



Case Study Part 1: Trade & Proliferation Finance

Overview:

Packets of crude oil and crude oil products have been uplifted from Russian ports and transported by sea to various locations. The details that have been supplied of the uplift, cargo, destinations and dates of transportation are outlined in the table. You are engaged in Sanctions Compliance for the different parties involved, and this is all the information that you currently have. In your tables, work through the questions from the perspective of the different parties potentially involved in the transaction.

SCENARIO	LOADING	DATE	DESTINATION	DATE	CARGO
A	Vysotsk	04/12/2022	United Kingdom	08/12/2022	Kazakh Crude Oil
B	Vladivostok	02/02/2023	China	05/02/2023	Russian Crude Oil
C	Novorossiysk	10/03/2023	UAE	24/03/2023	Russian Oil Product

Parties involved:

- Commodity Trader – purchasing the oil
- Insurance company A – insuring the oil and
- Insurance Company B – insuring tanker
- Charterer – the third party chartering the tanker from the vessel owner
- Vessel owner – the beneficial owner of the tanker
- Different banks providing transactional services to all the above

Questions:

- What additional information will you obtain?
- What due diligence and enhanced due diligence, including documentation you might want to obtain?
- What other considerations you might have, including the destination countries?
- Confirm your reporting obligations, including any licensing requirements.
- Confirm what tier you are (if at all)



Case Study Part 2: Trade & Proliferation finance

Overview:

During the course of performing enhanced due diligence and collating supporting documentation on Scenario 3, the following additional information has come to light:

- Vessel ownership has changed three times since October 2022
- Vessel registration (flag) has changed three times since October 2022
- The charterer is a recently incorporated entity, incorporated and operating in a UAE Free Trade Zone
- AIS gaps occur in the Black Sea around 11/03/2023 with possible decrease in vessel draught
- Vessel tracking suggests tanker returned to Novorossiysk on 12/03/2023 and departed early 13/03/2023
- Certificate of Origination/Bill of Lading is dated 13/03/2023

SCENARIO	LOADING	DATE	DESTINATION	DATE	CARGO
C	Novorossiysk	10/03/2023	UAE	24/03/2023	Russian Oil Product

Questions:

- What are the Red Flags and what could they infer?
- What additional information will you obtain?
- What due diligence and enhanced due diligence, including documentation you might want to obtain?
- What might your reporting obligations be?
- What is the impact on your operations and key BAU controls/processes?