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Sanctions: Fortnightly Summary



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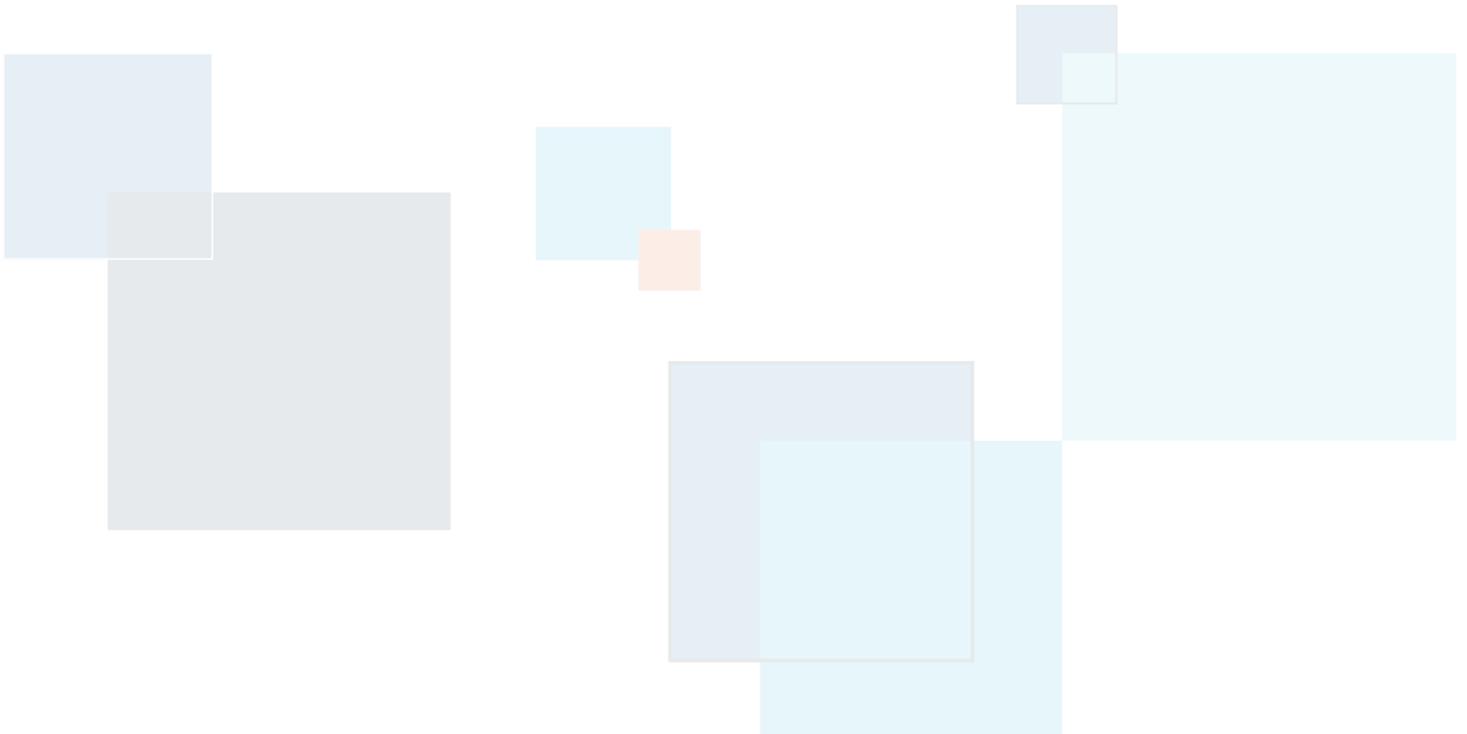
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Welcome to BCL's sanctions fortnightly round-up, highlighting the notable developments in the UK and global sanctions implementation and enforcement.

This edition covers, amongst other matters, an art gallery charged with sanctions breaches, guidance issued by OTSI and HMRC on sanctions compliance, and multilateral efforts to tackle sanctions evasion via third countries.

Sanctions Enforcement

London art gallery charged with Russia sanctions breaches

- The London branch of a Swiss art gallery, Hauser & Wirth, has been charged by HMRC with breaching the Russian sanctions regime, alongside an arts logistics company, by making luxury goods - a painting titled *Escape from Humanity* by American artist, George Condo - available to a "person connected with Russia".
- It is believed to be the first time that HMRC has brought charges relating to the offence. The ban, imposed in April 2022, covers the export to Russia (and the sale to Russian residents and companies) of luxury items valued over £250, including art, high-end fashion goods, vehicles, works of art, and jewellery.

Sanctions Compliance

Case study on largest compound settlement for sanctions breaches [\[HMRC case study\]](#)

- In May 2025, HMRC concluded the largest compound settlement for a Russia sanctions breach, involving a UK exporter that supplied goods to Russia. The compound settlement involved a penalty of £1,160,725.67, which was paid to HMRC in May 2025.
- HMRC has now published a case study highlighting the following 'key compliance lessons' arising from the compound settlement:
 - Risk of exporting to/via 'third countries': UK companies exporting sanctioned goods to third countries should check whether the consignee, end-user or any other party receiving or taking control of the goods is a Russian-owned company.
 - Risk of being uninformed: Businesses should review their trading relationships in light of new sanctions and seek professional legal advice on current and prospective trade if they are unsure whether it complies with sanctions.
 - Meaning of 'connected with Russia': The key point to note in this context is that this definition includes Russian-incorporated companies operating anywhere in the world.

SRA publishes annual AML report [\[SRA annual report\]](#)

- The AML Annual Report 2024-25 notes that the Solicitors Regulation Authority (SRA) carried out 309 sanctions control-checks during anti-money laundering (AML) inspections and 77 forensic reviews. The SRA identified non-compliance in six cases, including failures to report frozen funds promptly and misunderstandings around licence parameters.

- The SRA notes that although sanctions regimes have stabilised, the breadth and complexity of designations continue to pose risks, particularly around ongoing client monitoring.

NCA issues shadow fleet sanctions evasion alert [[NCA Amber Alert](#)]

- On 13 November, the NCA issued an Amber Alert examining the shadow fleets that are enabling circumvention on behalf of Russia and other regimes, the methods and people they employ, and the sanctions and money-laundering typologies that can be used to help detect these operations.
- This alert expands on (and explores similar networks to) the Red Alert '0774-NECC Shadow Fleet Sanctions Evasion and Avoidance Network' issued by the NCA in July 2025.

OTSI guidance for the freight and shipping sector [[OTSI Guidance](#)]

- The Office of Trade Sanctions Implementation (OTSI) has published guidance regarding countering sanctions evasion in the freight and shipping sector, aimed towards freight forwarders, carriers, postal operators and intermediaries.
- The guidance sets out due-diligence best practice for the freight and shipping sector across the supply chain, including verifying customer identities, pre-screening parties against the UK Sanctions List, and checking documentation such as HS codes and cargo descriptions.
- The guidance underlines that facilitating sanctions evasion, knowingly or through inadequate controls, may constitute a civil or criminal breach, and that suspicious activity should be reported to relevant authorities.
- The key takeaway from the guidance is that logistics providers should implement proactive, risk-based controls, rather than relying solely on automated screening tools.

Sanctions implementation

Sanctions imposed under the counter-terrorism regime [[OFSI press release](#)]

- On 6 November 2025, the UK Government imposed sanctions on the New Irish Republican Army ("New IRA") and Kieran Gallagher, a suspected member. Both are subject to asset freezes.
- This is the second use of the Treasury-led domestic counter-terrorism regime targeting terrorism relating to the Northern Ireland, following the imposition of sanctions on a suspected member of the New IRA in December 2024.
- According to Economic Secretary to the Treasury, Lucy Rigby, these sanctions "send a clear signal that the UK works proactively to stop terrorist financing, and will take action against those who try to exploit the UK's financial system for this activity".

Parliamentary briefing

Report on “Sanctions against Russia: targeting third countries” [[Parliamentary report](#)]

- On 4 November, the House of Commons Library published a report examining the role of third countries in supporting or enabling Russia’s war in Ukraine through military aid, trade, and sanctions evasion.
- The publication highlights the role of countries such as Belarus, Iran, North Korea, and China in diverting goods to Russia, and Russia’s use of shadow fleets and alternative oil/gas routes. It outlines how multilateral sanctions regimes are adapting to target these third-country networks and to close loopholes.
- The report also flags the possible effects of the US diverging from the EU and G7.

Global developments

Gazprom agrees to divest majority interest held in Serbian oil major [[Reuters article](#)]

- On 11 November, the Serbian Government announced that Russian state-owned firms Gazprom Neft and Gazprom have agreed to divest their respective stakes in Serbia’s major oil company Naftna Industrija Srbije (NIS) following sanctions imposed by OFAC.
- NIS was initially designated by OFAC on 10 January 2025. However, the United States has issued monthly waivers of the sanctions, while putting pressure on the Russian shareholders to sell their stake in the firm.

US grants Hungary one-year exemption from Russian energy sanctions [[BBC article](#)]

- On 7 November, the United States exempted Hungary from sanctions over its continued purchases of Russian oil and gas for a period of one year, citing Hungary’s difficulty in sourcing oil and gas from elsewhere because of its landlocked location.

Russian oil imported to Australia through sanctions ‘loophole’ [[Guardian article](#)]

- The European Centre for Research on Energy and Clean Air (CREA) has reported that, although Australia ceased buying fuel directly from Russia following the full-scale invasion of Ukraine, it has imported more than 3m tonnes of Russian-originating oil since 2023.
- Australia’s sanctions regime permits purchases via third parties and, since 2023, the report says Australia has bought almost a quarter of its refined petroleum imports from Singapore, which received more than 22m tonnes of refined petroleum products from Russia over the same period.
- In October, the EU and UK announced sanctions on third-party refiners of Russian material from 2026, including by targeting specific terminals and refineries. Critics have called for Australia to match these sanctions to stem Kremlin oil revenues.

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