


# From Russia with a new identity



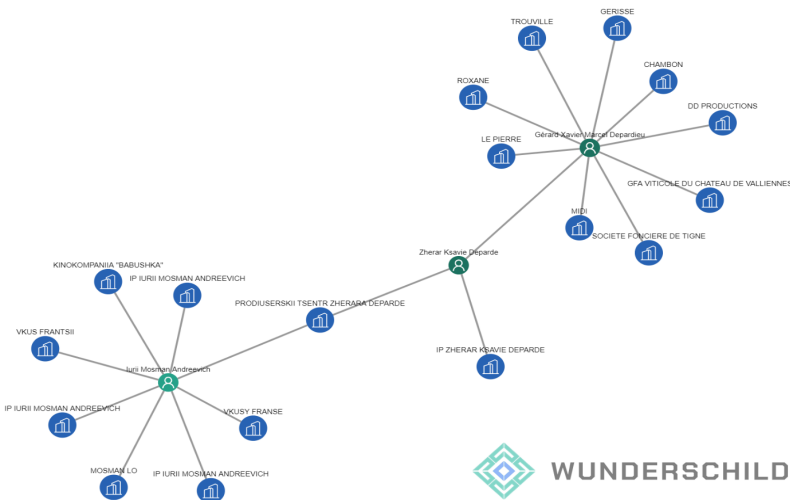
Marius Frunza • IntelBlitz • 9 mins read • Sep 4, 2020

The European Union, the US, Canada, and Great Britain are preparing for a set of possible sanctions against Belarus over repressed protests amid controversial elections. The Russian Federation is already under sanctions since 2014, but implementing these sanctions consistently across a wide range of industries is not an easy task. Many institutions got caught in the web of sanctions' violations. Are there any specific challenges when dealing with entities and persons from the ex-Soviet spaces?

There are many challenges when assessing and investigating counterparties from ex-Soviet countries. The most underrated problem is the transliteration of names written in languages using the Cyrillic alphabet. An example that speaks for itself is that of French actor Gérard Xavier Depardieu, who obtained Russian citizenship in 2013. The French actor's name translates in Russian as Жерар Депардьё or Жерар Ксавье Депардьё. The French transliteration of the Russian version is Zherar Ksavie Deparde. The two versions of the name are hugely different, and in fact, in such a situation another identity is created. If we add in the picture, the cases of persons with three or four passports including Ukrainian or Israeli the likelihood of encountering multiple names attached to the same face increases.



One face and many names



Transliteration is a real weapon facilitating the creation of multiple identities. In other words, versions of the same person's name in various languages allow them to create different identities. The following names: Vladimir Plahotniuc, Plahotniuc Vladimir Gheorghievici, Vlad Ulinici, Vladimir Ulinici, Влад Володимир Плахотнюк (in Russian), Владимир Георгиевич Плахотнюк (in Ukrainian) depict the same person, a controversial Moldavian businessman. The US State Department officially mentions him for his involvement in significant corruption.

When assessing such persons, it is impossible to build the fully-fledged picture of their interests and connections, without a useful multilingual name matching tool.

In such situations, the traditional onboarding methods using face recognition would not provide the entire truth behind a person. Building a sound process that can correctly identify all versions of a name transliterated into several languages requires advanced methods using artificial intelligence.

*"Be yourself; everyone else is already taken.."*

*Oscar Wilde*

## Assessing HNWI: The Pugatchevs

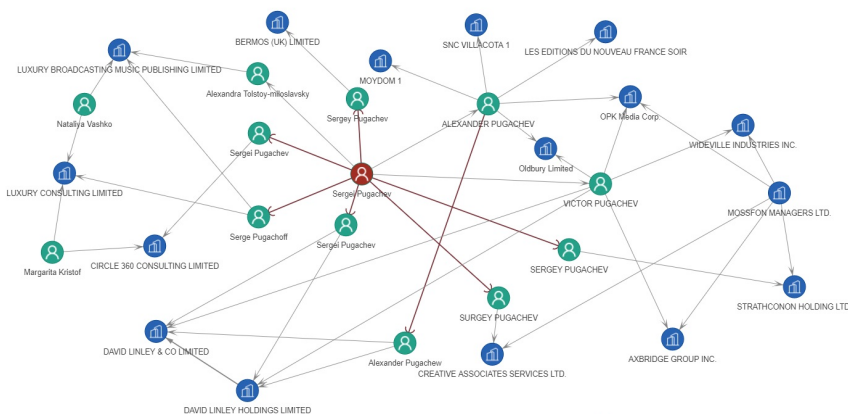
High Net Worth Individuals (HNWI) are the bread of private bankers and the headache of compliance managers. The source of wealth and the actual beneficiaries of the wealth are only a few of the issues, that should be addressed by compliance. Moreover, in most cases behind a person considered as an HNWI, there is, in fact, a network of HNWIs. This network involves persons and companies spread over multiple jurisdictions. Moreover, most HNWIs own several passports, thereby being able to create different identities potentially.

As an example, the name of Russian oligarch Sergei Pugachev (Сергей Викторович Пугачёв in Cyrillic) has several versions in languages using the Latin alphabet, including Sergei Pugachev, Sergei Pugacheff, Serge Pugachoff, Sergey Pugachyov or Sergey Pugachyov.

The once-powerful Russian oligarch felt in Moscow's disgrace, is the key person of a global network with interests in France, the United Kingdom, Russia, Bahamas and Panama. The companies incorporated in multiple jurisdictions are in his name or connected to his wife Alexandra Tolstoy or his sons Victor and Alexander.

Obvious having the Pugachevs as clients can be a lucrative business for a private bank but can unfold unpredictable outcomes.

**HNWI = Hyped Networks for Worthy Individuals**



## Golden Passports: Cyprus Papers

A new chapter in the offshore leaks opened with new information about buyers of the Cypriot passport. Cyprus, along with many other European countries, including the United Kingdom or Bulgaria, offers residence and citizenship by investment. Buying a large property or investing in a domestic company can be a straightforward way to obtain a European passport.

Adilbek Sarsenov (DOB: August 1973) is the beneficiary of this program, and his passport information appeared in the leaked documents, despite the fact the information was already public. Mr Sarsenov, a Kazakh citizen, used his Cypriote passport to incorporate in the United Kingdom in May 2020 a company called Ahimsa Planet LTD.

## Word on the Street: Yakuza Papers

Over the past five years, Japan's anti-social groups known as Yakuza went through a devastating war. National Police Agency was more concerned to mitigate the conflict between the various factions than investigating their crimes. Everything started in 2015 when the Kobe-based faction of the Yamaguchi-gumi family, returned the cup of sake to the upper bosses. A war irrupted cinematically between the loyalists and the Kobe separatists. Are there any repercussions of this war beyond the street underworld?

Yes, there are because Yamaguchi-gumi is not just another violent street-gang but represents since the late 1970s Japan's leading group involved in financial crime. Japan is, in many ways, the cradle of modern financial crime. One of the oldest recordings of criminal activities in the sector of capital markets is without any doubt the "Sokaiya". Sokaiya gained momentum during the Japanese economic expansion and was one of Yakuza's leading services. Sokaiya-gangs were used by companies' boards to manipulate and control shareholders' meetings. Typically, Sokaiya prevented legitimate shareholders asking questions that could embarrass the company's directors, either by direct intimidation or

New leaks, new stories

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by shouting down the questioner from the floor.

They also ensure that the shareholders' votes went smoothly in the direction wanted by the company. Yakuza groups acquired shares that entitled them to assist to shareholders' meetings and receive remuneration for their services. Despite being outlawed in 1982, the practice was used until late 1990. Major Japanese companies were involved in sokaiya scandals (Ito-Yokado, Nomura, Niko, Daiwa, Sumitomo, etc.)

Since those times, Yakuza's methods became more sophisticated, and its operations are encompassing the futures markets, commodities, forex and cryptocurrencies.

The disintegration of Japan's biggest organised crime group could lead soon to a multiplication of financial crimes. The newly formed syndicates will try to replicate the illegal schemes to ensure their funding.

We might finally see a new episode from Kitano's movie trilogy "Aurorage" about Japan's underworld.

# Know Your Network, AI meets KYC

More insights at [schwarzthal.tech](https://schwarzthal.tech)



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