



Observatoire ARGA

**CRIMINAL LAW RISKS ASSOCIATED WITH THE PERFORMANCE OF
GOVERNMENT CONTRACTS IN THE RUSSIAN FEDERATION (2020–2025)**

Analytical Report for the Purposes of
Assessing Law Enforcement Practice, Compliance, and International Legal Cooperation

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Executive Summary

This report presents an analytical study of criminal law risks arising in connection with the performance of government contracts in the Russian Federation during the period 2020–2025. The focus is on law enforcement practice in which relationships originally falling within the scope of civil, budgetary, or administrative law are consistently and predictably transferred into the realm of criminal prosecution.

The report identifies a stable and reproducible model whereby economic, managerial, and technical disputes in the field of public procurement are systematically criminalised, regardless of the existence of proven criminal intent, personal enrichment, or actual harm to public interests.

The findings of the report have practical relevance for law enforcement bodies, analytical and research units, compliance professionals, as well as international institutions assessing the risks of abuse of criminal law, the erosion of the principle of legal certainty, and the reliability of criminal accusations in a cross-border and extradition context.

1. PURPOSE AND SCOPE OF THE REPORT

The purpose of the report is as follows:

- to document the sustained transformation of the government contract from an instrument of public administration into a zone of heightened criminal law risk for contractors and management personnel;
- to identify structural and institutional mechanisms of the criminalisation of economic activity, including the role of supervisory bodies, investigative authorities, and expert examinations;
- to assess the consequences of this practice for legal certainty, corporate and public compliance, the investment climate, and international legal cooperation;
- to develop an analytical model for assessing criminal law risks applicable in law enforcement, expert, and human rights contexts.

The subject of the analysis comprises criminal cases directly or indirectly related to the performance, financing, supervision, or acceptance of government contracts, including cases involving state, quasi-state, and affiliated entities, as well as contractors and subcontractors.

2. METHODOLOGICAL FRAMEWORK

2.1 Research Design

The report is based on a combined methodology integrating quantitative and qualitative methods of analysis. The study employed:

- quantitative analysis of judicial, investigative, and prosecutorial statistics in order to identify trends and the scale of criminal prosecution;

- qualitative analysis of the factual narratives of criminal cases, indictments, and judicial decisions in order to identify the logic of legal qualification and prosecutorial argumentation;
- institutional analysis of law enforcement practice, including interaction among supervisory, investigative, and oversight bodies;
- identification of recurring legal, procedural, and factual patterns indicating the systemic nature of the observed phenomena.

2.2 Data Sources

The preparation of the report relied on the following sources:

- official statistics of the Judicial Department of the Supreme Court of the Russian Federation;
- aggregated data from the General Prosecutor’s Office of the Russian Federation;
- publicly available materials of the Investigative Committee of the Russian Federation;
- reports and analytical materials of the Accounts Chamber of the Russian Federation;
- data from supervisory, oversight, and antimonopoly authorities;
- anonymised materials from criminal cases analysed by the ARGA Observatory, including case narratives, procedural documents, and expert opinions.

2.3 Limitations of the Study

Official statistics do not distinguish criminal cases related to government contracts as a separate category. Accordingly, the study applied a contextual selection method based on analysis of the factual connection between the charges brought and public procurement, budgetary financing, or the performance of public obligations. This limitation was taken into account in the interpretation of quantitative indicators and in the formulation of generalised conclusions.

3. LEGAL AND INSTITUTIONAL CONTEXT

In legal systems based on the rule of law and the separation of types of legal liability, conflicts arising in the field of public procurement and the performance of government contracts are predominantly resolved within the framework of civil or administrative law. Such disputes are assessed through the prism of contractual obligations, budgetary discipline, control and oversight procedures, as well as mechanisms of financial and disciplinary liability.

The application of criminal law in this sphere is exceptional and permissible only where there is a set of proven circumstances indicating deliberate fraud, corrupt collusion, embezzlement, or other intentional encroachments on public interests, accompanied by personal enrichment or the extraction of unlawful benefit.

In the Russian Federation during the period 2020–2025, a systemic and sustained shift toward criminal law responses to contractual, managerial, and organisational disputes in the field of public procurement has been observed. This shift manifests itself in an expansive interpretation of

economic and official crime provisions, as well as in the active use of criminal proceedings as a tool for resolving disputes previously regarded as falling within the scope of business risk.

A characteristic feature of this practice is the retrospective reassessment of the performance of contractual obligations: actions and decisions taken under conditions of uncertainty, changing external circumstances, technical complexity, or adjustments to project parameters are evaluated post factum from the standpoint of formal non-compliance, without due regard to context or managerial rationale.

As a result, the boundaries between civil liability, administrative violations, and criminal repression become blurred, undermining the principle of legal certainty and significantly increasing criminal law risks for participants in government procurement.

4. EMPIRICAL OBSERVATIONS

The analysis of statistical and factual data makes it possible to identify the following stable trends:

- a consistent increase in the number of criminal cases directly or indirectly related to the performance of government contracts, including at the stages of financing, acceptance, and subsequent oversight;
- a minimal rate of acquittals in this category of cases, indicating a high degree of inertia in the accusatory model and limited capacity for judicial correction of law enforcement practice;
- a concentration of criminal cases primarily in strategically and politically sensitive sectors of the economy, including infrastructure projects, construction, the defence-industrial complex, healthcare, and digital and technological programmes.

At the same time, the growth in the number of criminal cases correlates primarily with an increase in the volume of government procurement, the expansion of budgetary financing, and the strengthening of control and oversight functions, rather than with an increase in detected profit-motivated crimes or proven instances of personal enrichment.

This dynamic points to the institutional nature of the criminalisation of economic activity, whereby criminal prosecution becomes a response to managerial failures, economic risks, and systemic constraints, rather than to criminal conduct in the classical sense.

5. MECHANISM OF CRIMINALISATION

The study identifies a recurring and reproducible law enforcement mechanism underlying the criminalisation of the performance of government contracts:

- failure to perform or delays in the performance of contractual obligations caused by technical, financial, or organisational factors are classified as fraud;
- the use of advance payments in the course of business activity and for current expenses is treated as embezzlement or misappropriation;

- discrepancies, inaccuracies, or changes in project and reporting documentation are interpreted as official forgery;
- managerial and strategic decisions taken under conditions of uncertainty are qualified as abuse of official authority;
- deficiencies or errors in systems of internal and external control are regarded as negligence.

A key feature of this mechanism is the prioritisation of formally established damage or calculated financial indicators over an analysis of causes, conditions, and the actual substance of the actions concerned. In most cases, the presence or absence of criminal intent, the good faith of conduct, the economic logic of decisions taken, and objective constraints arising from changes in the external environment are disregarded.

As a result, criminal law is used not as a measure of last resort to protect public interests, but as a universal instrument for responding to economic risks and managerial failures, leading to a systemic substitution of legal regimes of liability.

6. STATE DEFENCE PROCUREMENT AND STRATEGIC SECTORS

The sphere of state defence procurement represents the most concentrated and institutionally entrenched form of the model of criminalisation of economic activity described above. Participation in state defence procurement is accompanied by the application of special provisions of criminal law, an expansive interpretation of criminal offences, and a de facto lowering of evidentiary standards.

In cases related to defence procurement and other strategic sectors, there is a noticeable shift in emphasis from establishing the subjective element of a crime to the formal recording of damage, deviations from contractual terms, or inconsistencies in reporting documentation. At the same time, the causal link between the actions of a specific individual and the resulting consequences is often presumed rather than proven.

An additional risk factor is the restriction of procedural guarantees resulting from secrecy regimes, the closed nature of a significant portion of case materials, and the limited access of the defence to evidence. Expert opinions, financial calculations, and conclusions of supervisory bodies in such cases frequently acquire a quasi-doctrinal status and are, in practice, largely insulated from effective challenge.

As a result, participation in state defence procurement and related strategic programmes effectively entails the acceptance of heightened criminal law risks that are disproportionate to the nature and scale of the economic decisions taken by contractors and management personnel.

7. EXPANSION OF THE CIRCLE OF PERSONS SUBJECT TO PROSECUTION

Contemporary law enforcement practice is characterised by a sustained expansion of the scope of criminal liability in cases related to government contracts. Criminal prosecution increasingly encompasses not only individuals who directly signed documents or made managerial decisions, but also a much broader range of participants in economic activity, including:

- founders and ultimate beneficial owners, regardless of their actual involvement in operational management;
- employees who do not hold the status of officials and are not vested with decision-making authority;
- contractors and subcontractors operating at remote levels of contract performance;
- individuals mentioned exclusively in the statements of third parties, often those seeking to mitigate their own liability.

This practice leads to the erosion of the principle of personal culpability and the individualisation of criminal responsibility. The actual connection between a person and the alleged damage or unlawful outcome is replaced by formal participation in an economic chain or by assumptions of “control” or “awareness.”

As a result, criminal liability acquires a collective and quasi-joint character, significantly reducing the predictability of legal consequences and enhancing the preventive and coercive function of criminal prosecution as a tool of pressure rather than justice.

8. PROCEDURAL FEATURES

Criminal cases arising in connection with the performance of government contracts exhibit a number of persistent procedural features reflecting a shift in the balance between the prosecution and the defence. In particular, the following are observed:

- the initiation of criminal proceedings at an early stage of an economic conflict, prior to the exhaustion of civil-law and administrative dispute resolution mechanisms;
- limited and fragmented access of the defence to case materials, especially at the pre-trial investigation stage;
- reliance on witness testimony and statements of alleged accomplices as the primary source of evidence, with documentary and economic evidence playing a secondary role;
- broad and often preventive use of coercive procedural measures, including detention, pre-trial custody, searches, and seizure of documentation.

Confessional statements and cooperation agreements acquire particular significance, effectively becoming system-forming elements of proof. At the same time, alternative factual narratives,

expert counter-arguments, and submissions concerning business risk or managerial discretion are frequently ignored or dismissed in a purely formal manner.

Taken together, these procedural features form a model of criminal prosecution oriented not toward the establishment of objective truth, but toward confirming the prosecution's initial version of events, thereby substantially limiting the possibilities for effective defence.

9. TYPOLOGY OF CRIMINAL LAW CLASSIFICATIONS

An analysis of the criminal cases examined makes it possible to identify a stable set of criminal law classifications most frequently applied in the context of the performance of government contracts. These offences are used as universal legal constructs for the criminalisation of economic and managerial decisions, regardless of their underlying economic nature.

Among the most common are offences related to fraud, embezzlement, and misappropriation, as well as the infliction of property damage without elements of theft. Such classifications are often applied in situations where there is no evidence of unlawful appropriation of property and where the substance of the dispute is, in fact, the non-performance or improper performance of contractual obligations.

Offences of abuse of authority and exceeding official powers are also widely used, allowing the criminalisation of managerial decisions taken within the bounds of discretion and business risk. In such cases, the mere existence of an adverse outcome or financial deviations is retrospectively interpreted as proof of unlawfulness.

Official forgery and negligence are applied to cover formal inconsistencies in documentation, reporting errors, or deficiencies in control, irrespective of their materiality or actual consequences.

A separate category is formed by special offences applied in the sphere of state defence procurement and strategic programmes, which are characterised by a lowered evidentiary threshold, an expanded objective element, and limited opportunities for defence.

Taken together, this typology reflects a trend toward the use of criminal law as an instrument for retrospective assessment of economic activity, rather than as a means of suppressing intentional criminal conduct.

10. RISK MODEL

Based on the identified patterns, an analytical risk model has been developed for the preliminary assessment of criminal law risks associated with participation in state and quasi-state projects. The model is built on a set of indicators whose presence significantly increases the likelihood of criminal law intervention.

The key risk indicators include:

- the involvement of a state or quasi-coercive contracting authority endowed with extensive supervisory and initiating powers;
- the use of advance payments as a basic financing mechanism;

- a high degree of dependence of performance on acceptance procedures, expert examinations, and approvals;
- the presence of technical specifications that are subject to change or ambiguously formulated;
- multi-level chains of contractors and subcontractors;
- resource shortages, staffing constraints, and logistical disruptions;
- the absence of effective institutional protection, including independent arbitration and expert mechanisms.

The model is intended for use in compliance analysis, legal audits, and cross-border risk assessment. It allows for the identification of project vulnerabilities at the planning and implementation stages and serves as a tool for forecasting potential scenarios of criminal prosecution.

11. SIGNIFICANCE FOR INTERNATIONAL COOPERATION

The law enforcement practices documented in the report have direct and substantial significance for international legal cooperation and cross-border interaction among law enforcement and judicial authorities. First and foremost, they affect the assessment of compliance with the principle of legal certainty and the predictability of criminal liability, which constitutes a core element of international rule-of-law standards.

These practices are of particular relevance in the context of fair trial standards, including requirements relating to judicial independence, equality of arms, the quality of evidence, and the real ability of the defence to challenge the prosecution.

In a cross-border context, the identified features call into question the reliability of criminal accusations advanced in the framework of requests for international legal assistance, extradition, international search measures, and asset freezing or seizure. Formal criminal law classifications that are not supported by evidence of intent and personal enrichment require an enhanced level of critical scrutiny by foreign jurisdictions and international institutions.

Accordingly, the findings of the report may be used as an analytical basis for the assessment of extradition requests, the application of international search mechanisms, and the formulation of positions within international human rights and supervisory procedures.

12. CONCLUSIONS

The analysis conducted makes it possible to identify a stable and reproducible structural transformation of criminal law in the Russian Federation, whereby it is increasingly used as an instrument of regulation and pressure in the sphere of government procurement. Criminal law mechanisms systematically replace civil, administrative, and arbitral methods of resolving economic and managerial disputes, leading to a blurring of the boundaries between different legal regimes of liability.

This practice creates an environment of heightened criminal law risk for participants in the state and quasi-state sectors, including management personnel, contractors, and affiliated entities, regardless of the existence of proven criminal intent or instances of personal enrichment.

The identified mechanisms of criminalisation and the associated procedural features distort the objectives of criminal prosecution, shifting its focus from the suppression of intentional criminal conduct to the retrospective assessment of business decisions and managerial errors. As a result, the level of legal certainty and predictability is reduced, fair trial guarantees are weakened, and criminal prosecution acquires the characteristics of a universal instrument of influence in the management of public finances.

Taken together, these factors generate systemic legal risks that are relevant not only to the domestic legal system but also to cross-border interaction, including extradition, international legal assistance, and the application of international search mechanisms.

The report does not contain assessments of the guilt or innocence of specific individuals and is not intended to review individual criminal cases. Its purpose is to describe institutional mechanisms, law enforcement trends, and structural risks identified in the field of government procurement. The findings are intended for use in analytical, expert, and human rights work, as well as for informing international law enforcement and supervisory bodies assessing the quality of criminal prosecution and its compliance with international standards.

SOURCES AND DATA

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