

Hearing on Transnational Repression: Trends and Policy Approaches

Tom Lantos Human Rights Commission, U.S. House of Representatives

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Written Testimony of
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Chairman McGovern, Chairman Smith, and esteemed Members of the Commission, I appreciate the opportunity to address how the weaponization of financial and cybersecurity regulations by foreign regimes, along with mutual legal assistance agreements, poses a critical threat to national security, rule of law, and human rights in the U.S. and beyond.

My testimony will focus on two aspects: (1) the nature of transnational financial repression, its impact on the U.S., and (2) how it is used to discourage financial support for pro-democracy movements and humanitarian work.

ODF experienced itself and collected evidence on how authoritarian regimes and their proxies are now systematically weaponizing important regulatory recommendations developed by the Financial Action Task Force (FATF), an intergovernmental organization founded on the initiative of the G7 to develop trust-based policies to combat money laundering. We documented abuses of anti-money laundering laws (AML), combating the financing of terrorism regulations (CFT), cybersecurity laws, and mutual legal assistance treaties (MLAT).

Regimes have learnt how to abuse these trust-based cooperation mechanisms employed by Western countries. These regimes can arbitrarily freeze or confiscate assets in the U.S., deprive Americans from accessing financial services, exploit financial intelligence and personal data, and disseminate targeted misinformation to undermine an entity's economic reputation. By abusing these international agreements, they can also initiate strategic lawsuits against public participation (SLAPP) - draining their critics residing in Western countries, legally and financially.

Many authoritarian governments have used such tactics to target our organization. As a result, our bank and crypto-assets services provider accounts, crowdfunding platform accounts were terminated. Our financial data was weaponized both against donors, recipients of the funds, our partners, and our family members transnationally.¹

This is what we call transnational financial repression. How was it possible? Authoritarian regimes abused the AML compliance frameworks developed by FATF. This led banks, crypto-asset service providers and crowdfunding platforms to categorize ODF and its associates

¹ <https://en.odfoundation.eu/foundation/attacks-on-the-open-dialogue-foundation/>

as high-risk clients, resulting in financial exclusion and account closures in western jurisdictions, despite repeated court victories proving the accusations were unfounded.²

Under this regulatory pressure, ODF increasingly turned into Bitcoin peer-to-peer payment tools to overcome transnational financial repression. These Bitcoin tools have allowed ODF to deliver humanitarian assistance to (amongst others) Ukraine since the Russian invasion in February 2022 (over €9 million as of April 2024).³

So how does transnational financial repression spread to the United States?

I will illustrate it with two examples. First, the case of Barlyk Mendygazyev and his family members, who are U.S. citizens and have their business and charity in Charlotte. Their case demonstrates the threats that U.S. residents and entities face from transnational financial repression. Their persecution stemmed from two factors: firstly, their success as American investors in Kazakhstan, who refused to pay bribes to the corrupt regime, and secondly, their U.S. based charity supported families of political prisoners in Kazakhstan.⁴ They now face imminent risk of having their bank accounts closed by U.S. financial institutions following the actions of the Kazakhstani regime. Barlyk Mendygazyev's case along with his brother Bekizhan's imprisonment as a political hostage in Kazakhstan, exemplify transnational repression that have been officially documented in the U.S. State Department's human rights reports for 2021, 2022, and 2023. However, there are no effective regulatory remedies to prevent such persecution or defend U.S. residents, U.S. citizens and philanthropists from these attacks.

Another example is from 2022, where Kazakhstan's special service operatives filed a coordinated legal complaint in Belgium against me and Open Dialogue Foundation, pressuring us to remove testimonies from victims of mass shootings and torture in Kazakhstan—including documentation of Russian-led forces deployed at the Kazakh Government's request to suppress peaceful protests in January 2022. These operatives—while posing as private citizens acting on behalf of their minor children—demanded access to my personal and organizational financial records, communications and travel data (in the U.S., Belgium, and the whole European Union). This included hotel bills, flights to Washington D.C.—not just our activities in Europe, but in the United States as well. They cited vague allegations rooted in AML and cybersecurity laws to justify this, knowing that with this legal framework such information freely should be provided by public officials and private organizations powerless to withhold customer data. Belgium has already provided me protection from transnational repression in the past years. With this awareness, the Belgian investigating judge explicitly stated that these requests appeared

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<https://en.odfoundation.eu/projects-and-campaigns/combating-financial-exclusion-and-work-of-btc-coalition/>

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<https://en.odfoundation.eu/a/726449.more-than-2-years-of-war-here-is-how-we-have-helped-ukraine-so-far-24-02-2022-10-04-2024/>

⁴ <https://en.odfoundation.eu/a/727011.transnational-repression-against-barlyk-mendygazyev/>

designed "to use Belgian justice to collect the maximum amount of personal and private data on Kozlovskaya for purposes other than simply revealing the truth in this case".⁵

Russia and its allies threaten donors and discourage financial support for pro-democracy movements, watchdog and humanitarian work:

Russia's Prosecutor General's Office has formally designated ODF as an "undesirable organization", claiming that ODF "poses a threat to the constitutional order, defense capability and security" of Russia due to our humanitarian aid for Ukraine and exposing sanctions evasion.^{6,7} The Russian regime specifically targets me and my extended family for over \$520,000 in donations for Ukraine since 2013.⁸

Additionally, ODF faces coordinated legal harassment as Western legal systems are weaponized by Russian allies against civil society organizations, watchdogs and activists. For example, Kyrgyz Bakai Bank is suing ODF over our 2023 publications documenting evidence that Kazakh and Kyrgyz states have repeatedly circumvented international sanctions against Russia, particularly through banks granting non-residents access to financial services via bank cards. Our reports highlighted anomalies in Kyrgyzstan's banking activity—sharp increases in transactions and credit card issuance during 2022 that aligned with Visa and MasterCard ceasing Russian operations—evidenced by economic statistics, investigative journalism, and local media sources.⁹

What can the US Congress do about this? ODF recommend that Congress should:

1. Request a Government Accountability Office investigation into transnational financial repression, examining how AML/CFT and cybersecurity frameworks are weaponized by authoritarian regimes against U.S.-based civil society organizations, philanthropic entities, investors and U.S. citizens. This investigation should evaluate how U.S. compliance policies and financial intelligence-sharing enable politically motivated exclusion and surveillance, with findings reflected in State Department human rights reports.
2. Request Treasury issue a FinCEN advisory, highlighting foreign regimes' misuse of AML/CFT and cybersecurity tools to target U.S. entities and residents. Similar to existing corruption advisories, this should guide institutions in identifying and mitigating risks from foreign-originated political surveillance.

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<https://en.odfoundation.eu/a/727264.slapp-transnational-financial-repression-across-belgium-eu-and-the-united-states-the-case-against-lyudmyla-kozlovskaya-and-the-open-dialogue-foundation/>

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<https://en.odfoundation.eu/a/726764.prosthetics-for-ukrainian-veterans-new-project-by-odf-and-aether-bio-medical/>

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<https://odessa-journal.com/in-russia-the-polish-foundation-open-dialogue-has-been-declared-undesirable-it-was-involved-in-providing-humanitarian-aid-to-ukrainian-refugees>

⁸ <https://stv92.ru/news/news-8694/>

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<https://en.odfoundation.eu/a/726989.the-price-of-exposing-sanctions-violations-bakai-banks-legal-attack-on-the-open-dialogue-foundation/>

3. The U.S. should restrict Western financial intelligence-sharing access for jurisdictions credibly accused of political misuse of such tools. Continued access should be conditional on transparent and lawful use consistent with international human rights norms. Given FAFT is built upon a foundation of trust-based cooperation, it would appear logical to only share data with trusted parties, to prevent misuse by hostile entities.

4. The U.S. should impose Global Magnitsky sanctions on Kazakhstani officials involved in extraterritorial targeting of U.S. entities and residents through AML/CFT and cybersecurity abuse. The Commission should also help secure the release of political hostage Bekizhan Mendygaziyev.

I am grateful for your leadership on these matters and look forward to our discussion.