

Enforcement

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Enforcement of the Embargo Act lies with SECO under the procedure of the Administrative Criminal Law Act. SECO opens proceedings on its own findings, on reports by customs, FINMA or banks and on media reports. It conducts interviews, requests documents and may order searches and seizures. The proceedings end either with a dismissal or with a penalty order (Strafbescheid). The person concerned may file an objection within 30 days, after which SECO issues a penalty ruling (Strafverfügung). Within ten days of notification of the penalty ruling, the person may request judicial assessment, which transfers the case to the competent cantonal criminal court. Without such a request the ruling has the effect of a final judgment.¹ For defence counsel the procedure has a peculiar dynamic. The administration that investigates also judges, which places the emphasis on the written submissions of the early stages. The route to a court opens only after two administrative decisions.

The published enforcement record remains modest. In February 2024 SECO reported 230 potential breaches since the invasion, 47 proceedings, 20 closed cases and nine fines. Most concerned illegal exports of luxury goods or economically significant products to Russia.² By July 2024 SECO had registered about 300 suspected trade violations and opened 56 proceedings. Of the 41 concluded, 26 had been dismissed, 14 had ended with penalty orders and one with a penalty ruling.³ In July 2025 the *SonntagsZeitung* reported that SECO had registered almost 700 suspected violations since 2022, opened 77 proceedings and completed 65, of which 26 had resulted in fines between CHF 300 and CHF 5,000, mostly for negligent conduct. The cases ranged from a luxury watch worth CHF 300,000 destined for Russia to saunas imported from Belarus and machine spare parts. About two thirds of the cases concerned imports. Two larger investigations had been transferred to the OAG.⁴ Commentators have observed that there is no publicly available case law of the Federal Supreme Court or the Federal Criminal Court on criminal liability under the

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Embargo Act and that enforcement relies predominantly on penalty orders against companies.⁵

Critics read these figures as evidence of weak enforcement. The non-governmental organisation Public Eye has argued since 2022 that SECO does not audit compliance in the commodity sector and relies on the self-regulation of traders. In March 2023 it reported that SECO did not intend actively to monitor compliance with the oil price cap adopted from the European Union. It also pointed to a gap in the personal scope of Swiss sanctions law, which, unlike EU and US law, does not extend to Swiss nationals acting abroad.⁶ In September 2023 the National Council adopted, by 135 votes to 50, a proposal requesting a report on compliance with the Russia sanctions in the commodity sector.⁷ SECO has answered that it cooperates closely with Swiss industry to prevent Swiss components from reaching Russian weapons and that the complexity of cases involving layered companies requires time.

Two Zurich cases show where the real enforcement pressure on the financial centre originates. The first concerns the former employees of Gazprombank Switzerland, the Zurich subsidiary of the Russian state-controlled bank. In March 2023 the Zurich District Court convicted four of them, three Russians and one Swiss national, of lack of due diligence in financial transactions. Between 2014 and 2016 they had allowed the cellist Sergei Roldugin, a long-standing friend of Vladimir Putin, to open and operate accounts through which some CHF 30 million flowed, although the prosecution argued that he could not be the real beneficial owner of the assets.⁸ In June 2024 the Zurich High Court upheld the convictions. The suspended fines totalled more than CHF 450,000.⁹ The case was a money-laundering case that predated the sanctions of 2022, and the chapter on the prosecution of economic crime discusses it in that context. In public perception, however, it became part of the sanctions debate because it concerned the financial network around the Russian president.

The second case is a direct consequence of the sanctions era. M&B Merchant Bank, founded in Zurich in 2018 by Michael Baer, managed client assets of CHF 4.9 billion for about 700 relationships at the end of 2025. On 26 February 2026 the United States Financial Crimes Enforcement Network (FinCEN) proposed measures under section 311 of the USA PATRIOT Act and designated the bank a financial institution of primary money laundering concern, the first Swiss bank to receive that designation. On 27 February 2026 FINMA withdrew the bank's licence and ordered its liquidation after the bank withdrew its appeal to the Federal Administrative Court. FINMA found that 80 per cent of the business

relationships carried increased risks and that 98 per cent of the assets received by the end of 2025 came from high-risk clients. It also found evidence that the bank had assisted clients in circumventing asset freezes connected with Russia and Iran, had executed transactions for sanctioned clients and had repeatedly ignored the recommendations of its compliance department. FINMA appointed liquidators from Kellerhals Carrard in Basel and opened proceedings against four individuals.¹⁰ The case demonstrates the combination of American and Swiss pressure that now defines sanctions enforcement against financial institutions. The decisive blow came from Washington, while the legal instrument that ended the bank was Swiss supervisory law.

1 Notes

1. VStrR, SR 313.0, Art. 67 (objection within 30 days), <https://www.droit-bilingue.ch/de-fr/3/31/313.0-67-72.html>, and Art. 72 (request for judicial assessment within ten days), <https://www.droit-bilingue.ch/de-fr/3/31/313.0-72-77.html>. ↩
2. swissinfo.ch, “Swiss to crack down on Russian sanctions’ evaders”, 22 February 2024 (cited above). ↩
3. swissinfo.ch, “Criminal proceedings filed over Swiss components in Russian weapons”, 17 July 2024, <https://www.swissinfo.ch/eng/foreign-affairs/russian-weapons-and-swiss-parts-seco-collaborates-with-companies/84047054>. ↩
4. watson.ch, “700 mögliche Schweizer Verstösse gegen Russland-Sanktionen – die Sonntagsnews”, 27 July 2025, <https://www.watson.ch/international/schweiz/977896128-sonntagsnews-700-moegliche-schweizer-verstoesse-gegen-russland-sanktionen>, reporting the figures published by the SonntagsZeitung. ↩
5. Global Investigations Review, The Guide to Sanctions, 7th ed., “Understanding Switzerland’s sanctions landscape: a comprehensive guide to compliance and enforcement”, <https://globalinvestigationsreview.com/guide/the-guide-sanctions/seventh-edition/article/understanding-switzerlands-sanctions-landscape-comprehensive-guide-compliance-and-enforcement>. The guide also refers to decisions of the Federal Administrative Court on designations (B-547/2023, B-3925/2023 and B-4084/2023) and to BGE 139 II 384 on the admissibility of appeals against listings. ↩
6. Public Eye, “Sanctions on Russian oil: Switzerland’s enforcement refusal leaves its traders to regulate themselves”, 20 March 2023,

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<https://www.publiceye.ch/en/media-corner/press-releases/detail/sanctions-on-russian-oil-switzerlands-enforcement-refusal-leaves-its-traders-to-regulate-themselves>. ↩

7. Public Eye, “Swiss Parliament calls for a Commodity Trading Act and wants the Enforcement of Sanctions against Russia inspected”, 21 September 2023, <https://www.publiceye.ch/en/media-corner/press-releases/detail/swiss-parliament-calls-for-a-commodity-trading-act-and-wants-the-enforcement-of-sanctions-against-russia-inspected>. ↩
8. swissinfo.ch, “Four bankers who helped Putin’s friend set up Swiss bank account convicted”, 30 March 2023, <https://www.swissinfo.ch/eng/business/four-bankers-who-helped-putin-s-friend-set-up-swiss-bank-account-convicted/48404704>. ↩
9. swissinfo.ch, “Swiss court upholds ‘Putin’s bankers’ Gazprom conviction”, 25 June 2024, <https://www.swissinfo.ch/eng/banking-fintech/swiss-court-upholds-putins-bankers-gazprom-conviction/81749294>. ↩
10. FINMA, “FINMA proceedings: MBaer Merchant Bank AG in liquidation”, 27 February 2026, <https://www.finma.ch/en/news/2026/02/20260227-mm-mbaer-liquidation/>; swissinfo.ch, “Swiss Bank MBaer Gets Shut Down Over Alleged Sanction Breach”, <https://www.swissinfo.ch/eng/swiss-bank-mbaer-gets-shut-down-over-alleged-sanction-breach/91010974>, which also mentions alleged links to Venezuelan corruption schemes. ↩

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