

## Cabinet News and Views

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### Tri-Seal Compliance Note Warns of Sanctions Evasion



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On March 2, the Department of Commerce, Department of Justice, and Department of the Treasury [issued](#) a Tri-Seal Compliance Note warning companies to be vigilant for Russia-related sanctions evasion. The Note sets forth a clear regulatory expectation that businesses “of all stripes,” both inside and outside the U.S., maintain effective compliance programs to minimize the risk of evasion.

The Note states that sanctions evasion compliance programs should include management commitment, internal controls, testing, auditing, and training. The Note also calls for compliance programs to be tailored to the risks businesses face, including diversion of goods and services by third-party intermediaries.

While the Note calls upon a broad range of businesses to maintain a sanctions evasion compliance program, it singles out manufacturers, distributors, resellers, and freight forwarders, calling on those entities to exercise heightened caution if they detect warning signs of potential evasion.

The note sets forth a number of red flags of sanctions and export control evasion, including:

- Use of corporate vehicles (*i.e.*, legal entities, such as shell companies, and legal arrangements) to obscure (i) ownership, (ii) source of funds, or (iii) countries involved, particularly sanctioned jurisdictions;
- IP addresses that do not correspond to a customer’s reported location data;
- Payment coming from a third-party country or business not listed on the applicable end-user form;
- Use of personal email accounts instead of company email addresses; and
- Routing purchases through certain transshipment points commonly used to illegally redirect restricted items to Russia or Belarus.

The Note also calls upon companies to review U.S. enforcement and targeting actions that reflect tactics and methods intermediaries have used for evasion purposes. Companies that identify sanctions or export control evasion are encouraged, and in many ways incentivized, to file voluntary self-disclosures.

Implementing the Note's recommendations will require many companies to move beyond screening goods, counterparties, and beneficial owners for potential matches to restricted persons and exports. Companies also will need to consider whether customers, counterparties, and intermediaries are who they claim to be and do what they claim to do.

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