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U.S. Froze Hundreds of Millions of Dollars of Russian Tycoons' Sanctioned Bank Assets

By The Moscow Times

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U.S. based financial institutions operating accounts for SMP Bank and Rossiya Bank included Citibank, Deutsche Bank, J.P. Morgan Chase, Goldman Sachs, Visa and MasterCard.

The United States has frozen about $640 million of assets belonging to banks controlled by three billionaire banking tycoons with close links to President Vladimir Putin as part of sanctions against Russia enacted last year, The Wall Street Journal reported Thursday citing U.S. Treasury data.

The sanctioned banks include Bank Rossiya, whose biggest shareholder is Yury Kovalchuk, and SMP Bank, which is majority owned by brothers Arkady and Boris Rotenberg.

Kovalchuk, the Rotenberg brothers and Bank Rossiya were included in the first wave of sanctions imposed on Russia by Washington in March last year shortly after the Kremlin used

military force to seize the southern Ukrainian region of Crimea.

Some Russian victims of sanctions have admitted to inconveniences as a result of sanctions by the United States and European Union, which has also sanctioned Russia, but this is first indication of the actual size of financial losses.

Bank Rossiya had at least $572 million frozen in the United States, amounting to about 10 percent of its assets in 2013, while SMP Bank had about $65 million frozen, about 2 percent of its 2013 assets, according to The Wall Street Journal.

U.S.-based financial institutions operating accounts for SMP Bank and Bank Rossiya included Citibank, Deutsche Bank, J.P. Morgan Chase, Goldman Sachs, Visa and MasterCard, The Wall Street Journal reported. The assets were frozen between March 15 and Oct. 15 last year, the paper said.

Kovalchuk and Boris and Arkady Rotenberg are longtime acquaintances of Putin. The men are valued at $1.4 billion, $1.7 billion and $1.4 billion respectively, according to Forbes magazine.

The United States described the tycoons as part of Putin's “inner circle” when it sanctioned them in March, claiming Kovalchuk was “the personal banker for senior officials of the Russian Federation, including Putin.”

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