



Observatoire ARGA

**Nationalization, sanctions, and crypto assets:
how digital financial instruments are changing the logic of property
seizure and state control**

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Abstract

This report analyzes the interrelation between processes of nationalization, sanctions pressure, and the use of cryptocurrency assets in contemporary international law enforcement. It examines how digital assets and crypto infrastructure transform traditional mechanisms of property seizure, sanctions circumvention or reinforcement, and redistribution of assets in favor of states. Particular attention is given to the political and economic context of nationalization, risks to private property, and the role of crypto assets as a temporary tool for preserving value under repressive regulation.

Introduction

Processes of nationalization and quasi-nationalization of assets in the 21st century increasingly unfold not only in traditional sectors of the economy but also in the sphere of digital finance. Cryptocurrencies and tokenized assets become both the object and the instrument of these processes, altering the conventional logic of state control over property.

Sanctions, financial restrictions, and political-economic conflicts create an environment in which digital assets are used for temporary preservation of capital, while states adapt legal mechanisms for their subsequent seizure or blocking.

Evolution of nationalization in the digital age

Classical nationalization assumed:

- physical localization of assets;
- state control over infrastructure;
- formalized procedures for transfer of ownership.

In the digital era, assets:

- have no territorial attachment;
- exist in distributed ledgers;
- are managed through private and transnational infrastructures.

This forces states to seek new methods of control and seizure.

Crypto assets as a new form of vulnerable property

Despite the rhetoric of autonomy, crypto assets remain vulnerable to:

- infrastructure pressure;
- sanctions mechanisms;

- law enforcement through intermediaries.

Effective control over assets is increasingly exercised not through direct seizure but through restriction of access.

Sanctions as an instrument of digital nationalization

Sanctions regimes increasingly perform the function of quasi-nationalization:

- blocking of assets without compensation;
- transfer of control over funds to state authorities;
- prolonged retention of assets without judicial decision.

In the crypto sphere, this manifests through freezing of wallets, tokens, and infrastructure access.

Role of private infrastructure in asset seizure

States rarely interact with the blockchain directly. A key role is played by:

- centralized exchanges;
- stablecoin issuers;
- custodial providers;
- analytics and compliance companies.

Through them, the effective seizure or blocking of digital property is carried out.

Tokenization and new forms of control

Tokenized assets (security tokens, asset-backed tokens) expand the possibilities of state control:

- embedding restrictions at the smart contract level;
- programmable transfer prohibitions;
- automatic compliance with sanctions lists.

This brings digital assets closer to instruments of managed property.

Political and economic context of nationalization

Digital nationalization rarely has a purely legal character. It reflects:

- geopolitical conflicts;
- redistribution of economic power;
- struggles for control over strategic assets.

Crypto assets become part of these processes rather than an alternative to them.

Risks for investors and private owners

Under sanctions and nationalization, crypto asset holders face:

- sudden loss of access;
- retrospective criminalization;
- absence of compensation;
- inability to obtain judicial protection.

The illusion of “extra-jurisdictional” ownership is not confirmed in practice.

Nationalization through criminal and administrative procedures

Criminal cases, administrative investigations, and regulatory measures are used for:

- blocking assets;
- subsequent confiscation;
- redistribution of property in favor of the state.

Cryptocurrencies simplify this process due to their liquidity.

International practice and recurring scenarios

Analysis of international cases shows recurring scenarios:

- sanctions-based blocking as a first step;
- prolonged retention of assets;
- lack of transparency regarding the fate of funds;
- minimal or absent compensation.

These scenarios are reproduced across different legal systems.

Legal uncertainty and double standards

The absence of unified international standards allows:

- flexible interpretation of the status of digital assets;
- selective law enforcement;
- justification of nationalization “in the interest of security.”

This undermines predictability of the legal regime.

Humanitarian and social consequences

For certain categories of individuals, digital nationalization means:

- loss of means of subsistence;
- restriction of economic mobility;
- increased social vulnerability.

The humanitarian dimension is often ignored in law enforcement.

Institutional limits of resistance to nationalization

Even with the use of decentralized technologies:

- points of centralization remain;
- pressure shifts to infrastructure;
- autonomy has a temporary character.

Complete escape from state control does not occur.

Conclusions

Crypto assets do not eliminate the risk of nationalization but merely transform its forms. Sanctions, criminal, and administrative procedures in the digital environment perform the function of property redistribution, strengthening state control over capital and reducing protection for private owners.

Recommendations

- Realistic assessment of risks associated with digital property.
- Diversification of jurisdictional and infrastructure dependencies.
- Taking into account the political and economic context when holding crypto assets.
- Development of international standards for property protection in the digital sphere.
- Integration of humanitarian assessment into sanctions and nationalization processes.

List of sources and materials used

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