

**Kobre & Kim's Cross-Border  
Disputes Team**

OCTOBER 19, 2023

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## Mitigating Sanctions Risks For Individuals and Their Cyprus-Based Assets

**With governments expanding the reach of their sanctions, many ultra-high-net-worth individuals may be at risk, especially those with assets or other connections with Cyprus. The country and its financial institutions have begun ramping up efforts targeting certain individuals, even those who are not sanctioned. We explain pre-emptive steps individuals and their advisors can take to mitigate the risks.**

Governments are becoming increasingly aggressive in wielding sanctions designations against ultra-high-net-worth individuals (UHNWIs) as a tool to pressure adverse countries. People and assets in Cyprus are at risk, given the prevalence in Cyprus of companies and assets associated with UHNWIs and the applicability of EU sanctions.

Cyprus has revoked the passports of sanctioned individuals and their family members obtained through the country's previous Cyprus Investment Program. Cypriot banks are freezing accounts of certain individuals – even if they are not formally sanctioned – as a pre-emptive measure. Banks are reviewing the structuring of corporate customers involving sanctioned investors, or even investors affiliated with sanctioned persons, and sometimes terminating those customer relationships. Non-sanctioned UHNWIs with demonstrable sources of wealth can easily find themselves under the spotlight and face business and reputational disruption.

Financial and private wealth advisors are often the first to sense if their clients may be vulnerable, and they can mitigate the risks their clients face from enforcement actions provided they act early and decisively:

1. **Identify Sources of Sanctions Risk.** Those at risk can proactively identify the origin of a potential sanctions designation. This includes sanctioning authorities in jurisdictions most likely to deploy sanctions against parties – including the United States, the United Kingdom and the European Union – but also other agencies, officials, advocacy groups or private individuals that may have an interest in seeing the UHNWI in question on a sanctions list. The individual can respond with relevant legal counterstrategies taking into account the provenance of the sanctions risk.

2. **Get the Facts Straight.** Governments often make sanctions designation decisions based on incomplete or deliberately false public-source information, and there is a risk that they misinterpret facts and make unsubstantiated assumptions. The same is true for financial institutions as they evaluate client relationships. At-risk individuals and their advisors can work with Cypriot counsel proactively to prepare a factual and legal narrative to set the story straight: for example, establish that certain business activities are independent of any sanctioned person or any entity or individual at risk of being sanctioned.
3. **Correct the Record.** This legal and factual narrative can be most effective if deployed strategically. At-risk individuals can consider (subject to any sanctions prohibitions) outreach to government bodies, financial institutions or the press to assist in correcting the factual record. Parallel legal proceedings in other jurisdictions to obtain court decisions affirming the legitimacy of offshore trusts and other asset structures can also be favorable additions to the record and further protect an individual.

As governments continue expanding the reach of their sanctions designations, individuals are at increasing risk of becoming wrongly targeted. This is especially true of those with assets in Cyprus. In coordination with local Cypriot counsel, at-risk UHNWIs and their advisors can work with a cross-border team to avoid the risks of sanctions overreach and protect their legitimate interests.

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### About Kobre & Kim

Kobre & Kim is a global law firm focusing on cross-border disputes and investigations, often involving fraud and misconduct.

To preserve the assets, liberty and reputation of UHNWIs with global business interests, our firm:

- Provides offensive and defensive cross-border litigation and crisis management strategies in court and out-of-court;
- Collaborates closely with its non-law firm affiliate in Cyprus dedicated to providing navigation, coordination and trusted tailored local resources to clients with Cyprus-specific interests;
- Brings together roughly two dozen former U.S. and UK government lawyers across offshore jurisdictions in the BVI and Cayman Islands, Asia, EMEA, Latin America and the U.S., including former prosecutors from the U.S. Department of Justice (DOJ) and UK Serious Fraud Office (SFO);
- Takes a multidimensional approach to UHNWI-focused disputes investigations to resolve business disputes and regulatory investigations, trace and recover misappropriated funds, defend against asset attacks, and acquire and strategically deploy information to provide UHNWIs with a commercial advantage in their disputes and investigations.