

# NOW & NEXT

## Export Controls Alert

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### Exerting centralized control in a decentralized market, the U.S. Treasury puts BitRiver on OFAC's SDN list

By Brooke Furst, John Eden, and Alexandra López-Casero

Swiss crypto miner added to U.S. Treasury's sanctions list.



#### What's the Impact?

- / OFAC sanction against a bitcoin mining company signifies its intention to remove a potential avenue for Russia to bypass economic sanctions and banking restrictions
- / Individuals and companies involved in crypto mining and trading should review and update their AML compliance procedures

The U.S. Department of Treasury's Office of Foreign Asset Control (OFAC) added BitRiver AG (BitRiver) of Zug, Switzerland, to its list of Specially Designated Nationals and Blocked Persons list (SDN) on April 20, 2022. As a consequence, U.S. persons are prohibited from dealing with BitRiver, along with other individuals and companies already on that list. This designation also has secondary sanctions implications for non U.S. persons because BitRiver was listed on the SDN list pursuant to [Executive Order 14024](#).

This is a significant action on the part of OFAC. As one of Europe's largest bitcoin mining hosts with significant operations in Russia, this placement of BitRiver on OFAC's SDN list will almost certainly stifle the company's transactions with U.S. persons and beyond. In addition, this action

intends to further limit Russia's ability to bypass energy export bans. Until now, BitRiver has been able to convert Russia's hydroelectric energy into bitcoin and sell those bitcoins into decentralized digital asset markets. OFAC's intervention here eliminates a potential avenue for Russia to bypass economic sanctions and banking restrictions. As the world's third-largest bitcoin mining country, Russia provides 11.2% of the global bitcoin hashrate, according to Statista.

## Understanding OFAC

OFAC administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy, or economy of the United States.

## Take action now

Hardware suppliers, vendors, centralized and decentralized exchanges, and persons trading bitcoin should be aware of this action and immediately update their anti-money laundering (AML) compliance procedures to avoid U.S. government sanctions.

## Seek legal counsel

Nixon Peabody's [Export Controls and Economic Sanctions team](#) helps companies comply with regulatory complexities, and our [Blockchain and Digital Assets team](#) can further assist you to conduct business in this rapidly changing marketplace.

For more information on the content of this alert, please contact your Nixon Peabody attorney or:

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