

## Russia: The Wolf in the Woods

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**As the fallout from the attempted murder of the Skripals continues, attention is turning to what punitive action could be taken against Russia – and how the Kremlin might respond in kind. While there seems agreement that this will not go well for Britain, what should not slip under the radar is the degree to which the Russian political machine has been exploiting the British system for years and how this should now be addressed.**



Be it an empty property in the heart of Kensington, a shell company to launder ill-gotten gains or the exploitation of an inadequate legal system, there is a dark side to Russian affairs in the UK that has only been getting worse since Putin assumed power (this is not a coincidence). Leaving aside the allegations of state-sponsored murder and the accusations of targeted hacking coming out of Moscow, there is much about Russian activity on British shores that relevant parties should not only know, but actively be taking measures to prevent.

Russian assets are frequently domiciled in London to avoid the attention of authorities back home or elsewhere. We have written previously about the establishment of Unexplained Wealth Orders, which can compel those suspected of corruption to reveal the basis for their assets. As has been frequently stated, a crackdown on unexplained Russian wealth sitting in the UK would be a meaningful (though by no means full) response to the Skripal incident, but it goes beyond point-scoring against Moscow.

Certain private Russian citizens – some of whom have no love for Putin, and a great love for keeping themselves and their bank accounts alive – are known to use the UK as a repository for stolen funds and as a laundering point on the journey of their finances through to offshore jurisdictions. Sometimes this is the end in and of itself, sometimes they actively use these companies to perpetrate further fraud and then pocket the proceeds. These practices would be of great use to those wishing to understand the full range of assets a particular Russian-national target may have – and the existence of these companies, and the webs they are involved in, of note to those considering whether these individuals are suitable business or investment opportunities.

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We might tell the tale of a prominent businessman who systematically attempted to wipe every trace of his Kremlin connections (and sanctions) from the official record; we might discuss the two billion dollars sequestered in property and gained through corrupt oil deals in the 1990s, we might consider the nominee companies used to route dirty money out of Central Asia. These – and many more – have happened just in the past two years. While it is obviously a falsehood to claim that all Russian activity in the UK is derogatory, and all bad actions carried out in the UK are by Russians, the pattern and scale on which this is carried out means that the grey area of Russian business in the UK can never be ignored

Russia has long presented a friendly face to the UK while taking advantage of it at every opportunity. Even discounting the latest allegations, UK firms should take the utmost care when transacting with individuals or companies who may pose even the slightest suggestion of a risk. To paraphrase the Russian proverb Волкóв боя́ться — в лес не ходи́ть: by all means go into the woods, but now more than ever, you must be aware of the wolf.

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