



Observatoire ARGA

Report on Sanctions and Compliance for 2025

Risk Assessment 2025: High-Risk Jurisdictions for Politically-Motivated Financial Investigations

Author:

Sergei Khrabrykh — President of ARGA, PhD

Organization: Observatoire ARGA – Sanctions and Compliance Division

Correspondence Address: 14 rue Jacques Laffitte, Bayonne, 64100

Contact: info@argaobservatory.org

Paris, 03 November 2025

Table of Contents

<i>Executive Summary</i>	3
METHODOLOGY	4
KEY TERMS	5
REGIONAL REVIEW	5
COUNTRY ANALYSIS	6
<i>Typology of Politically Motivated Financial Investigations</i>	12
1. Fabrication of economic predicates.....	12
2. Parallel AML + Interpol strategy.....	12
3. Manipulated FIU-alerts and risk signal export.....	12
4. Freeze-before-investigation.....	12
5. Sanctions-mimicking.....	12
6. Corporate AML weaponisation	13
7. Crypto-transaction distortion.....	13
<i>Case Examples</i>	13
Russia	13
Kazakhstan	14
Azerbaijan	14
Uzbekistan.....	14
RISK MAP	15
RED FLAGS	15
RECOMMENDATIONS	16
CONCLUSION	19
<i>Final Statement</i>	21
SOURCES	21

Executive Summary

The report presents a comprehensive jurisdictional risk assessment of politically-motivated financial investigations and transnational misuse of financial enforcement instruments. The analysis covers a wide range of practices, including manipulation of AML/CTF frameworks, the use of KYC/EDD procedures as a coercive tool, FIU requests submitted without evidentiary basis, sanctions shadowing, and cross-border asset freezing mechanisms.

Amid increasing politicisation of financial monitoring, several post-Soviet jurisdictions now employ financial channels as instruments of extra-territorial influence. These mechanisms function not only as domestic enforcement leverage, but as exportable technology deployed internationally — affecting global banks, investment structures, corporate groups, journalists, human rights organisations and migrant entrepreneurs.

Observatoire ARGA evaluates eleven countries, comparing their enforcement practices against international standards and assigning risk levels — **Critical, Very High, High, Medium** — for global financial intermediaries and regulators. This classification reflects the probability of transnational abuse, the institutional resilience of national FIUs, the political independence of AML/CTF regimes, and the exposure of international banks to coercive misuse.

The assessment relies on multiple, cross-verified datasets:

- systematic submissions from business actors, investors, NGOs and journalists affected by unjustified financial restrictions;
- ARGAs annual reports to the INTERPOL General Assembly (2023–2025), documenting transnational misuse of financial tools;
- the Observatoire ARGAs OSINT dataset, incorporating FATF, Moneyval, OECD material, investigative media, court records and leaked analytical evidence;
- public and NDA-protected transnational case studies demonstrating real enforcement pathways via banks, payment systems and crypto-asset platforms.

The report delivers:

- a risk map of transnational financial pressure, illustrating how FIU signals propagate across jurisdictions and transform within banking systems;
- a typology of politically-motivated financial investigations, including FIU Shadow Export, Interpol–AML Coupled Pressure, Sanctions-Mimicking, Corporate TFP, etc.;
- a stratified risk model ranking jurisdictions by severity and likelihood of cross-border misuse;
- operational criteria and regulatory guidance for OFAC, EU DG FISMA, FATF, FinCEN, TRACFIN, MROS Switzerland, FIU UAE, FIU Hong Kong and others.

The report concludes that a structural reform of FIU-request validation and freeze-action governance is required to prevent the use of global financial architecture as a covert mechanism of political or corporate coercion.

METHODOLOGY

1. Country-based risk analysis: assessment of 11 jurisdictions using 33 indicators.

A multidimensional evaluation was conducted using 33 indicators of AML/CTF politicisation, FIU independence, judicial resilience, frequency of transnational requests, probability of KYC/EDD misuse, and degree of security-service involvement in financial monitoring. Each country received an integrated risk rating: **Critical, Very High, High, or Medium.**

2. Case-based method: 12 ARGA cases (public + NDA).

Twelve real cases involving entrepreneurs, journalists, investors and NGOs were analysed. Each case was reviewed chronologically: triggering factor → FIU signal → bank reaction → freeze/offboarding → consequences. Full anonymisation was ensured.

3. OSINT: FATF, Moneyval, Basel AML Index, OECD, Egmont Group.

The analysis relied on international sources: FATF/Moneyval mutual evaluations, Basel AML Index reports (2019–2025), Egmont Group publications, OECD material on corruption and cross-border schemes, as well as OCCRP, ICIJ, Reuters and Bloomberg investigations. OSINT was used to compare regional patterns with global trends.

4. FIU-risk modelling: probability of politically-motivated requests.

A model was constructed to evaluate FIU-request risk, including: frequency of blanket submissions, share of requests without predicative offence, vague formulation patterns, correlation with political events, FIU dependency on law-enforcement bodies, and presence of “exported risk files”.

5. KYC/EDD impact review: assessment of international banking responses.

Banking behaviour in the EU, UK, Switzerland, UAE, Singapore and Hong Kong was examined, focusing on automatic freeze algorithms, nationality-based risk scoring, unexplained offboarding, sanctions shadow copying, and procedures in cases lacking documentation from the originating jurisdiction. Differences between high-automation models and human-led compliance were assessed.

6. Predicative-offence reliability test.

Each referenced predicative offence (tax evasion, money laundering, terror-financing, corruption) was verified for the presence of financial-forensic evidence, court rulings, proven losses, identified transactions and objective case structure. Multiple instances were identified where no predicative offence existed and the label served as a political proxy.

7. Double-source verification.

All key conclusions were confirmed using at least two independent sources — documents, OSINT datasets, expert interviews, court materials or financial-platform evidence. Information lacking dual verification was excluded from the final assessment.

KEY TERMS

Politically Motivated Financial Investigations (PMFI) — financial investigations initiated on political grounds but framed as AML/CTF procedures.

PMFI are masked as checks into source of funds, “tax evasion”, “money laundering” or “foreign funding”, even when real triggers are political criticism, corporate disputes, refusal to surrender assets or participation in civic activity. This allows states to avoid reputational accountability by replacing criminal prosecution with financial pressure.

State-Originated Financial Pressure (SOFP) — state-driven pressure executed through financial mechanisms: FIU requests, sanction-style language, bank notifications, administrative Freeze Actions.

SOFP creates an ecosystem of indirect coercion in which a political signal moves through institutional channels (FIU → banks → EDD → freeze), making international financial structures involuntary agents of pressure.

Cross-Border Political Risk Transfer (CPRT) — transfer of domestic political pressure beyond national borders through FIU requests, Interpol mechanisms, bank alerts and international AML channels.

CPRT enables governments to affect individuals abroad: assets are frozen, accounts blocked, financial access restricted, while reputational risk spreads across foreign banks even without legal grounds.

Predicative Integrity Score (PIS) — an index measuring the credibility of a predicative offence based on verification of facts, documents, expert reports and court rulings.

Low PIS indicates a high probability of political motivation or artificial construction of the case.

Jurisdictional AML Hazard (JAH) — systemic risk of AML misuse linked to jurisdictional features: FIU dependency on security structures, opacity of legal process, politicisation of investigative bodies, use of financial measures as a tool of pressure.

JAH defines how dangerous automatic compliance is for international banks and how high the probability of false freeze-actions.

REGIONAL REVIEW

1. Politicisation of financial investigations is a persistent regional feature.

All assessed states demonstrate convergence of financial monitoring with political and security interests. Financial investigations are used as instruments of control against opponents, economic actors and diaspora networks, while political motives are masked under AML/CTF or anti-corruption narratives. This forms a stable pattern where finance becomes an extension of political decision-making.

2. AML, KYC and FIU channels are used for political and corporate leverage.

AML tools are applied beyond their intended scope: to pressure business groups, redistribute assets, force return of individuals, or halt independent journalism and NGO work. FIU requests often contain vague language (“potential risks”), enabling their use in corporate disputes and administrative power struggles.

3. International banks resort to preventive freeze due to jurisdictional reputation.

Even without evidence, banks in the EU/UK/CH/UAE apply blocking measures because of high perceived risk associated with CIS jurisdictions. The reputation of some FIUs as politically dependent leads to over-compliance driven by fear of sanctions or regulatory scrutiny.

4. Several FIUs operate without evidentiary standards.

Requests often lack predicative offences, stated damages, transaction details or investigation stage. General formulations make verification impossible. FIU opacity and law-enforcement control increase the risk of abuse within Egmont and FIU-to-FIU channels.

5. Entrepreneurs and investors are primary targets.

Most identified cases involve business owners, investors and their families. Financial tools are used to:

- exert leverage in corporate appropriation,
- regain control over assets,
- compel political loyalty,
- secure access to business structures or enforce redistribution.

Those operating abroad or in strategic sectors (energy, construction, logistics, export) are particularly vulnerable.

COUNTRY ANALYSIS

1. Russia — CRITICAL RISK

- **Maximum politicisation of financial investigations.**

Russia shows the most entrenched fusion of financial monitoring with political objectives. The FIU, investigative bodies and security services act in a coordinated manner, turning AML tools into instruments of political pressure.

- **FIU export of false alerts.**

The Russian FIU actively sends signals abroad without a predicative offence, using distorted wording (“possible sanctions risks”, “extremism financing”), which leads to automatic freezes in the EU and UAE.

– **Widespread freeze-before-investigation.**

Freezes are imposed at the preliminary-review stage, without expert assessments or court decisions. Banks block assets on the basis of minimal signalling, turning financial measures into a form of pre-punishment.

– **“Foreign agent” designation → banking sanctions.**

Once a person or entity is added to the “foreign agents” register, banks classify them as high-risk, leading to offboarding, account closures, freezes and service refusals even in the absence of criminal prosecution.

– **Transnational pressure via Interpol + AML.**

The combined use of Diffusion or Blue Notices with FIU requests generates a cascade of restrictions: freeze → refusal of service → loss of access to financial infrastructure in the EU/UK/CH/UAE.

– **High probability of fabricated predicative offences.**

Predicates (“fraud”, “tax evasion”, “money laundering”) are often not supported by facts. Charges are used as a cover for political or administrative pressure.

2. **Kazakhstan — VERY HIGH RISK**

– **AML used as a tool of corporate pressure.**

Financial investigations are actively employed in shareholder disputes, conflicts around enterprises and in asset redistribution. Freezes become part of the “negotiation strategy”.

– **FIU → EU/CH/UAE: blanket requests.**

The Kazakh FIU sends short notifications abroad without specifying transactions, loss amounts or stage of review. International banks interpret them as high-risk red flags.

– **Strategic freezes targeting major entrepreneurs.**

Freezes are used to halt operations of large companies, block working capital and pressure owners, especially in agriculture, logistics, construction and extractive industries.

– **Linkage of economic cases to asset redistribution.**

The launch of criminal or financial investigations often coincides with attempts to change corporate control or gain access to assets. Freeze measures accelerate coercion and force concessions.

3. **Azerbaijan — VERY HIGH RISK**

– **Financial investigations deployed against journalists and NGOs.**

AML, foreign exchange and tax provisions are used to obstruct or shut down media outlets, human rights organisations, independent research projects and opposition structures.

– **FX/tax/AML charges used as a repressive tool.**

Articles on “money laundering”, “smuggling” and “illegal entrepreneurship” serve as a legal façade for politically motivated actions. Predicative offences are rarely supported by expert evidence.

– **Asset freezes in neighbouring jurisdictions.**

Freezes extend to accounts in Turkey, Georgia, the UAE and the EU. FIU requests contain minimal information, yet banks interpret them as high-risk signals.

– **Predicative offences often remain unsubstantiated.**

Formal grounds for freezes frequently collapse under closer scrutiny. However, financial restrictions cause irreversible damage: closure of NGOs, termination of journalistic projects, and loss of funding.

4. **Turkmenistan — VERY HIGH RISK**

– **Opacity of the FIU.**

The financial intelligence unit operates without public reporting, does not disclose its methodologies and does not provide supporting documentation for its requests. This complete opacity makes signal verification impossible and forces international banks to react blindly.

– **Nationality-based blocking.**

Turkmen citizenship is automatically treated by many banks in the EU, the UK and the UAE as a high-risk factor. This leads to refusals to open accounts, closure of existing relationships and prolonged KYC reviews without genuine grounds.

– **Political investigations disguised as AML.**

Alleged economic or currency violations are used as a formal cover for politically driven investigations, particularly against entrepreneurs linked to external activities, the diaspora or international organisations.

– **Lack of institutional oversight.**

The judiciary and regulators do not provide independent review of FIU actions. Freezes can remain in place indefinitely, and their lifting depends solely on administrative decisions, creating a critically high level of systemic risk.

5. **Uzbekistan — HIGH RISK**

– **Elite struggles accompanied by financial investigations.**

Financial investigations are used as a pressure instrument in conflicts between elite groups. Cases of “illicit enrichment” or “money laundering” frequently coincide with shifts in influence or ownership.

– **Freezing of diaspora entrepreneurs’ assets.**

Businesspeople operating in the UAE, Turkey, the EU and other countries face transnational asset freezes. Restrictions are often imposed without opening a case and serve as leverage to force return or concessions.

– **FIU requests without evidentiary basis.**

Requests are sent with generic language, lacking a predicate offence, loss amount or transaction description. International banks — especially in the UAE — treat them as “high-risk” and automatically block funds.

– **Pressure on business in industry and real estate.**

Industrial holdings, manufacturing companies and large real-estate owners are particularly vulnerable. Freezes are used as leverage in corporate disputes and attempts to reallocate ownership.

6. **Belarus — HIGH RISK**

– **AML applied in political cases.**

Financial investigations and AML framing are used against protesters, independent journalists, NGOs and entrepreneurs linked to civil society. This creates a direct link between political activity and financial restrictions.

– **Freezing of assets of protest-linked individuals.**

Freezes are imposed both domestically and via banks in the EU/UK, where the Belarusian FIU circulates alerts on “financing of extremist activity”. Even without a criminal case, such signals trigger automatic restrictions.

– **Sanctions rhetoric applied internally.**

Although many individuals and organisations are not subject to international sanctions, domestic authorities apply “sanctions-risk” language, effectively creating sanctions without a legal basis.

– **High likelihood of baseless FIU alerts.**

FIU communications often contain vague formulations and politically loaded assessments. For international banks, this creates a substantial risk of false freezes and complicates servicing Belarusian clients.

7. **Tajikistan — HIGH RISK**

– **FIU fully controlled by security apparatus.**

The financial intelligence unit lacks institutional independence and functions as part of the security bloc. Decisions on financial investigations are made outside legal procedure, and access to case materials is denied even to foreign partners.

– **Pressure on diaspora entrepreneurs.**

Businesses located in Russia, Turkey, the UAE and EU states are particularly vulnerable. Any foreign economic activity is interpreted as potentially disloyal, triggering FIU alerts and subsequent freezes abroad.

– **Freezes in Turkey and the EU linked to domestic political cases.**

Investigations involving opposition or religious movements are used as grounds for issuing international financial signals. Banks, unable to verify evidence, apply automatic freezes.

– **Extremism charges used as a predicate.**

Articles on extremism or national security threats bypass requirements to prove financial harm. Such predicates elicit strong reactions from banks, leading to transnational asset freezes.

8. Kyrgyzstan — MEDIUM RISK

– **AML tools employed against media and activists.**

Journalists, investigative groups and NGOs face preventive freezes even in the absence of financial harm. The freeze functions as temporary paralysis until reviews conclude.

– **Predicates often weakly substantiated.**

FIU alerts and investigative orders frequently contain generic wording — “possible illegal financing”, “suspected interference”. These signals trigger automatic banking restrictions.

– **But the system is less centralised than in RU/KZ/AZ.**

There is no rigid vertical command structure; many investigations originate at regional levels. As a result, pressure is less systematic, though more unpredictable.

– **Risk profile is partly political, partly commercial.**

Financial measures apply both in politically sensitive contexts (journalism, activism) and in commercial disputes, especially in infrastructure, construction and state-procurement linked sectors.

9. Georgia — MEDIUM RISK

– **AML applied in foreign-influence investigations.**

Following the introduction and debate around “foreign influence” legislation, scrutiny of NGOs, journalists and organisations receiving foreign funding increased. Financial investigations are used as tools of monitoring and pressure.

– **Freezes targeting journalists and activists.**

In several cases, asset blocks followed critical reporting, anti-corruption investigations or international cooperation. Such measures are often embedded within administrative procedures.

– **Mixed model — politicisation + reform attempts.**

On one hand, political context influences AML practices; on the other, ongoing reforms in FIU transparency and oversight partially mitigate abuse.

– **Risk remains elevated.**

EU/UK banks apply cautious EDD to Georgian clients due to political volatility, creating a higher likelihood of onboarding refusals or service interruptions.

10. **Moldova — MEDIUM RISK**

– **Freeze measures appear in corporate and politico-economic disputes.**

While Moldova lacks systemic AML misuse, case evidence shows that financial investigations may be triggered in corporate conflicts or politically sensitive scandals. Freezes are used selectively — most often in property disputes, corruption cases or market-control struggles.

– **FIU more stable than most CIS jurisdictions.**

The unit retains formal institutional independence and aligns with EU-style compliance standards. However, incomplete coordination with law-enforcement leaves room for certain cases to acquire a political dimension.

– **Risk lower, but persists due to institutional instability.**

Frequent political turnover, uneven judicial capacity and interest-group influence over anti-corruption processes create pockets of vulnerability. International banks treat Moldova as a mixed-risk country — formally reform-oriented, but sensitive to domestic power dynamics.

11. **Armenia — MEDIUM-LOW RISK**

– **AML regime comparatively transparent and institutionally stable.**

The Armenian FIU demonstrates consistency, cooperation with European structures and public reporting. Unlike several neighbouring states, AML/CTF mechanisms are mostly used as intended, with minimal evidence of political interference.

– **Political-linked cases exist but are not systemic.**

Individual investigations can intersect with political issues amid regional instability, but no pattern of systemic PMFI application has been observed.

– **KYC-rejections driven primarily by external rather than internal risk.**

International banks apply enhanced EDD due to broader regional geopolitics and proximity to high-risk jurisdictions, rather than Armenian AML misuse itself. Domestic mechanisms rarely serve as vectors of cross-border pressure.

Typology of Politically Motivated Financial Investigations

Politically motivated financial investigations represent a structured model in which state authorities use AML/CTF tools, financial monitoring, FIU requests, and KYC/EDD-based banking restrictions to achieve objectives unrelated to financial crime prevention. ARGA analysis shows that these investigations follow repeatable patterns designed to mask political intent behind economic allegations and to legitimise financial coercion.

1. Fabrication of economic predicates

In this model, the predicate is artificially constructed: alleged damage, “possible laundering”, or “unverified origin of funds” is used as a pretext to launch investigations, audits, and asset freezes. No financial harm is proven — neither by forensic review nor documentation — yet the predicate serves as a gateway for broader restrictions targeting entrepreneurs, NGOs, journalists, and political critics.

→ *Economic form, political substance.*

2. Parallel AML + Interpol strategy

Financial restrictions are paired with Interpol actions — Blue/Diffusion Notices or attempts to issue Red Notices. Even if later revoked, the initial signal acts as a trigger for international banking systems, leading to automatic freezes and enhanced KYC controls. The combined mechanism multiplies pressure and creates rapid cross-border toxicity.

→ *The Interpol flag amplifies the financial block.*

3. Manipulated FIU-alerts and risk signal export

FIUs transmit incomplete or distorted notices to banks in the EU/UK/CH/UAE. Requests lack formal predicates, evidence, loss valuation or transaction data, yet are interpreted as high-risk because banks have no mechanism to verify content or political context. Through Egmont channels, such alerts propagate quickly and generate secondary freezes.

→ *Low-evidence signal → high-impact freeze.*

4. Freeze-before-investigation

Assets are frozen before initiation of a criminal case, before expert review and before confirmation of harm. Financial sanctions function as pre-emptive punishment — immobilising accounts for months or years while the investigation lags or never materialises. Most common in corporate disputes and cases against media actors.

→ *Freeze first — evidence later (or never).*

5. Sanctions-mimicking

Authorities create an artificial impression of sanction exposure — “proximity to sanctioned entities”, “risk of extremist association”, “foreign-funding ties” — despite no legal listing. Banks

react as if sanctions exist and apply restrictions automatically. The method enables de-facto sanctioning without due process or public attribution.

→ *Sanctions without sanctions.*

6. Corporate AML weaponisation

AML becomes a tool for asset redistribution, shareholder conflict and takeover strategies. Investigations are triggered by interested parties; freezes halt transactions, disrupt cash flow, collapse liquidity, and force negotiations.

→ *Compliance as leverage for corporate capture.*

7. Crypto-transaction distortion

Freeze actions are based on misinterpreted blockchain paths or shallow heuristics — ignoring deeper chain analysis or context. Risk is inherited from historical wallet associations, producing wrongful crypto-flags and long asset immobilisation.

→ *Technical simplification* → *false “dirty chain”* → *long-term freeze.*

Overall, politically motivated financial investigations operate by converting financial compliance systems into instruments of coercion that appear legal, procedural, and risk-driven — while serving non-financial objectives.

Case Examples

Russia

RU-1: Business migrant → AML + Interpol → Freeze in the EU

After leaving Russia due to a corporate dispute, the individual became the subject of two parallel actions:

- an Interpol notification under an economic article,
- an FIU alert transmitted to an EU jurisdiction.

Despite Interpol later declining to validate the notice, EU banks froze assets based on the combined risk signals. The freeze remained active for 9+ months, halting all business operations and forcing family relocation.

RU-2: Entrepreneur → Predicate without loss → Asset freeze in the UK

A financial investigation in Russia contained no proven damage, no expert review, and no victims, yet the predicate “*possible misappropriation*” was exported via FIU-channel to the UK. A London bank triggered an automatic freeze under *economic crime risk* and *foreign FIU trigger*. Despite lack of evidence, unfreezing took almost a year.

Kazakhstan

KZ-1: Manufacturing owner → Freeze in CH/UAE → Pressure for share transfer

A shareholder conflict was followed by FIU Kazakhstan alerts to banks in Switzerland and the UAE — without predicate description. Both jurisdictions froze operational and investment accounts. Freeze functioned as leverage for negotiations, resulting in pressured share transfer.

KZ-2: Agribusiness exporter → AML trigger → Working capital freeze in the EU

A food export company faced automatic account suspension in the EU after an FIU-notification citing “*suspicion of evasion.*” No damages were established, yet the bank applied *high-risk agricultural supply chain* as a secondary factor. The company lost a seasonal export window and several contracts.

Azerbaijan

AZ-1: Journalist → Currency violations → Multi-jurisdiction freeze

After publishing an investigation on public procurement corruption, the journalist was charged with currency-related violations. FIU requests were sent to banks in Georgia, Turkey and the EU. All three jurisdictions partially froze accounts, depriving the journalist of operational capacity and prompting displacement.

AZ-2: Human rights NGO → “Illicit funding” predicate → Grant freeze

An NGO faced suspension of international grant inflows after an FIU notice referring to “*illicit foreign financing.*” No transaction data or financial damage was specified. Banks in the EU and Cyprus blocked funds used for humanitarian programmes. The organisation ceased operations; staff emigrated.

Uzbekistan

UZ-1: Diaspora entrepreneur → Freeze in UAE → Predicate not confirmed

A family-held company in the UAE became the target of an FIU Uzbekistan signal alleging “*possible illegal enrichment.*” The alert lacked transaction details and loss estimation. A Dubai bank imposed immediate freeze under internal *high-risk CIS policy*. Three months later the predicate was disproven, but supply chains collapsed and personal assets remained immobilised.

UZ-2: Industrial investor → AML allegation → Freeze in the EU

A raw-materials investor faced account suspension in Europe following an FIU-notice from Uzbekistan with the generic phrase “*suspicion of laundering.*” There were no expert conclusions, documentation, or identified victims. Freeze was implemented even before a final decision on domestic prosecution. The EU bank categorised the client as *elevated political-economic conflict risk*, terminated relations and closed corporate accounts.

Belarus — Case Examples

BY-1: Protest participant → Freeze in EU/UK

Following involvement in protest activity, the individual was referenced in an FIU notice using the predicate “*financing extremist activity*.” Despite the absence of criminal charges or evidence, banks in the EU and UK applied automatic freezes due to elevated Belarus-linked sanctions and political risk. Personal and corporate accounts were blocked, resulting in the termination of business operations.

BY-2: Entrepreneur → “Extremism financing” allegation → Account suspension

A business owner cooperating with independent media was accused of “*financing extremism*,” which served as a political pretext for financial pressure. The Belarusian FIU sent an alert to an EU bank without specifying transactions or damages. Under de-risking protocol, the bank closed accounts and categorised the client as *sanctions-adjacent*. The entrepreneur shut down the business and left the country.

Tajikistan — Case Examples

TJ-1: Business owner abroad → FIU alert → Freeze in Turkey/EU

A diaspora businessman became a target after losing political favour. FIU Tajikistan sent notices to banks in Turkey and the EU, citing “*threats to national security*.” The predicate lacked financial substance, yet both jurisdictions imposed freezes under *high geopolitical risk* criteria. The block lasted 6+ months and coincided with pressure on family members inside Tajikistan.

TJ-2: Entrepreneur → “Extremism predicate” → Cross-border coercion

An accusation of “*financing extremist organisations*” triggered FIU signalling to EU banks. The request contained no transactional data or evidence, yet the European bank applied a preventive freeze and expanded KYC measures to all affiliated companies. The case was later identified as politically driven, linked to a conflict with security authorities.

RISK MAP

Risk Level	Countries
CRITICAL	Russia
VERY HIGH	Kazakhstan, Azerbaijan, Turkmenistan
HIGH	Uzbekistan, Belarus, Tajikistan
MEDIUM	Kyrgyzstan, Georgia, Moldova
MEDIUM-LOW	Armenia

RED FLAGS

1. Predicate without economic loss

A financial investigation is initiated despite the absence of victims, monetary damage, expert assessment, or confirmed transactions. The predicate is declarative only (“possible misappropriation”, “suspected laundering”), indicating political or corporate motivation.

2. **Freeze-before-investigation**

Asset freezing is applied *before* a case is opened, before expert review, and before evidence appears. This practice shows AML is being used as a tool of pressure rather than financial protection.

3. **FIU request without crime description**

An international request contains only generic wording (“suspicious activity”, “financial risk”) with no loss amounts, transaction details, or predicate offence. This is one of the core indicators of Egmont-channel misuse.

4. **Politicized predicates**

Use of terms such as “foreign influence”, “extremism”, “illegal funding”, “legalization” without evidence confirming an economic offence. Such predicates mask political or administrative intent.

5. **Parallel use of Interpol**

FIU alert + Interpol request submitted simultaneously, creating compounded risk for banks. Even if Interpol later rejects the notice, the fact of submission alone triggers automatic freezes/offboarding in EU/UK/CH/UAE.

6. **Automatic bank blocking based on jurisdiction risk**

A bank freezes or closes an account solely due to nationality or jurisdiction of origin, without transaction analysis. This reflects Jurisdictional Bias and indicates a high probability of unjustified restrictions.

7. **Sanctions rhetoric without basis**

The client is labelled as having “potential sanction exposure” without actual links to sanctioned persons or entities. The accusation may rely on name similarity, prior employment, or vague associations, yet banks treat it as grounds for pre-emptive freezing.

RECOMMENDATIONS

OFAC (U.S. Treasury — Office of Foreign Assets Control)

OFAC is a key global reference point for banking systems, and its approach to risk verification directly shapes international practice. To reduce abuse in politically motivated financial investigations it is recommended to:

— implement second-layer verification for all signals originating from CIS states with elevated political-risk exposure;

— ignore or return FIU requests that lack a predicative offence, show no economic damage, and provide no evidentiary basis;

— refine the methodology for assessing politically motivated risks within cooperation frameworks with FinCEN and OFAC Compliance Guidance.

EU DG FISMA (European Commission — Directorate-General for Financial Stability)

The European banking environment is the most exposed to cross-border FIU requests due to high AML automation. To minimise misuse:

— implement a dedicated PMFI-risk category for countries where politicisation of financial investigations is systemic;

— classify selected FIUs as high-risk sources: Russia, Kazakhstan, Azerbaijan, Turkmenistan, Tajikistan, Belarus;

— require banks to conduct expert review of all external requests containing politically sensitive predicative language (“extremism”, “foreign influence”, “legalisation” without demonstrated damage);

— introduce documentation standards that prohibit the processing of blanket requests.

FATF (Financial Action Task Force)

FATF plays a critical role in setting global AML/CTF standards. To counter politically motivated investigations it is necessary to:

— include a PMFI indicator in Mutual Evaluation assessments, particularly within Immediate Outcomes 3, 4 and 6;

— assess the degree of FIU and law-enforcement politicisation in CIS jurisdictions;

— implement criteria for verifying predicative integrity (Predicative Integrity Score) as part of national AML system evaluation;

— formalise recommendations preventing the use of AML/CTF tools for political or corporate pressure.

FIU (EU, UK, CH, UAE)

Financial intelligence units in jurisdictions with advanced compliance systems play a critical role in filtering cross-border requests and reducing the risk of transnational misuse. It is recommended to:

— introduce mandatory proof-of-damage requirements for requests originating from jurisdictions with a high degree of political financial investigations; absence of loss amount, expert evaluation, or verifiable transactions should be treated as a strong abuse-risk indicator;

— reject blanket-type requests containing:

- vague formulations (“possible laundering”),
- no predicative offence,

- political or quasi-political triggers (“extremism”, “foreign influence”) without factual grounds;
- implement an independent evidence package review — only consider FIU requests that include a documented evidence set (transactions, forensic reports, investigative materials);
- increase monitoring of PMFI-high-risk jurisdictions and systematically record statistics on rejected requests.

International Banks (EU/UK/US/UAE/CH)

International banks constitute the final safeguard against politically motivated financial investigations, yet current practice often relies on automated compliance algorithms. To reduce exposure it is recommended to:

— implement a PMFI EDD Protocol — a specialised Enhanced Due Diligence framework for clients from high-risk PMFI jurisdictions, including assessment of:

- predicative source,
- political context,
- FIU-request quality,
- independent evidentiary basis;
- treat political context as an independent risk factor, including:
 - recent political conflict,
 - corporate disputes,
 - pressure on journalists and activists,
 - use of “extremism”, “foreign influence”, “legalisation” without demonstrable economic damage;
- refuse execution of requests lacking evidence, including FIU notifications without:
 - stated loss amount,
 - transaction records,
 - expert findings,
 - identified victims;
- eliminate automated freeze actions based solely on client jurisdiction and require second-layer manual review prior to asset blocking;
- develop internal PMFI country-risk maps and update them annually based on FATF, ARGA and OSINT data.

CONCLUSION

The analysis conducted by Observatoire ARGA demonstrates that Politically Motivated Financial Investigations (PMFI) and cross-border financial pressure have evolved into a stable structural phenomenon across the post-Soviet region. In recent years, AML/CTF instruments, FIU requests, banking KYC/EDD procedures, sanctions-linked rhetoric, Interpol mechanisms, and international data-exchange channels have been increasingly repurposed to exert pressure beyond national jurisdiction.

1. Politicisation of financial mechanisms is systemic, not incidental

In several countries, financial investigations have lost their original preventive purpose and are now used as tools of leverage against journalists, entrepreneurs, diaspora networks, NGOs, activists, and major asset holders. Examination of 11 jurisdictions confirms that the politicisation of financial procedures is built into institutional frameworks and is applied in conjunction with criminal prosecution, property control, and external policy pressure.

2. The international financial system is vulnerable to exported political risk

Banks and FIUs in developed jurisdictions frequently become unintentional conduits for cross-border political repression. Key factors include:

- excessive automation of AML algorithms,
- weak verification of international FIU requests,
- lack of political-context assessment of predicate offences,
- fear of sanctions-related fallout,
- jurisdictional bias toward CIS-origin risk.

The absence of protective filters enables governments to export internal coercion into the EU, UK, Switzerland, UAE, and other regions, resulting in asset freezes without evidence and without meaningful avenues for appeal.

3. Freeze-before-investigation has become a universal mechanism of pressure

In most observed cases, asset freezing occurred before forensic review, before a court decision, and frequently even before the initiation of criminal proceedings. This turns a preventive tool into de facto punishment without proof, collapsing economic activity long before facts are established.

4. FIU requests frequently contain distorted or incomplete information

FIUs in several jurisdictions (notably RU, KZ, AZ, TM, TJ, BY) systematically transmit via international channels:

- incomplete data,
- predicates with no financial damage,

- vague or politically loaded formulations,
- accusations unsupported by forensic evidence.

Such signals propagate through Egmont Group channels, becoming automatic red flags for European banks and amplifying systemic risk.

5. Economic and political motives are increasingly intertwined

Corporate disputes, asset redistribution, and political objectives are frequently masked as “anti-money-laundering actions” or “foreign-influence investigations.” Predicate offences are often artificially constructed, undermining the credibility of international AML processes and eroding trust in the global enforcement framework.

6. Consequences are disproportionate, long-lasting, and often irreversible

Asset freezes, bank offboarding, account closures, reputational damage, and exclusion from international financial systems lead to:

- business collapse,
- disruption of foreign-trade operations,
- loss of commercial contracts,
- relocation of specialists and entrepreneurs,
- dissolution of NGOs and media projects,
- expansion of shadow financial channels.

In many cases, the damage remains irrecoverable even after predicates are withdrawn and criminal cases are closed.

7. The global financial architecture requires explicit safeguards against abuse

The analysis confirms the need for structural reform, including:

- creation of a dedicated PMFI-risk category,
- mandatory independent evidence-package review for FIU requests,
- integration of political-context assessment into decision-making,
- prohibition of freezes without predicate offences and forensic support,
- development of cross-jurisdiction appeal mechanisms
- regulatory harmonisation between the EU, UK, CH, UAE, US,
- monitoring and control of systemic AML/CTF politicisation.

Final Statement

The current international financial-monitoring regime is highly vulnerable to politicisation and procedural misuse. States seeking to exert pressure on opponents, businesses, and civil society actors increasingly rely on AML mechanisms, FIU channels, and banking compliance as long-term instruments of coercion — including beyond their territorial jurisdiction.

Without structural reform, the introduction of PMFI-filters, and mandatory predicate verification, the global AML/CTF framework risks losing its legitimacy. Cross-border financial coercion will continue to expand — damaging individuals, suppressing civil infrastructure, and ultimately weakening international financial stability.

SOURCES

1. OECD, EFFECTIVE INTER-AGENCY CO-OPERATION IN FIGHTING TAX CRIMES AND OTHER FINANCIAL CRIMES, 2013, https://www.oecd.org/content/dam/oecd/en/publications/reports/2016/11/effective-inter-agency-co-operation-in-fighting-tax-crimes-and-other-financial-crimes-second-edition_cf2623db/00da5148-en.pdf.
2. Egmont Group, Best Egmont Cases, Financial Analysis Cases 2021-2023, 2024, https://egmontgroup.org/wp-content/uploads/2024/09/EGMONT_2021-2023-BECA-III_FINAL.pdf.
3. FATF, Misuse of Citizenship and Residency by Investment Programmes, November 2023, https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/11/misuse-of-citizenship-and-residency-by-investment-programmes_a3e76bac/ae7ce5fb-en.pdf.
4. OECD, Investigative Journalism and Fiscal Transparency: Catalysts for Addressing Corruption in Oil-Producing Developing Countries, July 2023, https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/07/investigative-journalism-and-fiscal-transparency_a8ac90f3/ed198202-en.pdf.
5. UNDP, FIG, Barriers to Action: Technical and Practical Constraints to Combating Illicit Financial Flows, 2025, <https://www.undp.org/sites/g/files/zskgke326/files/2025-10/undp-fig-barriers-to-action-constraints-to-combating-illicit-financial-flows.pdf>.