What's Next For Russia Sanctions After Task Force Disbanded

By **Artie McConnell, Melissa Mannino and Jennifer Solari** (March 4, 2025)

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Within the flurry of Feb. 5 memos from recently sworn-in Attorney General Pam Bondi was a directive disbanding Task Force KleptoCapture, which was launched in March 2022 after the Ukraine invasion to enforce the sweeping portfolio of sanctions against Russia.

While it is difficult to accurately forecast the ramifications of many of the U.S. Department of Justice's new initiatives, it is unlikely that the end of KleptoCapture will be the death knell for Russia sanctions enforcement and other economic countermeasures that many have predicted. Nor will the Trump administration's fledgling rapprochement with Moscow alter the sanctions and compliance landscape in the near future.

KleptoCapture's Mixed Legacy

KleptoCapture was created with a simple mission. As then-President Joe Biden stated shortly after the invasion of Ukraine, "We're going to seize their yachts, their luxury homes and other ill-begotten gains," both to offset the cost of financing Ukraine's defense and to pressure Russia to end the war.

KleptoCapture was to be part of an international effort to use civil and criminal forfeiture authority to seize funds and assets belonging to sanctioned Russian individuals, colloquially known as "oligarchs"; liquidate those funds and assets; and provide the proceeds to Ukraine.

Many sanctions and asset forfeiture practitioners viewed KleptoCapture's approach with skepticism. This is because merely freezing an asset does not give the government the right to take ownership and sell it.

Rather, because being sanctioned is not in and of itself a crime, U.S. law requires that federal prosecutors prove that an asset is owned by a sanctioned entity — a difficult process due to the use of opaque, layered shell companies — and that the sanctioned individual or entity committed a federal crime.

Even in the best of circumstances, this is a complicated process that can take years, routinely involving both criminal and civil litigation. This process is also costly, as the government is required to pay for the maintenance of any frozen or seized assets while such litigation is pending. In the event a court rules against the government, these costs cannot be recouped, and the asset or funds must be returned.

Not surprisingly, KleptoCapture's worldwide effort to seize and forfeit Russian assets proved difficult in practice. Though the DOJ touts its seizure of over $700 million in oligarch or corrupt Russian assets, this figure is misleading — the majority comes from the seizure of two superyachts, the Amadea[1] and the Tango,[2] neither of which has had title transferred to the U.S.

Instead, litigation over the vessels is ongoing, and tens of millions of taxpayer dollars have been spent to maintain them, pay for fuel and pay their staff while ownership remains in legal limbo.[3]

To date, only approximately $6 million from forfeited assets has made its way from the U.S. to Ukraine. And the U.K. and European Union — the main foreign partners in the KleptoCapture effort — have been unable to liquidate any assets at all.

Beyond this, while a few Russian oligarchs have been indicted and face criminal charges for sanctions evasion and related offenses,[4] they remain in Russia or in other foreign jurisdictions where extradition is nearly impossible. They are unlikely to ever see the inside of a U.S. courtroom.

From Kleptocrats to Counter-Proliferation

Where KleptoCapture did have real success was in a somewhat unexpected area — namely, helping prosecutors target and dismantle the transnational networks that smuggle military technology and dual-use items from the U.S. and other Western countries to sanctioned Russian entities connected to the military.

Instead of targeting oligarchs, these investigations and prosecutions sought to damage Russia's ability to replenish stockpiles of semiconductors and other dual-use items necessary to sustain its war effort, while simultaneously denying Russia access to cutting-edge technologies — such as those used in hypersonics, quantum computing and advanced artificial intelligence — that could spur its research and development efforts.

KleptoCapture provided a centralized and politically influential mechanism to catalyze such cases, offering prosecutors state-of-the-art investigative tools and fostering unprecedented public-private partnerships involving law enforcement, the intelligence community, regulatory authorities and the financial sector.

This level of collaboration was essential to disrupting Russia's global proliferation networks, which are backed by the government and operate with the sophistication and resources of Fortune 500 companies.

More broadly, KleptoCapture helped change the perception of sanctions enforcement around the world.

Historically, even close U.S. allies have viewed sanctions as an American political endeavor rather than an effort to enforce criminal law. The consequence of that had long been a strict interpretation of dual-criminality laws, which stymied U.S. requests for evidence abroad and extraditions from foreign countries.

KleptoCapture not only helped change this view, but also allowed the U.S. to forge new relationships with previously uncooperative foreign governments. The net impact of these efforts meant that U.S. prosecutors could obtain bank records and other critical overseas evidence that had previously been unavailable.

As a corollary benefit, sanctions regimes in the U.S., EU, U.K. and elsewhere became more harmonized, which further helped with cross-border cooperation on related enforcement matters.

Thus, while the result was likely somewhat unintended, KleptoCapture became focused less on oligarchs and more on a global counter-proliferation mission that is vital to U.S. national security interests, in Ukraine and beyond.

Indeed, the early success of cases coordinated through KleptoCapture helped lead to the creation of the Disruptive Technology Strike Force, an interagency group pairing the FBI, the U.S. Department of Homeland Security and the U.S. Department of Commerce with federal prosecutors in 12 metropolitan regions.

The Disruptive Technology Strike Force has largely taken up the mantle of this counter-proliferation mission, employing "an all-tools approach," according to department press releases, to prevent Russia, China and other nation-state actors from acquiring sensitive U.S. technologies.

To date, at least 26 criminal cases have been coordinated through the strike force, charging sanctions and export control violations; smuggling conspiracies; and other offenses related to the transfer of sensitive information, goods and military-grade technology to Russia, China and Iran.

Where criminal charges cannot be sustained, the evidence gathered may be used to take regulatory action or for intelligence purposes.

Weighing Whether Criminal Enforcement Has Been Effective

The success of the Russia sanctions portfolio remains a hotly debated issue. Certainly, sanctions have not led to an end of the war in Ukraine, and macroeconomic indicators frequently cited by both supporters and opponents of sanctions are subject to endless analysis and interpretation. As described above, proceeds from seized, forfeited and liquidated oligarch assets have not made a dent in the U.S. financial commitment to Ukraine, which is conservatively estimated at over $100 billion.[5]

However, the counter-proliferation cases coordinated through KleptoCapture, and later the Disruptive Technology Strike Force, speak for themselves. These criminal prosecutions have dismantled several proliferation networks operating in the U.S. and elsewhere.

For example, in U.S. v. Grinin, a case brought in 2022 in the U.S. District Court for the Eastern District of New York, the apprehended defendants included:

- Alexey Brayman, a transshipper in Massachusetts;
- Vadim Yermolenko, a financier in New Jersey;
- Nikolaos Bogonikolos, the CEO of a defense conglomerate in the Netherlands; and
- Vadim Konoshchenok, a suspected Russian Federal Security Services colonel in Estonia who was extradited to the U.S. and then traded to Russia as part of the prisoner swap for journalist Evan Gershkovich.

That case also involved the successful interdiction of over half a ton of export-controlled, U.S.-origin sniper ammunition in Estonia before it could be smuggled into Russia.

In another case, U.S. v. Goltsev, also out of the Eastern District of New York, a Brooklyn resident, Salimdzhon Nasriddinov; and two Canadian nationals — Nikolay Goltsev and Kristina Puzyreva — pled guilty last year for smuggling dual-use electronics to several sanctioned Russian entities connected to the military. Tens of thousands of electronic components were seized from a Brooklyn location before they could be unlawfully exported abroad.

These and other cases show the tangible impact of sanctions and export control enforcement. They also provide a significant general deterrent and are often cited in compliance guidance issued by the government to the private sector.

The impact on the battlefield in Ukraine also cannot be denied. Field research by government and nongovernmental organizations has confirmed that Russia has been unable to sufficiently replenish its supply of semiconductors and dual-use parts from the U.S. and Europe.

Conflict Armament Research, a nongovernmental organization that works with the Ukrainian government, has examined the component parts of hundreds of downed Russian weapons platforms and traced their supply chains to their sources, which are frequently in the U.S. and the EU.

The organization's findings over the past three years show that the majority of U.S. and Western dual-use electronic components in Russian weapons platforms were manufactured before 2022.[6]

This is significant, as it suggests Russia stockpiled these items in anticipation of the invasion rather than being able to obtain fresh supplies since the war began.

Further substantiating this, recent analysis of Russian drones and smart munitions shows an increased reliance on components fabricated in Iran, North Korea and China, suggesting an inability to procure higher-quality Western versions. Things like plastic bottle caps and refurbished commercial electronics have also been documented as being used in drones and surveillance equipment.

What's Next for Russia Sanctions

It would be a mistake to read too much into the dismantling of KleptoCapture. Regardless of whether the Russia sanctions portfolio is considered a success, there is no question that criminal and civil enforcement will remain a priority until a detente is reached in Ukraine.

The Trump administration has already confirmed as much, threatening to increase sanctions on Russia in a variety of areas, including Russia's lucrative oil and gas sector.

While the public statements following the U.S.-Russia summit in Saudi Arabia were positive, the fallout from Ukrainian President Volodymyr Zelenskyy's visit to the White House last week proves there is a long way to go toward any resolution. Indeed, in response to his meeting with Zelenskyy, President Donald Trump suspended aid to Ukraine, rather than lifting sanctions. Thus, any consensus regarding U.S. and EU sanctions is far off.

More broadly, while their utility may be debated, there is no question that sanctions, including those restricting access to dollar- and euro-based financial institutions, are a significant bargaining chip in negotiating an end to the war.

For that reason alone, enforcement should continue apace for the time being.

While legacy sanctions against oligarchs may be deprioritized post-KleptoCapture, the reality is that this shift had already occurred in favor of the broader counter-proliferation mission.

The architecture for criminal enforcement remains in place, as the Disruptive Technology Strike Force has, at present, remained unscathed amid the changes at the DOJ. Nor have the agency squads responsible for Russia sanctions and counter-proliferation been affected. Bondi has given no indication that active investigations in this space will be dropped or suspended, or that new cases cannot be initiated or charged.

Such an approach would be largely consistent with the Trump administration's focus on economic measures such as sanctions, export controls, and tariffs to further national security and foreign policy goals.

The president has already issued executive orders instituting tariffs, and Howard Lutnick, who was recently confirmed as the next commerce secretary, has stated that he "intend[s] for strong enforcement of export controls to be a hallmark of [his] tenure," and that he is "committed to making any necessary changes to prevent malign actors from exploiting America's innovation ecosystem."

This posture from the Commerce Department is significant given the agency's dual regulatory and criminal enforcement role.

Conclusion

Despite the end of KleptoCapture, enforcement of the Russia sanctions regime and other economic countermeasures targeting Russian entities is likely to continue.

As long as the war in Ukraine rages on, the U.S. will endeavor to prevent American and Western dual-use items and other technologies from being weaponized and used on the battlefield.

More broadly, an aggressive use of sanctions, export controls and tariffs will be critical to achieving wider U.S. national security objectives and responding to a range of future threats from Russia, China and elsewhere.

Accordingly, continued care should be taken to comply with sanctions for the 300 or so U.S. companies still in the Russian market, mostly in the food, agro-chemical and pharmaceutical industries; U.S and foreign companies selling and exporting high-priority goods sought by Russia; and the hundreds of European companies that operate in Russia.

The broad extraterritorial reach of U.S. sanctions, export controls, and related national security laws and regulations can capture transactions with very little nexus to the U.S., including U.S. dollar-denominated transactions between foreign parties and foreign persons engaged in activities involving foreign-produced items developed from U.S. technology, or produced from U.S. production equipment.

Any business seeking to enter the Russian market, resume operations in Russia, or simply conduct business with third parties that may do business in Russia or with Russian entities should have a robust compliance program to minimize potential exposure for civil or criminal sanctions violations, as well as consider the reputational risk of doing so.

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Disclosure: During his tenure at the U.S. Attorney's Office for the Eastern District of New York, McConnell was involved in the prosecutions of U.S. v. Grinin and U.S. v. Goltsev.

[1] https://www.justice.gov/usao-sdny/media/1320711/dl.

[2] https://www.justice.gov/archives/opa/press-release/file/1490356/dl.

[3] See, e.g., The U.S. seized a Russian yacht. Now you're paying for it., 2024 WLNR 24588967 (Washington Post 12/19/24); and Taxpayers Stuck Paying the Bills for Oligarchs' Seized Yachts and Mansions - (WSJ 9/25/23).

[4] In the U.S. District Court for the Southern District of New York, see, e.g., indictments of of Andrey Kostin, https://www.justice.gov/usao-sdny/pr/sanctioned-russian-oligarch-and-others-indicted-sanctions-violations-and-money; Konstantin Malofeyev, https://www.justice.gov/archives/opa/pr/russian-oligarch-charged-violating-us-sanctions, and Oleg Deripaska, https://www.justice.gov/archives/opa/pr/russian-oligarch-oleg-vladimirovich-deripaska-and-associates-indicted-sanctions-evasion-and. In the U.S. District Court for the Eastern District of New York, see, e.g., indictments of Andrii Derkach, https://www.justice.gov/archives/opa/pr/active-russian-agent-andrii-derkach-indicted-scheme-violate-sanctions-united-states; and Artem Uss, https://www.justice.gov/usao-edny/pr/five-russian-nationals-and-two-oil-traders-charged-global-sanctions-evasion-and-money.

[5] Council on Foreign Relations, https://www.cfr.org/article/how-much-us-aid-going-ukraine.

[6] https://www.conflictarm.com/.