

Newsletter

Russia Sanctions Litigation: Update

31 March 2025

Dear Ladies and Gentlemen,

Since 2022, Russian litigation has been under severe sanctions pressure when considering disputes of varying complexity involving foreign persons from both "friendly" and "unfriendly" states. In this newsletter, we will discuss the most prominent trends related to sanctions litigation, such as disputes over freezing of assets in type "C" accounts, joint and several liability of Russian subsidiaries, the battle over anti-suit injunctions, confiscation initiatives, etc.

In our previous newsletters we have already covered the basics of application of [sanctions articles](#), [their initial application](#), [subsequent application](#) and [confiscation issues](#). This newsletter is a sequel to our newsletter on [risks and strategies](#) in relation to sanctions litigation.

1 Joint and several liability of group companies in sanctions disputes

1.1 Since 2022, court practice under the sanctions disputes establishes a stable tendency in involving a Russian subsidiary of a foreign company as a co-defendant in Russia sanctions litigation even though it is not a party to the disputed relations (*RusChemAlliance v German and Russian Linde*). The aim of such involvement is to ensure the enforcement of a judgement in Russia in respect of a company that has no other assets. The criteria elaborated by the court practice for involving such a subsidiary as a co-defendant are quite broad and only in a few cases the courts reasonably refused to apply this approach (*Julius Baer and Lamobail cases*).

1.2 However, the final word on the possibility of reverse piercing of a corporate veil will be delivered by the Supreme Court of the Russian Federation under well-known [Sovcombank v. US Citibank and Russian Citibank](#) dispute.

The Supreme Court will assess whether Russian civil and corporate legislation, allows bringing a Russian subsidiary to joint and several liability for the obligations of a foreign company.

The consideration of the cassation appeals of Citigroup companies was scheduled for 26 March 2025 which was adjourned until **23 April 2025** after the positions were heard. We consider that the actual reasoning behind the adjournment is the obviously political background of the case and the current uncertainty in the negotiations between Russia and the United States. In any case, it is undeniably, that the case will become landmark.

2 Key trends in sanctions litigation

- 2.1 [Increasing of a number of lawsuits filed by the Prosecutor's Office](#). These are claims for invalidation of transactions, transferring property to the state revenue due to violations of the privatization process and corruption-related offences.
- 2.2 [Battle of anti-suit injunctions](#). A new wave of anti-suit and anti-enforcement injunctions and the battle between Russian and foreign injunctions can be seen (*Ruschemalliance v Unicredit*).
- 2.3 [Expiration of the statute of limitations](#). Due to expiration of the three-year statute of limitations for disputes arising after 2022 a new wave of lawsuits brought by Russian companies against foreign companies with Russian courts is already live.

3 Enforcement of Russian courts' judgements

3.1 [Enforcement in Russia](#) includes several methods:

- (A) Holding a Russian subsidiary liable jointly and severally;
- (B) Freezing the assets of third parties (funds of bank's clients, shares allegedly belonging

125196, Russia, Moscow, 7 Lesnaya street, 12th floor

T: +7 495 234 96 92, E: info@alrud.com

alrud.com

ALRUD

to asset management companies while belonging to their clients).

- (C) Seizing indirect shares of foreign “unfriendly” debtors in Russian subsidiaries (*Ovoka Gold case*).
- (D) Creating a transaction: loss compensation for securities transferred to a foreign “unfriendly” debtor in the absence of its will under the court decision (*Sukhodeev case*).

3.2 Enforcement in other jurisdictions. Our recent [research](#) provides an in-depth overview of recognition and enforcement of Russian judgements in different jurisdictions.

The research shows that Russian judgements are enforced even in favour of sanctioned parties. The jurisdictions of recognition of Russian judgements after 2022 include Israel, Türkiye, Kazakhstan, Dubai, South Africa, etc. Despite the fact that there are still no examples of the enforcement of the Russian judgments granted under Russian sanctioned articles (establishing competence of a Russian court for sanctions disputes), such a potential possibility exists, at least in the UAE (Dubai) and China.

Russian non-sanctions judgements are still recognized in the EU, Canada, and the US. Within the EU the attitude of courts may differ (negative example in the Czech Republic while a positive one in France). Many such cases involve bankruptcy proceedings. The state of reciprocity of enforcement should be taken into account when considering enforcement prospects.

4 Freezing and seizure of “C”-type bank accounts

Generally, funds or securities held in type “C” accounts cannot be frozen and seized, as the aim of such funds is to preserve assets in Russia for exchange of Russian assets located abroad for future. However, sometimes Russian courts interpret the regime of type “C” accounts narrowly, which leads to the cases of freezing of funds on type “C” accounts.

The effective tool in such disputes is to consider bringing the Bank of Russia into the proceedings as a third party, as it is a party officially authorized to interpret regulation related to “C”-type accounts. The Bank of Russia joins the proceedings as a public authority and not as a private party, therefore, concern re. its sanctioned status is not relevant.

5 Confiscation initiative

- 5.1 The new Bill on Confiscation,** developing the provisions of Presidential Decree No. 442, provides the Russian claimants with the possibility to sue with a Russian court if they have suffered damage as a result of illegal expropriation of their assets by “unfriendly” states.
- 5.2 The right to file a claim belongs to:** Russian Federation, Bank of Russia and Prosecutor’s office but the state interests may be interpreted broadly as represented by private companies with the Russian Federation as a shareholder.
- 5.3 Wide range of possible defendants to the lawsuit:** “unfriendly” states, their companies and group companies, parties “connected” with such unfriendly states.
- 5.4 When to expect:** the Bill is not officially published, its introduction is not accelerated. It seems to depend on political factors – decision of “unfriendly” countries to confiscate Russian assets.

Note: please be aware that all information provided in this letter is based on an analysis of publicly available information as well as our understanding and interpretation of legislation and law enforcement practices. Neither ALRUD Law Firm nor the authors of this letter bear any liability for the consequences of any decisions made in reliance upon this information.

Sincerely,
ALRUD Law Firm