that question in March of last year, April of last year, 120% was focused on the seizure of mobile, quickly-moving oligarch assets while we were beginning these longer term criminal investigations that started to come to fruition in October roughly of last year. At this point, I continue to see some targets of opportunity on the oligarch side. I think we will continue to see that. Proportionally, the longer term priority is becoming I think more of the predominant flavor of the task force work.

Nate Sibley:

I'm going to take some questions from the audience in a minute cause I know they're probably brimming with questions for you, but because we're a policy shop here at Hudson, we try to talk about if not solutions, then what can advance, and make your work more effective. Are there

sort of additional legal authorities or resources like a database full of certain kind of data you don't have at the moment but you're sitting at your desk and you think, "Oh, if only I could do this to this person?" Or, "I could access to this information, this case would be over tomorrow?" Is there major things that get in your way that you would love to see Congress or the administration act on to make your life easier?

Andrew Adams:

Well, certainly over the next year or so, I think it'll be interesting to see how impactful beneficial ownership registrations are. They certainly have been useful when that information's available through foreign partners who have analogous registries. And we, through our Office of Legal Affairs last year, worked closely with folks on the Hill on a number of proposals. I think critically the asset transfer portion did pass at least in a significant way. And that, in my mind, is the whole point, so I think that that was a huge success on the Hill. I think it was a huge success at DOJ. We had some proposals for expanding forfeiture authority, and expanding criminal liability with respect to, again, export controls and IPA, including it among the predicate acts for racketeering for example that we've talked about. A handful of proposals that didn't make it in last year that I'm sure we'll continue to have conversations about.

Nate Sibley:

I should say, lots of those measures that you mentioned. I was involved with talking to people on the Hill. I know we have former Congressman Malinowski's staff, Phil McDaniel who worked on many of these things as well. I don't think those things are dead in the water by any means. There's clearly a pressing need for them. I hope they come back again this year, and I'll be doing everything I can from Hudson to help that happen in my own little way. But thank you so much. I've been abusing my moderator privilege, but I wonder if anyone in the audience has any pressing questions. Ilya, hand up like a rocket there. Sorry, if you could just introduce yourself and your affiliation, just so Andrew knows who he's speaking to.

Ilya Zaslavskiy:

Ilya Zaslavskiy. I work at CIPE, but I'm also a activist researcher on Russian oligarchs for over a decade, and thank you very much for a great presentation, and it's heartwarming to hear about presentation by Grinda Gonzalez. I was also there and obviously he predicted the national security implications from coming from oligarchs in Russia a long time ago. I have two questions for you. Firstly, following sanctions very closely for a long time, even before Ukraine events, but even with Ukraine events, I noticed that for some reason US seems to be falling behind on sanctioning individual oligarchs compared to say UK and EU. And I wonder why is that happening, and if you have any... It seems like us is more focusing on financial institutions proportionately compared to say EU and UK.

And second question, recently there were media reports suggesting that some oligarchs like Abramovich probably new about the coming war, and that's why they started moving assets weeks and days before the war. Have you noticed anything like that in your work? Do you have any comment on how knowledgeable these oligarchs are about Putin's actions? I personally believe, I don't have proof, but from everything I know about, I guess I think they are very close, and they remain. It all really brings to this broader question of how you define proximity of oligarchs. I wonder also if you have any comment on that broader question. Thank you.

Andrew Adams:

Sure. And I think that the end of the second question almost loops back to the first that in terms of prioritization for who goes on the list, whether it's an entity, an oligarch, family members, et cetera, there are subtler minds that work at Treasury than at DOJ, and I largely defer there. The work of thinking about the economic implications, the political implications, both negative and positive really lies within the expertise and the purview of folks at treasury of state commerce department at over there. And our work at Justice is really plugging holes in the system that it has created. You're right that it's not perfect alignment or an exact match of the list that's between the US and the EU, or the US and the UK. It is hard to understate the significantly greater alignment that exists now as compared to January of last year.

And then on the second question, I'll take it as a legal question about anticipation of sanctions violations, and the fact is absent a different kind of crime. Anticipating that a person might be sanctioned and dissipating assets is not a crime as it stands today. And that doesn't mean we don't take a look at shady financial transactions that might be motivated by exactly that sort of thing. If you're lying to a bank in order to move money quickly in a way that is designed to evade their AML policies for example, you may have exposure in different ways that don't implicate a sanctions charge. It's not the end of the story, but it is certainly the case that you can't violate a sanction that doesn't exist yet.

Nate Sibley:

Just to follow up on Ilya's question. When you talk about working with international partners on these things and aligning, this is what I always forget, the REPO task force, so Russian elites, proxies and oligarchs task force, right? That's, as I understand it, an operational thing between law enforcement agencies like yours. Is there a policy element to that as well though? Treasury is part of that. Is that also the vehicle through which they're trying to align their sanctions regimes in addition to you lawyers sort of talking to each other about enforcing them?

Andrew Adams:

I would actually flip the view. I think REPO, which is an international task force and DOJ and treasury sit on REPO is largely a policy alignment and exchange of typology information sort of platform. It's not the action arm specifically. The KleptoCapture, at least in the United States, is where the criminal charges are going to be worked out. And when we need to work abroad, we'll do it with Eurojust, we'll do it bilaterally for example, with partners in the UK, with partners in Spain, et cetera.

Nate Sibley:

Okay. Any other questions? Amy?

Amy MacKinnon:

Thank you. Amy MacKinnon, I'm a national security reporter with *Foreign Policy* magazine. I'm wondering if you can speak about the export control component. I assume if there are ongoing investigations, there's not a lot you can say, but can you give us a flavor of is this still going on? Are there still entities which are funneling components or weapons to the Russian military? And do you expect there's going to be future indictments on the export control front?

Andrew Adams:

Without getting into specifics, obviously the answer is yes. It's a major component of what we're looking at right now. And in my mind, maybe the most important component because it has such an obvious material impact on lives in Ukraine. It's something that we've looked at heavily for the duration with an emphasis on military technology and dual-use technology material that really makes the Russian military work, and keeps the tanks rolling. And it will remain a serious priority. We look at things like upticks in trans shipment of sensitive technology through Russia-adjacent jurisdictions and countries. The commerce department, and their enforcement team, and their investigators have been phenomenal partners in this. They are along with treasury, along with state, along with the DOJ, the integral partner in targeting that particular problem set. And we work extremely closely with them, essentially every day.

Nate Sibley:

Trevor?

Trevor Sutton:

Trevor Sutton, Center for American Progress. I'm wondering if you could describe a little bit more the structure of the task force and what resources, and I suppose facilitation it's sort of unlocked, and how it's made some of these prosecutions and investigations I think more possible. And I had another question. You mentioned the private sector. I'm curious to what extent you've seen a institutional change in culture since the creation of the task force or since the invasion. I'm sure you're aware in 2021 there was a big exposé published by ICIJ relating to the leak of FinCEN files that I think reflected a sort of endemic tolerance for high-risk clients in the part of financial institutions, and even an expectation of regulatory breaches on the theory that the value of those clients exceeded whatever penalties would be imposed. And I'm curious, I understand of course, that much of that regulatory regime is overseen by treasury, but I'm wondering if you've seen a different attitude in the part of financial institutions and other facilitators in terms of voluntary disclosures, or the thoroughness of their AML and due diligence programs?

Andrew Adams:

Okay, great question. On the structural point first, and then, onto the private sector. Structurally, the task force looks as follows. We sit in the deputy attorney general's office within DOJ. That has a particularly beneficial effect in so far as it sits on top on the flow chart. It sits on top of national security on the one hand, and the criminal division on the other. And it, as a result, has the ability to draw on expertise and attorneys and approval chains from both on the one hand, counter proliferation and export control section, and the money laundering and asset recovery section, forfeiture and money laundering experts, and really house it all in one piece. Bureaucratically, that's the structure. We've benefited from some appropriations early last year, or in the spring and summer of last year. That's the funding structure there. And then, the last component that I'd mention is cooperation with the US attorneys community. I come from the Southern District of New York, I still sit in the Southern District of New York, and most of my time is spent there.

That office, the Eastern District of New York, the District of the District of Columbia, Southern Florida, Central California, Connecticut, a number of other US attorney's offices have been integral to the work there. And the idea has not been to steal cases or supplant cases, it's to identify which cases are strategically to be prioritized, and throw resources at those cases. And as much as possible, streamline their ability to get what they need through channels at main justice. That's the structure. On the private side piece, it's a bit anecdotal from my perspective, but I would say I have experienced an uptick in folks from foreign financial institutions calling. It is the case that US financial institutions are fairly deeply in dialogue with DOJ, with FinCEN, and others on a pretty regular basis. I wouldn't describe that as any sort of sea change in that respect, but I do see an uptick in foreign dialogue. And of course, there are voluntary self-disclosure policies, including a voluntary self-disclosure policy with the National Security Division that exists for people to come in, and get some real benefits.

They move early, so it's there for that purpose. And it's there I think to be trumpeted to parts of the economy that are less in dialogue with the DOJ. That again, goes back to export controls. I point out there's a pretty significant difference between a financial institution which has BSA, Bank Secrecy Act obligations. Affirmative obligations to maintain these adequate controls and adequate anti-money laundering policies, and to be swiftly in contact with FinCEN if they see a problem or file or a SAR, a suspicious activity report, for example. And manufacturers who may be in the export control world that are not financial institutions, that might not have that affirmative obligation to engage in that way. That's not to say that they don't. And again, the commerce department has I think an impressive track record of working with the private sector. Both to instill a sense of compliance, and to exploit that sense of compliance to develop these cases. But I would say that this effort has only been an opportunity to drive that point home. Thanks.

Nate Sibley:

Phil?

Phil McDaniel:

Thanks. I'm Phil, with former Congressman Malinowski who led the congressional effort to get this transfer authority through. I guess we hoped that the passage of the authority would incentivize building these forfeiture cases. I guess can you just explain to us though, in layman's terms, what does it take to take a case from all these frozen cases to how much legwork does it really take for you guys and manpower to move it into your forfeited bucket? And what do you need from congress? What do you need from dinner agency to push more right with more bodies with more money? Could you push more from one bucket to the other? And what does that look like?

Andrew Adams:

Thank you. It takes more bodies, and it takes more money, and it takes more resources to move things faster. There are people who are dedicated, people being trial attorneys at Maine Justice, they're US attorneys offices, and assistant US attorneys who are devoted to these cases, and there are more cases than there are people to work them for sure. It takes a lot of resources to get a sufficient number of Russian linguists, to get a sufficient number of bank records poured through, or cryptocurrency accounts analyzed through blockchain analysis. All of that takes

money, and all of it takes time, and people. Fundamentally, it is that kind of resource that gets these things to the finish line faster. I think that the transfer authority doesn't change anything about what is seizable or what forfeitable. It only changes what we can do with funds that are ultimately forfeited.

And my sense is that had that not passed at all, there would be deep incentive to continue the work at the pace that it works. The excellent thing about that piece of legislation is that it greatly streamlines the ultimate goal that I think existed before it passed anyway, to get money where it should go in a way that doesn't require the Justice Department to essentially enter into a series of international agreements to share funds through a totally different mechanism that is relatively cumbersome compared to what the congressmen, and his colleagues were able to get through.

Nate Sibley:

All credit to these members of Congress who did see the potential of the work that you were doing, and the importance of it, and did so much hard work including your boss's office, Phil, last year. Just a very quick aside, which is a bit boring technical, but when you talk about the delays in getting more people in with the right expertise, the Russian linguists, and so on and so forth, how much of that is due to the backlog in getting security clearances? Is that a big part of your work? Is that a big problem? Is that in your way? Or-

Andrew Adams:

On the margin, it can be with a particular AUSA or a particular trial attorney. I wouldn't describe it as anything like a predominant problem.

Nate Sibley:

I always ask 'cause it seems to clog the wheels of good that anyone's trying to do in Washington. I have a quick question. When I asked you about new methods, you said you're seeing new jurisdictions come into play as centers for sanctions of evasion and money laundering. The ones that have hit the headlines are United Arab Emirates and Turkey as two particular places where oligarchs, at least, are parking their money. And Turkey I know has had a lot of strange boost in financial flows, which it can't account for. I'm thinking back to the sort of war on terror when treasury took the anti-money laundering reform agenda overseas, and they encountered the same sort of problem.

It's one thing to go in and have an argument with people in one of the small traditional tax havens, who aren't really sort of a global strategic important partner for the US perhaps. But then, when we're talking about countries like Turkey, a NATO Ally, when we're talking about the UAE, a strong partner in counterterrorism stuff as well as our financial ties, as a DOJ prosecutor, how do you navigate the additional political difficulties of dealing with those countries that maybe they're on our side nominally, but they're actually not very cooperative, and it's not always clear what side they're actually on in any given issue?

Andrew Adams:

There are pockets of cooperation everywhere in the world has been my experience. And DOJ works productively even with countries that are not considered to be the most aligned country in

any given situation. And I would say the Amadea example is one such example where information was coming from jurisdictions that I think were viewed as relatively opaque, or relatively oligarch friendly perhaps. And still, given I think the moral imperative of this particular situation, it has been possible to operate even in the darkest corners of the financial world. The other point that I just would quickly make to leap off of one aspect of that question, I think it's been a learning experience or a public example from these cases that jurisdictions that might not be viewed as the most strategically important are invaluable in these cases. And really, the tiniest island on the farthest flung ocean can be a make or break on significant matters. It's important to maintain the relationships.

Nate Sibley:

Any last questions? We're coming up to end of our time. Yep? I haven't got my glasses on. Is that Francis up?

Francis Shin:

Yes.

Nate Sibley:

It is, yeah.

Francis Shin:

I'm Francis Shin from the Atlantic Council. And the quick question on REPO. It's composed of G7 in Australia. Do you expect REPO's jurisdictions to grow with more partners?

Andrew Adams:

I'm not aware of current conversations to grow REPO. I would say that most of the conversations have been about deepening the partnership, and really mining the resources that exist today. And then, the resources that exist in terms of developing information, and developing channels of communication, and channels of cooperation are available for partners outside of REPO. We have certainly seen folks who are not part of the REPO Task Force take advantage of the fruits of the REPO Task Force. We continue to push that every day.

Francis Shin:

Thank you.

Andrew Adams:

Sure.

Nate Sibley:

We're coming up the end of our time now, so I just wanted to have a final thought from you on what does success look like in the longer term? Is there a point at which you close your book on the desk, and you call Lisa Monaco and you say, "We've finished?" Is this just going to be an

ongoing thing for the rest of our lives? What does success look like for you? And what are your hopes for KleptoCapture going forward?

Andrew Adams:

I would be in significant trouble and danger if I had called Lisa Monaco and said, "We're finished," so that's not going to happen. I think the department's only going to deepen its commitment on looking at this problem set, and continuing to put resources and expertise into it. And I think that in the long run, for that to happen will count as success. Outside of the DOJ, I really think that this opportunity in the same way that the department's engagement on Bank Secrecy Act cases and on AML cases, on money laundering cases in the crypto space over the last few years has had this sort of significant impact on the private sector, and empowering people in the private sector to stand up and say, "We don't want our firms and our teams to be conduits for this kind of kleptocratic exploitation." To empower people in that way will be a long-term success.

Nate Sibley:

That's great. Well, thank you so much. I've learned so much today. I thought I was one of the experts on this stuff, but I've learned so much. And one of the most important things I've learned is the expanding and changing nature of your work. Everyone saw the headlines back last year about you seizing yachts and things like that. But I think the underlying and important in delivering public recognition, the accountability to Putin's kleptocratic cronies, and where possible, justice. Although, account some measure of accountability is more likely than the full justice they deserve to face in many cases. That's so important in and of itself. But this work you're doing on the broader sanctions of evasion and export controls sounds like it is something that, as you say, it's just going to keep going and getting more important. So, thank you so much for joining us today, firstly. I love that you started with the Grinda anecdote. Circle back to that. Thank you for joining us today, and thank you for all the amazing work you're doing to deprive the Kremlin of its ill-gotten gains. Keep it up.

Andrew Adams:

Thank you. Thank you to the Institute. Thank you for joining today and for the questions. I really appreciate it.

Nate Sibley:

Thank you all for coming.

Andrew Adams:

You're welcome. Thanks.