

# ANTI-CORRUPTION FOUNDATION

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**To: His Excellency  
Mr Josep Borrell  
High Representative of the  
European Union for Foreign Affairs**

Vilnius, October 14th, 2022

## **Proposal to improve policy concerning sanctions on individuals**

For 12 years, since it was founded by Alexei Navalny, the Anti-Corruption Foundations (ACF) has been investigating economic and political corruption in Russia. ACF's anticorruption investigations focused on high-ranking state officials of the Russian Federation, members of the government, State Duma deputies, heads of constituent entities of the Federation and entrepreneurs connected to them.

The experience gained in the course of investigating corruption-related criminal activities of the Russian political and business elite members, has allowed us to put forward a sanction policy initiative, which, in our opinion, could cause a serious division within the Russian government, weaken President Putin's influence on the Russian political system, cause him to become toxic and lead to his isolation. This is the so called ACF-6000 list – the list comprising several thousands of key accomplices and instigators of the war who we suggest should be sanctioned en mass by the European Union, United Kingdom, the USA and other allies.

May I remind Your Excellency, that on 12 May during the presentation of ACF-6000 list to you, you have expressed a positive reaction to this initiative and on 19 May the European Parliament has adopted a resolution in support of ACF-6000 list, urging the European Council to implement this sanctions list in practical terms.

In addition, I would like to draw Your Excellency's attention to the fact that FCC's sanction initiatives are not limited to this extensive list of names but also include certain measures to amend the European Union's sanctions policy, which, in our opinion, will significantly increase its effectiveness.

Presently, if a person's name is included in a sanctions list, it practically becomes a

‘one-way ticket’ for them. On the one hand, this ensures extreme thoroughness when selecting designated persons, weighing up legal risks and consequences in every case where a person is included in a sanctions list, which slows down the process of expanding these lists. On the other hand, however, this does not encourage the designated person to change their behaviour, to break up with Putin, to speak up against Putin’s war, to donate for humanitarian reasons, to compensate the damage caused, etc. In effect, as things stand, being included in the European Union sanctions lists would more likely push the designated person into Putin’s arms, as they will be forever branded as being ‘in the same boat’ with Putin.

It goes without saying, that this approach is justified in relation to many designated persons who are war criminals, public warmongers or key players for Putin’s regime. Nevertheless, one should not forget that the ultimate goal of the sanctions policy is not to simply punish certain people but to create pressure on Putin’s regime, which would bring up the costs of conducting the aggressive and criminal war against Ukraine and contribute to ending this war. It is our opinion, that in this respect the present European Union sanctions policy needs to be amended.

We suggest that it be reviewed from the following perspective:

- to increase significantly the number of persons included in the lists (for example, by following ACF-6000 list or a list of a similar composition and objectives to that of the National Anti-Corruption Bureau of Ukraine).
- At the same time a clear and simple set of criteria should be published of how to remove one’s name from the list. These criteria would be connected to publicly condemning the war, compensating damages, breaking up with Putin and his regime.

This type of policy would result in hundreds of people from Putin’s entourage, who currently constitute the supporting structure of his criminal regime, being faced with a choice, and in a large number of cases, they would make this choice not in favour of the continued cooperation with the regime thus weakening it significantly.

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There should be a separate discussion regarding sanctions in respect of the so called ‘oligarchs’, major entrepreneurs who are not part of the government. As far as we can see, it is them who have become the biggest victims of European Union sanctions and this appears to be unfair.

Why was it so easy to identify and freeze assets of major Russian entrepreneurs who came under sanctions? It was simply because they did not think of hiding these assets, which in the majority of cases had been acquired openly and legitimately with the duly taxed earnings generated as a result of legitimate entrepreneurial activities within standard business practice. This is where the principal difference lies between businessmen acting in good faith and, for example, state officials, government ministers or deputies from Putin’s entourage who are not permitted to engage in business activities pursuant to the Russian Federation law

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in force, and who purchase foreign assets with income acquired through corruption and thus have to hide such assets by using cunning schemes involving chains of fake owners of offshore companies.

ACF-6000 list places alleged targets of the sanctions policy into 34 categories (regional state officials, federal state officials, organisers of repressions, propagandists, election riggers...), and only one category out of 34 includes oligarchs (entrepreneurs close to the Kremlin). Nevertheless, we can observe that the implementation of the sanctions policy in Europe causes major entrepreneurs to bear the brunt of the sanctions blow, including not only those close to the Kremlin but also those who for decades of Putin's government have been avoiding close contact with the regime and have not supported the regime.

It therefore appears that the sanctions target business people acting in good faith, often simply because they hold Russian passports, while the real criminals, who enriched themselves through their close connections to Putin's regime, have once again escaped scot free.

This approach is not based on the rule of law, it does not demonstrate ethical leadership of the European Union, which could encourage Russian society, by following the best practice route, to move towards a more just social order and to contribute to the speediest termination of Russian aggression against Ukraine.

We do believe that the changes of the fundamentals of European Union sanctions policy proposed by us can help to rectify the aforementioned injustice at least in part. It is by far not the case that all representatives of the Russian business sector are beneficiaries and/ or supporters of Putin's regime; on the contrary, many of them have taken a firm stance to support Ukraine following the military invasion of Ukraine. However, they remain under sanctions and have presently no possibility to have these sanctions removed.

In order to illustrate the above, we enclose with this letter a typical example of a case where the practical implementation of European Union sanctions caused, in our opinion, the imposition of wrongful restrictions on business people of Russian origin, who are not connected to the crimes committed by Putin's regime. The case of Alfa-Group corporation, among others, was what encouraged us to write this letter and make suggestions on improving the current European Union policy concerning sanctions on individuals.

I would like to use this opportunity to express my deepest respect to Your Excellency.

Yours Sincerely,  
**Leonid Volkov**  
Chairman, Anti-Corruption Foundation



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## **Addendum:**

Alfa-Group is an international financial and investment corporation controlled by a private party. Shareholders and managers of Alfa-Group have always emphasized their political non-partisanship. This group was created 'from scratch', on the basis of entrepreneurial energy, talent and implementation of the best Western business practices, and was always perceived by the Russian entrepreneurial community as a successful example of a business structure built without state participation.

Mikhail Fridman - the main shareholder of Alfa-Group, is known for his liberal position. Being a close friend of the late Boris Nemtsov, Fridman has always distanced himself from any contact with president Putin (he never met him one-to-one), and he has received no state awards (unlike the majority of other major Russian businessmen). He was born and grew up in Ukraine, his parents are Ukrainian citizens living in Lviv. He himself has been permanently residing in London since 2015, and has been actively engaged in investing in Europe and in the USA.

For almost 30 years, Mikhail Fridman and his business partners (PGerman Khan, Alexei Kuzmichev, Petr Aven) have been the biggest investors in the Ukrainian economy (Alfa-Bank, Kyivstar, Borzhomi), as well as initiators and donors of the most important charitable projects (AlfaJazzFest (currently LeopoldisJazzFest), the Babiy Yar Holocaust Memorial Centre, and numerous charitable projects for the Ukrainian Jewish community). Soon after Russia's invasion, in the first few days of the war, Mikhail Fridman and his partners sent 10 million US dollars to support Ukrainian refugees - the money was later used to provide humanitarian aid in Bucha, Hostomel and other areas that suffered from Russian aggression.

In view of the above, we did not include or consider it possible to include Mr Fridman and the majority of his business partners in our proposals for the sanctions list (ACF-6000), since we do not believe that they were somehow connected to Putin's regime or that they should be held responsible for his crimes.

The only exception is Petr Aven, one of Mikhail Fridman's business partners, whom we included on the ACF-6000 list on the basis of the fact that he was present at Putin's meeting with entrepreneurs on 24th February 2022 (the day of the start of the war). Putin tried to use this meeting to distribute responsibility for the war by having the major Russian entrepreneurs cover each other's backs, so to speak, making them accomplices in his crimes.

However, over the past seven months, Petr Aven has publicly demonstrated his firm resentment of the Russian aggression in Ukraine. As early as on 27 February he left Russia together with his family, and since then he has been actively involved in public and private meetings (in Europe and in the USA), during which he expressed his rather unambiguous negative stance towards president Putin's politics.

In view of the above, we believe it is correct to remove Mikhail Fridman (and his business partners Petr Aven, German Khan and Alexei Kuzmichev) from the EU sanctions lists. In our opinion, this decision will send the correct signal to other Russian businessmen, by creating an incentive for them to behave in a similar way and publicly condemn Putin and his criminal war, as well as assist in aiding Ukraine. We also believe that this decision would be in line with the principles of lawfulness and justice.