

Bates Nos. 2018-08-116:  
008399 – 008410  
Pending Consultation with  
USPTO

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Bates No. 2018-08-116: 008411  
Pending Consultation with  
Another Component of  
Treasury

Bates Nos. 2018-08-116:  
008412 - 008413

Pending Consultation with  
Department of State and  
Another Component of  
Treasury

Bates Nos. 2018-08-116:  
008414 – 008418  
Pending Consultation with  
USPTO

Bates Nos. 2018-08-116:

008419 - 008431

Withheld in Full Pursuant to  
(b)(3) [21 U.S.C. § 1904(e)(3)]  
with (b)(5), (b)(6), and  
(b)(7)(C)

Bates Nos. 2018-08-116:  
008432 - 008736

Pending Consultation with  
Department of State

Bates No. 2018-08-116: 008737  
Pending Consultation with  
Department of State and Other  
Components of Treasury



Bates Nos. 2018-08-116:

008738 – 008743

Pending Consultation with  
Another Component of  
Treasury

## RE: OFAC 101 Brief

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**From:** (b)(6), (b)(7)(C)  
**To:** (b)(6), (b)(7)(C)  
**Date:** Thu, 14 Sep 2017 12:40:20 -0400  
**Attachments:** OFAC 101 EL.ppt (4.11 MB)

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Ok, I've added in the Russia slide.

I also made a few more changes.

1. I changed some of the SDN identifier/listing examples to Russia ones just so it stays relevant
2. I changed the map on overall sanctions programs to move away from the Africa focus
3. I found an earlier presentation that explained the material assisting/owned or controlled slides to an easier explanation
4. And I added an SDN search slide

Let me know what you think.

---

**From:** (b)(6), (b)(7)(C)  
**Sent:** Thursday, September 14, 2017 9:48 AM  
**To:** (b)(6), (b)(7)(C)  
**Subject:** RE: OFAC 101 Brief

With attachment.

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**From:** (b)(6), (b)(7)(C)  
**Sent:** Thursday, September 14, 2017 9:48 AM  
**To:** (b)(6), (b)(7)(C)  
**Subject:** RE: OFAC 101 Brief

Yeah. I updated the slides. You can put your Russia stuff after slide 14. (b)(6), (b)(7)(C) told me they won't be interested in Syria-not their AOR.

---

**From:** (b)(6), (b)(7)(C)  
**Sent:** Thursday, September 14, 2017 9:23 AM  
**To:** (b)(6), (b)(7)(C)  
**Subject:** RE: OFAC 101 Brief

Yes, that is a good one. So what do you think? Cut out all the Africa stuff, you insert Syria/Balkans and I'll put in Russia?

---

**From:** (b)(6), (b)(7)(C)  
**Sent:** Thursday, September 14, 2017 9:19 AM  
**To:** (b)(6), (b)(7)(C)  
**Subject:** FW: OFAC 101 Brief

I like this one better. Will require less editing on my part.

---

**From:** (b)(6), (b)(7)(C)  
**Sent:** Monday, October 03, 2016 1:50 PM  
**To:** (b)(6), (b)(7)(C)  
**Subject:** OFAC 101 Brief

Hope this helps!

(b)(6), (b)(7)(C)  
Sanctions Investigator  
U.S. Department of the Treasury  
Office of Foreign Assets Control  
E-mail: (b)(6), (b)(7)(C)  
Office Line: (b)(6), (b)(7)(C)  
Blackberry: (b)(6), (b)(7)(C)

## Documents for EUCOM

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**From:** (b)(6), (b)(7)(C)

**To:** (b)(6), (b)(7)(C)  
(b)(6), (b)(7)(C)  
(b)(6), (b)(7)(C)

**Date:** Thu, 14 Sep 2017 13:39:30 -0400

**Attachments:** 861490\_Dmytro\_TABACHNYK.docx (54.73 kB); 20170112 Timeline of U S and EU Sanctions (2).docx (38.52 kB); Copy of Copy of OFAC Actions Russia Ukraine.xlsx (13.03 kB); Dolgoprudny.docx (48.36 kB); EO 13660.pdf (104.01 kB); EO 13661.pdf (115.25 kB); EO 13662.pdf (103.84 kB); EO 13685.pdf (527.35 kB); Evidentiary Review Guidance (as sent to OGT 4-21-2017).pdf (438.61 kB); Evidentiary Template (as sent to OGT 4-21-2017).docx (51.42 kB); FR Notice\_Ukraine.pdf (2.01 MB); IEEPA.pdf (21.02 kB); Implementation Chart CAASA 091317.docx (45.76 kB); Khorsheva.docx (48.12 kB); KPSK.docx (46.5 kB); Sechin.doc (69.12 kB); Summary of CAASA 090617.docx (58.88 kB); OFAC 101 EL.ppt (4.11 MB); Balkans names.docx (14.02 kB); EO 13304.pdf (604.86 kB)

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(b)(6), (b)(7)(C)

Attached are the documents that we would like to discuss during our meetings next week. Once we get to EUCOM, could we print some of them out? Will we have the ability to project them on the wall?

Thanks,

(b)(6), (b)(7)(C)

# OFAC: Overview, Authorities, and Designation Criteria



# OFAC

OFFICE OF FOREIGN ASSETS CONTROL

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# Agenda

- Overview of OFAC
- Designation Process
- Designation Authorities
- Impact of Sanctions
- Designation Criteria
- Contact Information

**OFAC**

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# Overview of OFAC

- What is OFAC and what does it do?
  - The Office of Foreign Assets Control (OFAC) administers and enforces economic and trade sanctions against targeted:
    - Governments
    - Individuals
    - Entities
    - Activities: Terrorism, Proliferation, Narcotics, Cyber, and Transnational Organized Crime
  - OFAC is part of the Department of the Treasury's Office of Terrorism and Financial Intelligence (TFI)
- What are OFAC's authorities?
  - Presidential national emergency powers (e.g. IEEPA-based executive orders)
  - Certain legislation, to impose controls on transactions and freeze assets under jurisdiction (e.g. CISADA)
  - Many of the sanctions are based on United Nations and other international mandates, are multilateral in scope, and involve close cooperation with allied governments



Federal Register

Friday,  
July 1, 2005

Part V

**The President**Executive Order 13583—Blocking  
Property of Weapons of Mass Destruction  
Proliferators and Their Supporters

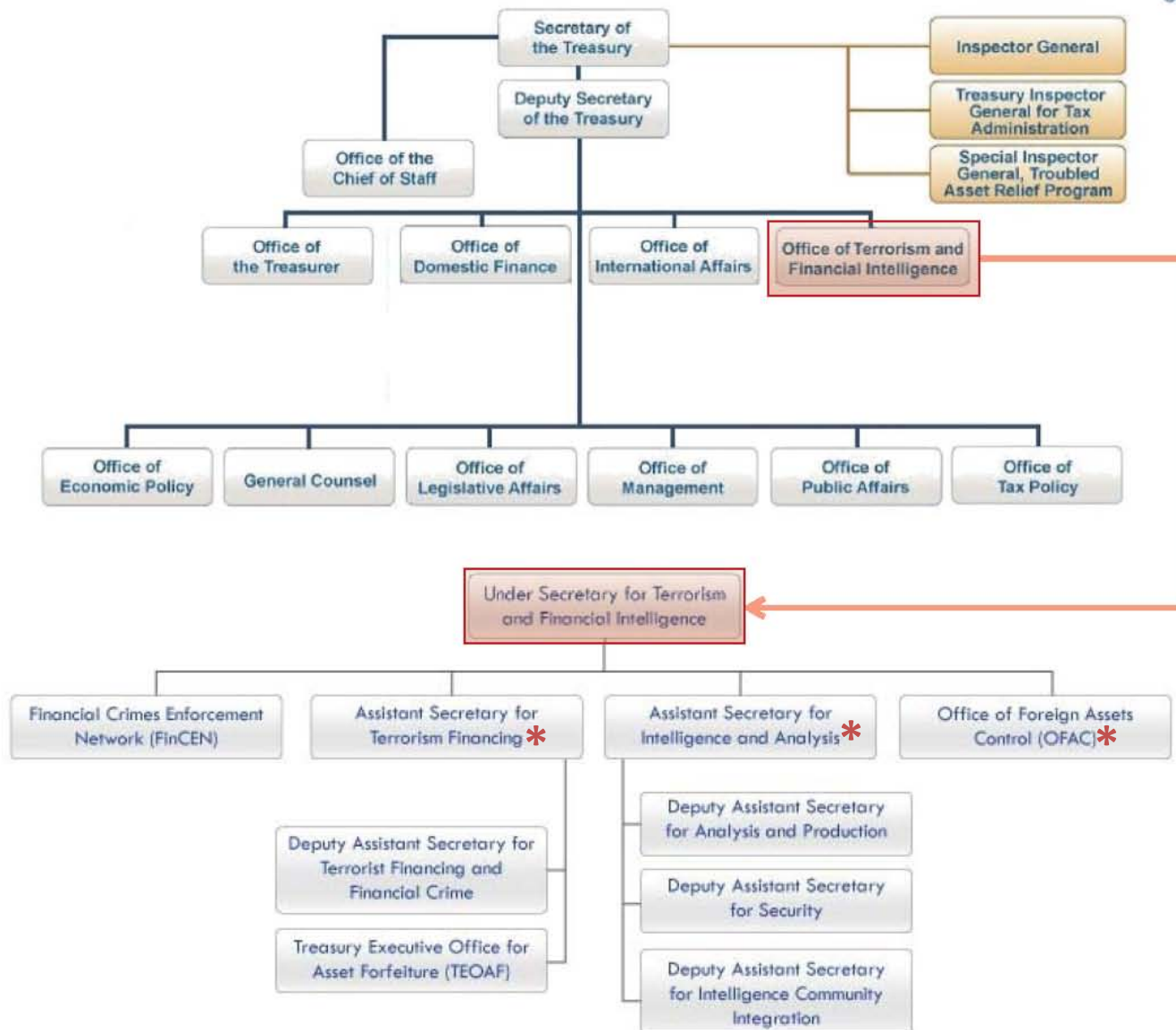




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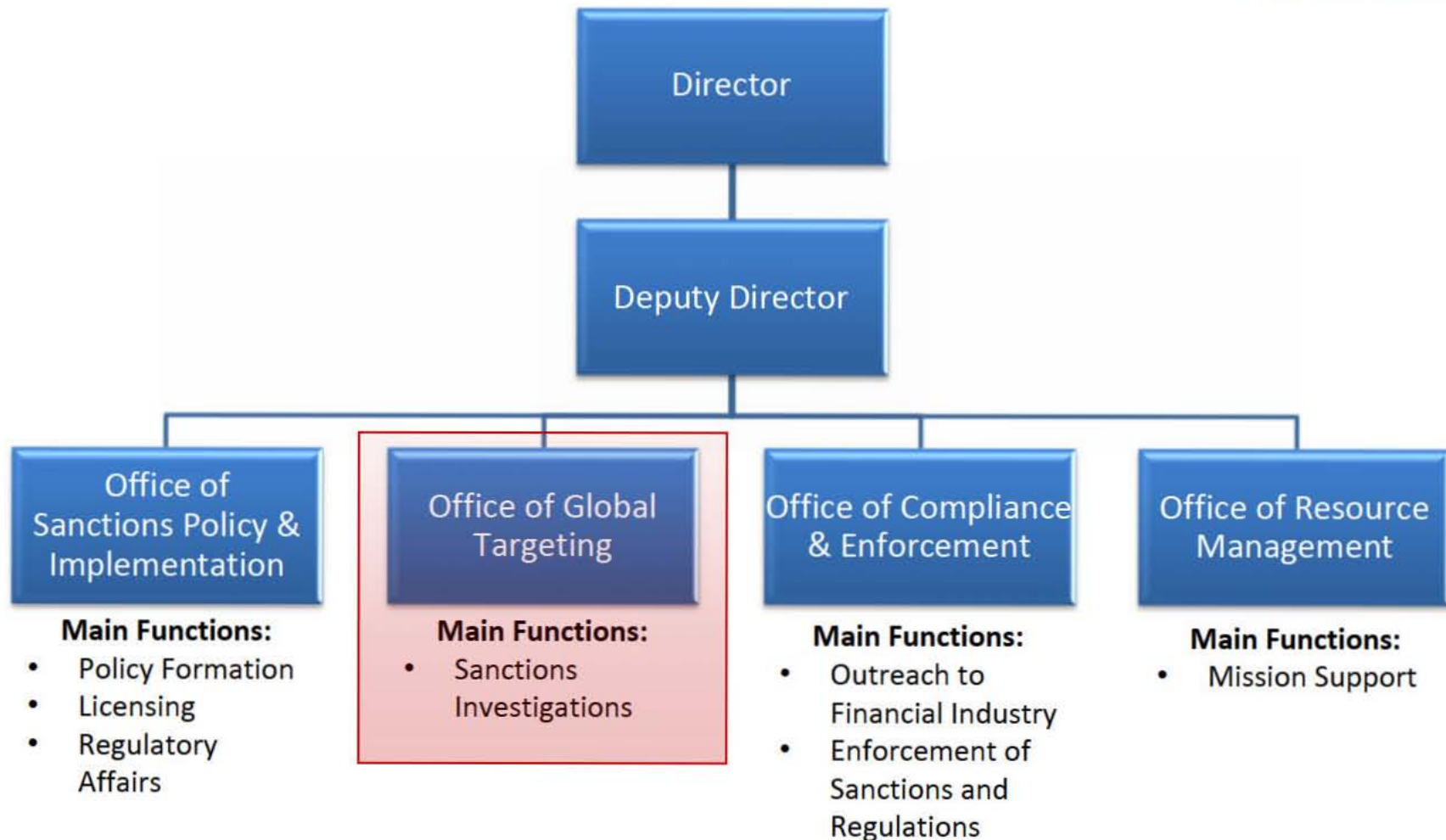
# Treasury: Organizational Structure



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# OFAC: Organizational Structure







# Designation Process: A Continuous Cycle





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# Identifying Targets

- OFAC uses a variety of tools and information to identify potential targets:
  - Self-disclosures
  - Information received from other OFAC departments
  - Current investigations
  - Referrals from U.S. government agencies
  - Referrals from foreign government agencies
  - Publicly available information
  - Tips/informants



**Terrorism and Financial Intelligence**  
Office of Foreign Assets Control (OFAC)

U.S. DEPARTMENT OF THE TREASURY

Mission History Resources Contacts

**Contact us by Telephone**

When Should I Call the OFAC Hotline?

Toll Free Hotline	1-800-540-6322
Local Hotline	1-202-622-2480
OFAC Licensing Division (Direct)	1-202-622-2480
OFAC Fax-on-demand document service	1-202-622-0077

**Contact us Electronically**

E-mail OFAC

Submit in "in-process" wire transfers to the hotline

Click here to appeal an OFAC designation or other listing

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### Iran 'trying to evade sanctions on oil exports' with night transfers near Malaysia

Iran is trying evade US sanctions by secretly storing oil bound for Asia at a little-known port in Malaysia.

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# Gathering and Evaluating Information

- OFAC uses a variety of data streams to evaluate and validate potential violations of sanctions
  - Information received from other OFAC departments
  - Suspicious activity reporting from financial institutions
  - Law enforcement information
  - Intelligence community reporting
  - Foreign government information
  - United Nations expert panels





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# Outreach and Cooperation



- Treasury may conduct outreach to effect a change in behavior prior to designation
  - Foreign Travel by Treasury Principals
  - OFAC and TFI Attachés
    - Engagement with foreign governments
  - OFAC Compliance
    - Engagement with financial institutions
  - OFAC Enforcement
    - Engagement with non-financial institutions
  - Working level visits by Treasury TFI staff

## Treasury Targets Networks Linked To Iran

2/6/2014

*Underscores U.S. Commitment to Enforce Iran Sanctions Worldwide*

Nayebi, Hosseinpour, and Farsoudeh deceived the financial regulatory authorities of the Republic of Georgia by withholding required reports of transactions involving Iranian banks. The Government of Georgia has worked closely with the United States to detect and address illicit and deceptive Iranian behavior in Georgia, and it has taken steps to ensure that Iranian entities under U.S. and international sanctions are prevented from exploiting the Georgian financial system.

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# Evidentiary Drafting



- OFAC drafts an evidentiary memorandum on the basis for a target's designation
  - An evidentiary memorandum is the administrative record of OFAC's legal basis for levying sanctions
    - Comprehensively sourced legal documents
    - Contain classified and/or unclassified material
  - Evidentiaries are reviewed by Treasury legal counsel and Justice Department (DOJ) attorneys to ensure legal sufficiency
    - DOJ is responsible for defending OFAC actions in U.S. courts
  - Legal standard is administrative - "reason to believe" - but the stronger the case, the better
- Department of State and other relevant agencies are consulted to ensure OFAC actions are consistent with, and complement, other U.S. government activities


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# Designation and Public Announcement



- After legal review and approval, OFAC's director signs a designation and blocking memorandum which formally sanctions the target
  - Sanctions are given public effect via OFAC's list of Specially Designated Nationals and Blocked Persons (SDN List) and publication in the Federal Register
  - OFAC prepares a press release summarizing the basis for designation and information about the SDN's activities
  - All OFAC actions, including designations and publications of documents, are posted on treasury.gov

U.S. DEPARTMENT OF THE TREASURY

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Consumer Policy  
Economic Policy  
Financial Markets, Financial Institutions, and Fiscal Service  
Financial Sanctions  
Specially Designated Nationals List (SDN List)  
Consolidated Sanctions List  
Search OFAC's Sanctions Lists  
Additional Sanctions Lists  
OFAC Recent Actions  
Complete List of Sanctions Programs and Country Information  
Frequently Asked Questions  
OFAC Civil Penalties and Enforcement  
OFAC Events and

**Resource Center**

Home » Resource Center » Federal Sanctions » OFAC Recent Actions

**2015 OFAC Recent Actions**

**October**

Date	Description
10/01/2015	Kinrgin Act Designations

**September**

09/29/2015	Counter Terrorism Designations
09/16/2015	Publication of Updated Cuban Assets Control Regulations (CACR)
09/17/2015	Kinrgin Act Designations
09/10/2015	Counter Terrorism Designations
09/09/2015	Counter Terrorism Designations
09/05/2015	Counter Terrorism Designations

**OFAC QUICK LINKS**

- Specially Designated Nationals (SDN) and Blocked Persons List
- Search OFAC's Sanctions Lists
- OFAC News and Recent Actions
- Frequently Asked Questions on Sanctions
- Apply for an OFAC License
- Report a Transaction to OFAC
- Contact OFAC

**PRESS CENTER**

**Press Releases**

10/01/2015  
Statement by Treasury Deputy Secretary Sarah Bloom Ruskon Marking National Cybersecurity Awareness Month

**Featured Photo**

Secretary Jacob J. Lew discussed "The New 10" announcement and...

OFFICE OF FOREIGN ASSETS CONTROL  
Specially Designated Nationals and Blocked Persons List

October 1, 2015

U.S. DEPARTMENT OF THE TREASURY

**Press Center**

**Treasury Designates Libyan for Political Obstruction and Undermining Peace, Security, or Stability of Libya**

4/19/2016

**Action Follows New Executive Order Issued Today and Underscores United States Government Support for the New Libyan Government of National Accord**





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# Post-Designation Monitoring



- After designation, OFAC continues to monitor for compliance, enforcement, and additional targeting opportunities
  - Information received from other OFAC departments
  - Referrals from other USG agencies
  - Public information
    - Corporate records
    - Press reporting
  - Law enforcement and intelligence community reporting
  - Self-disclosures
  - Anonymous tips



ENFORCEMENT INFORMATION FOR DECEMBER 11, 2012



INVESTMENT BANKING - LEGAL/REGULATORY

## BNP Paribas Admits Guilt and Agrees to Pay \$8.9 Billion Fine to U.S.

By BEN PROTASS and JESSICA SILVER-GREENBERG JUNE 30, 2014 4:21 PM 54 Comments

**HSBC Holdings plc Settles Potential Liability for Apparent Violations of Multiple Sanctions Programs:** HSBC Holdings plc ("HSBC Holdings") has agreed to remit \$375,000,000 to settle potential civil liability on behalf of it and certain of its affiliates (collectively "HSBC Group") for apparent violations of: the Cuban Assets Control Regulations ("CACR"), 31 C.F.R. part 515; the Burmese Sanctions Regulations ("BSR"), 31 C.F.R. part 537; the Sudanese Sanctions Regulations ("SSR"), 31 C.F.R. part 538; the now-repealed Libyan Sanctions Regulations ("LSR"), 31 C.F.R. part 550; and the Iranian Transactions Regulations ("ITR"), 31 C.F.R. part 560. HSBC Holdings' settlement with the Office of Foreign Assets Control ("OFAC") is part of a global sanctions-related settlement among HSBC Holdings, OFAC, the U.S. Department of Justice, the New York County District Attorney's Office, and the Federal Reserve Board of Governors. HSBC Holdings agreed to settle with OFAC for HSBC Group's apparent violations of OFAC regulations for \$375,000,000, with the obligation deemed satisfied by a payment of \$375,000,000 to the Department of Justice and the New York County District Attorney's Office.

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# Designation Authorities: Overview

- OFAC administers and enforces 28 sanctions programs and maintains over 5,500 entries on the SDN List
- Programs generally grouped by:
  - **Geographic:** Belarus, Burma, Cuba, Iran, Libya, North Korea, Sudan, Syria, Yemen, and others
  - **Functional:** Counter Narcotics Trafficking, Counter Terrorism, Malign Cyber Activities, Non-Proliferation, Transnational Criminal Organizations, and others
- Each program has specific authorities that underpin the sanctions program, with unique legal criteria for designation





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# Balkans Program

- E.O. 13304 issued in May 2003 in response to illicit actions destabilizing the Balkans. Criteria:
  - **Being under open ICTY indictment**
  - **Committing or posing a risk of committing acts of violence that threaten the peace in or diminish the stability of a Western Balkans state**
  - **Obstructing the Dayton Accords, Ohrid Framework, or other regional peace treaties**
  - **Providing support to those previously designated**
  - **Owned or controlled, or acting for or on behalf of those previously designated**

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# Russia/Ukraine Program

- **E.O. 13660 issued on March 6, 2014**
  - Those that undermine the democracy, peace, security, stability, sovereignty, and territorial integrity of Ukraine; and the misappropriation of state assets.
- **E.O. 13661 issued March 16, 2014**
  - Senior government officials of the Russian Federation, those that provide support to senior government officials/oligarchs and those that operate in the defense sector of the Russian Federation.
- **E.O. 13662 issued on March 20, 2014**
  - Entities operating in the financial, energy, metals, mining and defense sectors of the Russian Federation.
- **E.O. 13685 issued on December 19, 2014**
  - Individuals and entities operating in Crimea.

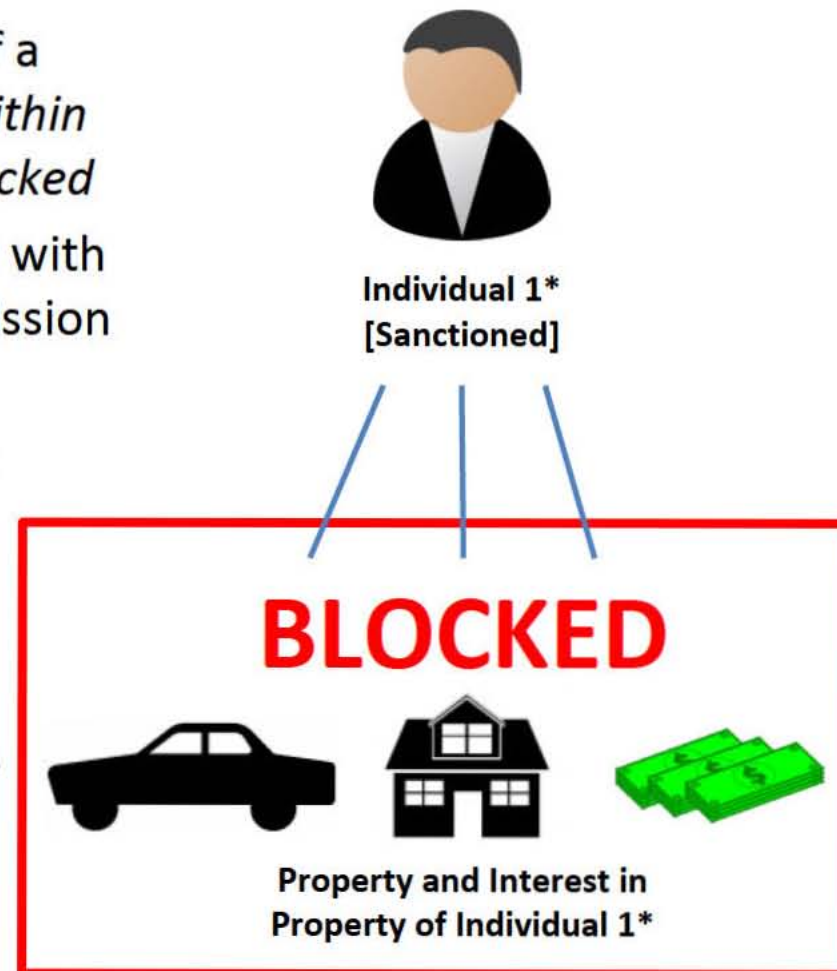


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# Blocking – Primary Impact

- Any property, or interest in property, of a targeted person or entity that *comes within the control of a U.S. person* must be *blocked*
- No U.S. person may transact in any way with blocked property without explicit permission or a license from OFAC
- Persons holding blocked property must report it to OFAC





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# Additional Effects of Sanctions

- Induce pressure on foreign governments to investigate, prosecute, or seize assets of targeted persons
- Bring negative public attention to the targets and raise reputational risk for associated third parties
- Make it difficult for targets to continue *any* modern financial activity, even with foreign banks – “voluntary compliance”
- Create pressure on associated non-designated members of the network, family members of SDNs, and others
- Provide follow on leads




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# Designation Criteria: Targeting

More Impactful Sanctions Target	Less Impactful Sanctions Target
Identifiable network (individual and entities) playing a key or significant role in the illicit activity	An individual or entity providing limited or easily replaceable support to the illicit activity
Networks with ties—and an incentive to maintain ties—to the international financial system	Networks with little contact or concern with the international financial system
Companies that do legitimate business in addition to illicit activities	Front companies that could be easily replaced or changed after a designation
Individuals who care about their public perception	Individuals who are not susceptible to—or could benefit from—a “naming and shaming” designation
Multiple credible sources of information and reporting on the network and activities	Limited information with unknown sourcing, reliability, or credibility
Full set of distinct identifiers to support implementation of the designation	Limited identifiers of unknown accuracy and general names that would create false positives




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# Identifying Information on Targets

- Identifiers are critical and the more detailed, the better
  - Individuals: Full name, date and place of birth, identification or passport numbers, address, nationality, gender, aliases or “also known as” (AKAs), alternate spellings
  - Entities: Address, registration/license numbers, sector-specific identifying codes

## SDN Entries with Poor Identifiers

POTE, Selina; Deputy Secretary for Gender and Culture (individual) [ZIMBABWE].

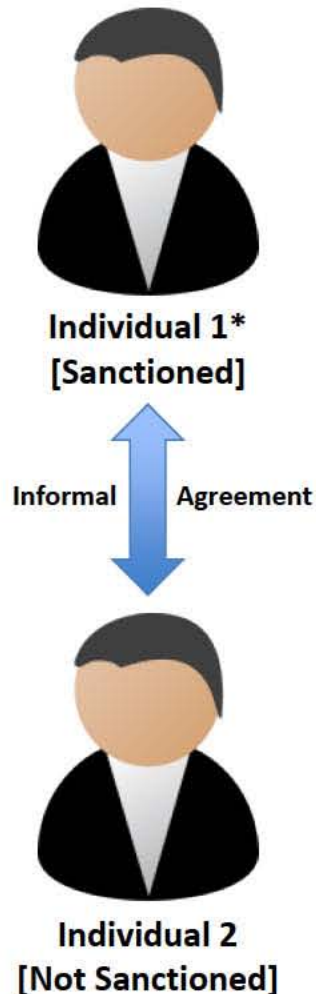
AUTOMOBILE CORPORATION, Khartoum, Sudan [SUDAN].

## SDN Entries with Good Identifiers

TIMCHENKO, Gennady (a.k.a. TIMCHENKO, Gennadiy Nikolayevich; a.k.a. TIMCHENKO, Gennady Nikolayevich; a.k.a. TIMTCHENKO, Guennadi), Geneva, Switzerland; DOB 09 Nov 1952; POB Leninakan, Armenia; alt. POB Gyumri, Armenia; nationality Finland; alt. nationality Russia; alt. nationality Armenia (individual) [UKRAINE2].

KALASHNIKOV CONCERN (a.k.a. CONCERN KALASHNIKOV; a.k.a. IZHEVSKIY MASHINOSTROITEL'NYI ZAVOD OAO; f.k.a. IZHMASH R&D CENTER; f.k.a. JSC NPO IZHMASH; f.k.a. NPO IZHMASH OAO; a.k.a. OJSC CONCERN KALASHNIKOV; f.k.a. OJSC IZHMASH; f.k.a. SCIENTIFIC PRODUCTION ASSOCIATION IZHMASH JOINT STOCK COMPANY), 3, Derjabin Pr., Izhevsk, Udmurt Republic 426006, Russia; Registration ID 1111832003018 [UKRAINE2]

# Criteria: Acting for or on behalf of



- Applies to individuals and entities
- “Acting for or on behalf of” can be interpreted to apply in many different scenarios and situations
- Basis for designation of most Executive Orders

Opens bank accounts for Individual 1\*

Negotiates contracts for Individual 1\*

Directs activity of others for Individual 1\*

Represents Individual 1\* in business affairs





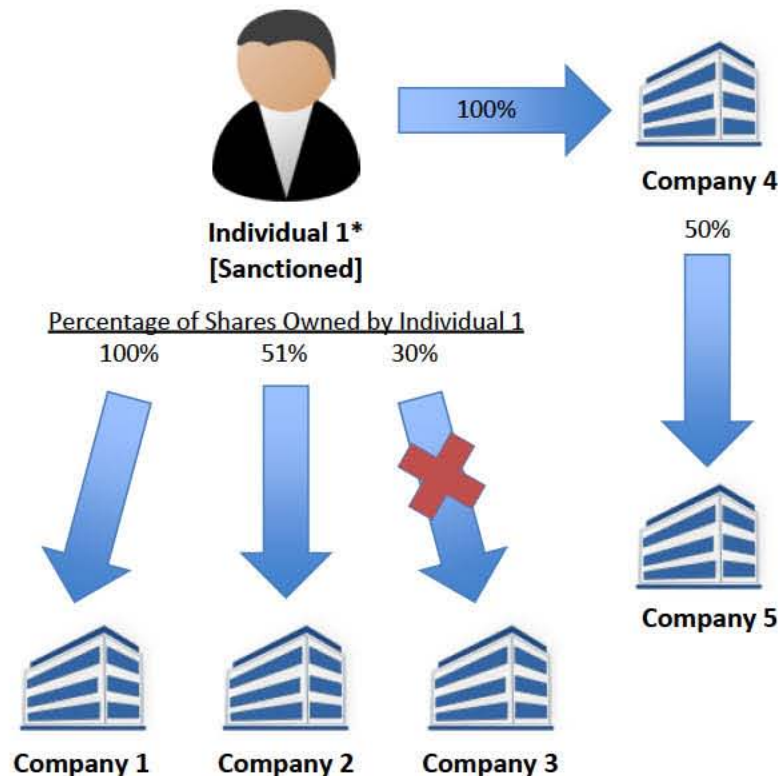


# OFAC

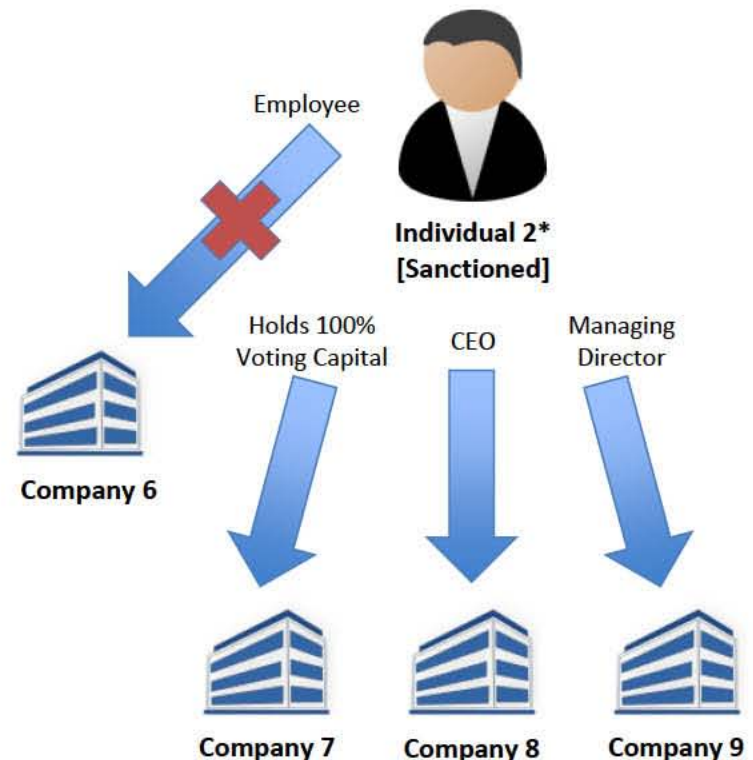
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## Criteria: Owned or controlled by

### Owned By



### Controlled By



- Basis for designation of most Executive Orders; applies primarily to entities
- 50% Rule: Entities 50% or more owned by an SDN are automatically blocked, even if they are not themselves listed



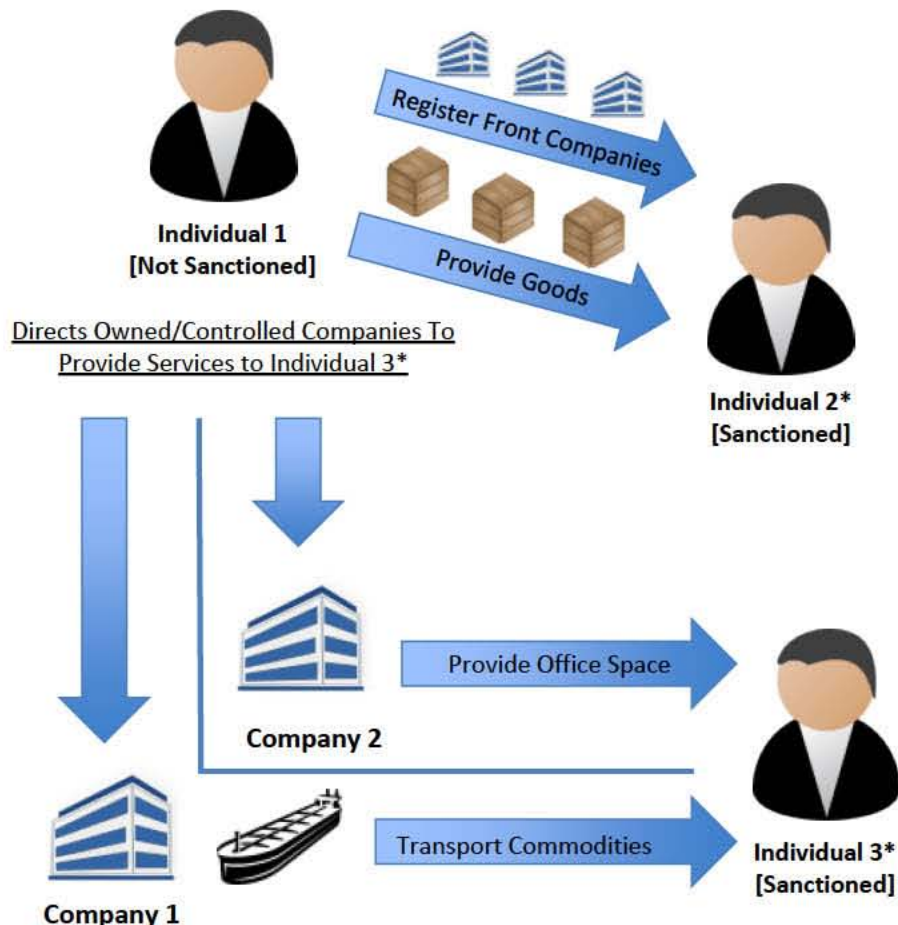


# Criteria: Material assistance and support

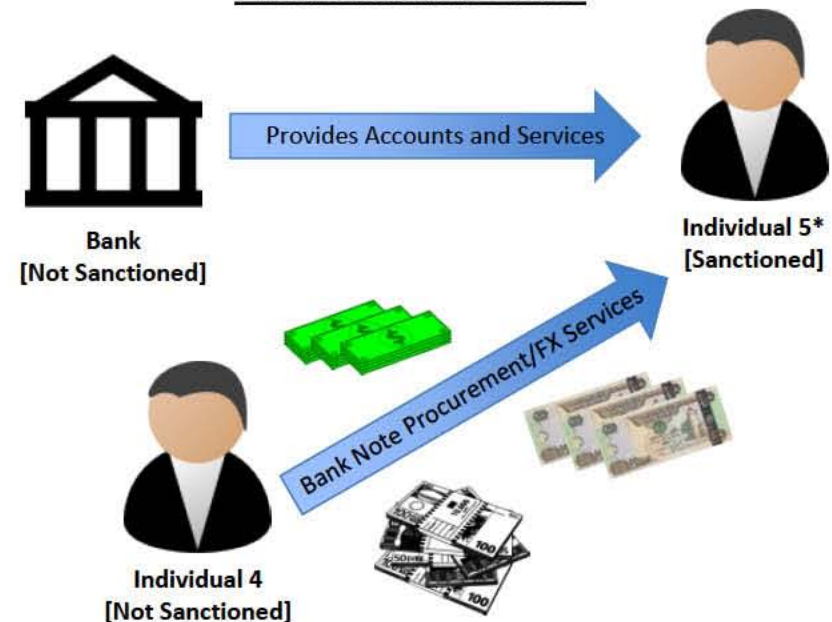
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## Material Assistance/Support



## Financial Assistance



- Material assistance or support is inclusive and can take many forms
- Basis for designation in most sanctions programs

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# OFAC SDN SEARCH

## <http://sdnsearch.ofac.treas.gov/>

**O F A C**

Office of Foreign Assets Control

### SDN Search

Specially Designated Nationals  
and Blocked Persons List Search

This SDN Search application ("SDN Search") is designed to facilitate the use of the Specially Designated Nationals and Blocked Persons list ("SDN List"). The SDN Search tool uses approximate string matching to identify possible matches between word or character strings as entered into SDN Search, and any name or name component as it appears on the SDN List. SDN Search has a slider-bar that may be used to set a threshold (i.e., a confidence rating) for the closeness of any potential match returned as a result of a user's search. SDN Search will detect certain misspellings or other incorrectly entered text, and will return near, or proximate, matches, based on the confidence rating set by the user via the slider-bar. OFAC does not provide recommendations with regard to the appropriateness of any specific confidence rating. SDN Search is one tool offered to assist users in utilizing the SDN list; use of SDN Search is not a substitute for undertaking appropriate due diligence. The use of SDN Search does not limit any criminal or civil liability for any act undertaken as a result of, or in reliance on, such use.

[Download the SDN List](#)[Visit The OFAC Website](#)

#### SDN Lookup



Type:

All

Name:

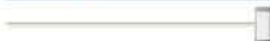
Barakzai

ID #:

Program:

All  
BALKANS  
BELARUS  
BPI-PA

Minimum Name Score:

 100

Address:

City:

State/Province:\*

Country:

All

Search

Reset


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# Contact Information

## Eurasia/Levant Section Office of Global Targeting Office of Foreign Assets Control (OFAC)

Name	Portfolio (Lead denoted by *)	Phone	Email
(b)(6), (b)(7)(C)	Acting Section Chief, Russia/Ukraine*, Iraq	(b)(6), (b)(7)(C) (b)(6), (b)(7)(C)	(b)(6), (b)(7)(C)
(b)(6), (b)(7)(C)	Balkans*, Syria*	(b)(6), (b)(7)(C) (b)(6), (b)(7)(C)	(b)(6), (b)(7)(C)

Bates Nos. 2018-08-116:

008770 – 008771

Pending Consultation with  
Department of State

## **Exclusive: Trump administration prepares to ease export rules for U.S. guns**

Mike Stone and Matt Spetalnick Reuters Sep 27, 2017

The Trump administration is preparing to make it easier for American gun makers to sell small arms, including assault rifles and ammunition, to foreign buyers, according to senior U.S. officials.

Aides to President Donald Trump are completing a plan to **shift oversight of international non-military firearms sales from the State Department to the Commerce Department**, four officials told Reuters.

While the State Department is primarily concerned about international threats to stability and maintains tight restrictions on weapons deals, the Commerce Department typically focuses more on facilitating trade.

The officials from multiple agencies, speaking on condition of anonymity, say the new rules will cut government red tape and regulatory costs, **boosting U.S. exports of small arms** and creating jobs at home.

"There will be more leeway to do arms sales," one senior administration official said. "You could really turn the spigot on if you do it the right way."

The push fits both Trump's support for the gun lobby espoused on the campaign trail and his "Buy American" agenda.

But critics, including some lawmakers and arms control advocates, have expressed concern that any easing of export rules could make powerful weapons of the type often used in U.S. mass shootings more accessible to criminal gangs and militant groups that Trump has vowed to fight.

**The administration has all but finalized a draft of the new rules**, which could be sent to the White House budget office for review within days, one U.S. official said.

The changes – which can be enacted without congressional approval - could be made public this fall, followed by a period of public comment, with implementation as early as the first half of next year, the officials said.

The officials stressed, however, that the proposed shift in oversight was not a blanket deregulation of firearms.

"The NSC is working through the interagency process with the State Department and the Department of Commerce to ensure that U.S. industries have every advantage in the global marketplace, while at the same time ensuring the responsible export of arms," said an official with the White House National Security Council.

**SLACK U.S. SALES** The move, part of a broader Trump administration overhaul of weapons export policy that the officials say is also nearing completion, comes at a time when U.S. gun makers could use the help.



Domestic gun sales have fallen significantly after soaring under President Barack Obama, when gun enthusiasts stockpiled weapons and ammunition out of fear that the government would tighten gun laws.

Since Trump was elected in November, the share price for Smith & Wesson owner American Outdoor Brands Corp (AOBC.O) is down 50 percent and Sturm Ruger (RGR.N) has fallen 26 percent.

On Tuesday, following Reuters report on the administration's plans, the share prices of Sturm Ruger and American Outdoor surged as much as 18 percent.

Both stand to benefit from easier export protocols, alongside Vista Outdoor (VSTO.N) and the private equity firm Cerberus Capital Management, which owns Bushmaster, a brand of AR-15 assault rifle.

The powerful U.S. gun lobby backed Trump in the 2016 election. The National Rifle Association spent more than \$30 million in support of his candidacy. "I am going to come through for you," Trump told the NRA convention in April.

The State Department licensed an estimated \$4 billion in commercial firearms exports last year, of which \$3.2 billion would shift to Commerce under the new arrangement, one U.S. official said.

In recent years, Canada, Australia, Thailand and Saudi Arabia have been among the top destination countries for U.S. non-military firearms exports, according to U.S. Census data.

The shift to Commerce could increase sales by 15-20 percent annually, predicted Lawrence Keane, senior vice president for the National Shooting Sports Foundation, a firearms industry trade association.

The effort to streamline U.S. small arms export controls dates back to an Obama administration initiative begun in 2009, but which was never translated into policy.

The process was repeatedly stalled by a series of U.S. mass shootings, including one at the Sandy Hook Elementary School in Newtown, Connecticut, in 2012 in which 20 children and six adults were killed by a gunman using an AR-15-style assault rifle.

Assault rifles like the Bushmaster would be some of the most powerful weapons expected to be more readily available for commercial export under the new rules, which are largely in line with proposals the Obama administration had crafted.

**STRESS TEST** Democratic Senators Ben Cardin, Dianne Feinstein and Patrick Leahy urged against any rash regulatory changes in a letter to Secretary of State Rex Tillerson on Friday, saying combat firearms are the "primary means of injury and destruction in civil and military conflicts throughout the world."

Zlatko Hadzismajlovic, a New York attorney specializing in export controls, said the changes would be a tough "stress test" for U.S. arms policy.

"The transition appears particularly ill-timed," he said, citing recent Islamist militant attacks in Europe and heightened regional tensions on the borders of NATO members such as Turkey and the Baltic states.

Administration officials say they are not looking to green-light dangerous sales but that it is unrealistic to continue to hamstring U.S. gun makers in foreign markets.

They point out, for instance, that AR-15 rifles are already readily available worldwide since the technology is decades old, the weapons are sold in U.S. sporting goods stores and parts can be reproduced using a 3D printer.

The new rules would move both the licensing and supervision for export of most non-military firearms and ammunition to Commerce officials, who have been directed by Trump to ease the overall regulatory burden on U.S. exporters.

Commercial gun exports would no longer be given the same scrutiny as missile and fighter jet sales, which often require congressional approval.

"Commerce wants more exports to help reduce the trade deficit. And State wants to stop things because it sees (arms) proliferation as inherently bad," one of the officials said.

"We want to make a decision that prioritizes what's more important," the official said. "This will allow us to get in the (small arms sales) game for the first time ever."

The shift would officially move weapons like assault rifles and handguns from State's tightly restricted Munitions List to the Commerce Control List (CCL), which allows for more streamlined licensing for overseas sales.

U.S. companies compete for foreign market share with companies such as Austrian manufacturer Glock and Italian gun maker Beretta.

Bates No. 2018-08-116: 008775  
Pending Consultation with  
Other Components of Treasury



Bates Nos. 2018-08-116:  
008776 – 008781

Pending Consultation with  
Another Component of  
Treasury

Bates Nos. 2018-08-116:  
008782 – 008784  
Pending Consultation with  
DOJ

Bates No. 2018-08-116: 008785  
Pending Consultation with  
Department of State

## CAATSA 231 Materials

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**From:** (b)(6)  
**To:** "Smith, John" (b)(6) "Gacki, Andrea" (b)(6)  
**Cc:** (b)(6) "Swindells, Felicia" (b)(6) Thannhauser, Sara" (b)(6) (b)(6) "Demske, Susan"  
**Date:** Thu, 26 Oct 2017 19:40:04 -0400  
**Attachments:** FOR PUBLIC RELEASE - Section 231 Guidance.docx (44.47 kB); FOR PUBLIC RELEASE - Section 231 List.docx (18.26 kB)

---

John, here's a draft update email for Sigal if you're inclined (or we can just send to (b)(6), (b)(6) and company):

Sigal,

Further to my earlier email, attached are the materials that State passed to the Hill today. This guidance will appear on State's website tomorrow morning.

UNCLASSIFIED

CAATSA Section 231(d) List regarding the Defense Sector  
of the Government of the Russian Federation

Admiralty Shipyard JSC

Almaz-Antey Air and Space Defense Corporation JSC

Dolgoprudny Research Production JSC

Federal Research and Production Center Titan Barrikady JSC (Titan Design Bureau)

Izhevsk Mechanical Plant (Baikal)

Izhmash Concern JSC

Kalashnikov Concern JSC

Kalinin Machine Building Plant JSC (KMZ)

KBP Instrument Design Bureau

MIC NPO Mashinostroyenia

Molot Ouzhie

Mytishchinski Mashinostroitelny Zavod

Novator Experimental Design Bureau

NPO High Precision Systems JSC

NPO Splav JSC

Oboronprom OJSC

Radio-Electronic Technologies (KRET)

Radiotechnical and Information Systems (RTI) Concern

Research and Production Corporation Uralvagonzavod JSC

Rosoboronexport OJSC (ROE)

Rostec (Russian Technologies State Corporation)

UNCLASSIFIED

Russian Aircraft Corporation MiG

Russian Helicopters JSC

Sozvezdie Concern JSC

State Research and Production Enterprise Bazalt JSC

Sukhoi Aviation JSC

Tactical Missiles Corporation JSC

Tikhomirov Scientific Research Institute JSC

Tupolev JSC

United Aircraft Corporation

United Engine Corporation

United Instrument Manufacturing Corporation

United Shipbuilding Corporation

CAATSA Section 231(d) List regarding the Intelligence Sector  
of the Government of the Russian Federation

Autonomous Noncommercial Professional Organization/Professional Association of Designers  
of Data Processing (ANO PO KSI)

Federal Security Service (FSB)

Foreign Intelligence Service (SVR)

Main Intelligence Directorate of the General Staff of the Russian Armed Forces (GRU)

Special Technology Center

Zorsecurity



## RE: CNN - After long delay State Department advances Russia sanctions

**From:** (b)(6)  
**To:** "Smith, John" (b)(6) "Mandelker, Sigal" (b)(6)  
**Cc:** "Gacki, Andrea" (b)(6) "Palluconi, Lisa" (b)(6) "Swindells, Felicia" (b)(6)  
(b)(6) "Thannhauser, Sara" (b)(6) (b)(6)  
(b)(6) (b)(6) (b)(6)  
(b)(6) (b)(6) "Unger, Seth" (b)(6)  
<seth.unger@treasury.gov>, "Meiners, Molly" (b)(6) <luke.ballman@treasury.gov>, "Ballman, Luke"  
**Date:** Thu, 26 Oct 2017 19:52:49 -0400  
**Attachments:** FOR PUBLIC RELEASE - Section 231 Guidance.docx (44.47 kB); FOR PUBLIC RELEASE - Section 231 List.docx (18.26 kB)

Sigal,

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Best,

(b)(6)

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**From:** Smith, John  
**Sent:** Thursday, October 26, 2017 6:28 PM  
**To:** Mandelker, Sigal  
**Cc:** Gacki, Andrea; Palluconi, Lisa; (b)(6) Swindells, Felicia; Thannhauser, Sara; (b)(6) Palluconi, Lisa; (b)(6) Unger, Seth; Meiners, Molly; Ballman, Luke  
**Subject:** FW: CNN - After long delay State Department advances Russia sanctions

Sigal,

As indicated below, State is in the process of rolling out its guidance on CAATSA section 231. This is distinct from the guidance related to CAATSA sections 225 and 231 that you discussed with (b)(6) today. As (b)(6) mentioned on today's call, Treasury cleared State's draft 231 guidance about two weeks ago. State plans to make its 231 guidance available to the public at 9 a.m. EST tomorrow morning. We'll provide the FO the links to the materials when they become available.

John

---

**From:** (b)(6)  
**Sent:** Thursday, October 26, 2017 5:55 PM  
**To:** \_DL\_TFI\_Alerts  
**Subject:** CNN - After long delay State Department advances Russia sanctions

### [After long delay State Department advances Russia sanctions](#)

By Nicole Gaouette, Ted Barrett and Laura Koran, CNN

Updated 5:44 PM ET, Thu October 26, 2017

Washington (CNN) — The State Department, facing bipartisan scrutiny from Congress, issued long overdue guidance on which Russian individuals and entities will be subject to sanctions under recently passed legislation -- 25 days after it was due.

The notice, required by the law, was due Oct. 1 and is meant to put potential stakeholders -- including US companies -- on alert in advance of the implementation in January. Secretary of State Rex Tillerson sent the list to Congress Thursday, State Department Spokeswoman Heather Nauert said.

The State Department had come under sharp criticism from lawmakers from both parties who questioned why the Trump administration had missed the deadline and whether the delay reflected reluctance from the White House to further sanction Moscow.

"Secretary of State Rex Tillerson has authorized the department to issue guidance to the public specifying the persons or entities that are part of or operating on behalf of the defense or intelligence sectors of the government of the Russian Federation," Nauert said. "What that means is that Secretary Tillerson has signed off on this and it is now being held on Capitol Hill."

Nauert said that the State Department was also reaching out to "key US industry stakeholders and our allies and partners" to explain the list.

Democratic Sen. Ben Cardin of Maryland and Republican John McCain of Arizona raised their frustrations about the delay in an

Oct. 11 statement.

"The delay calls into question the Trump administration's commitment to the sanctions bill which was signed into law more than two months ago, following months of public debate and negotiations in Congress," the senators wrote. "They've had plenty of time to get their act together."

Asked about the criticism, Nauert said the work of assembling the list had just taken time.

"This has been in the works for quite some time," Nauert said. She added that Congress gave the agency two months to put the list together, and argued that this wasn't much time to get the job done. Nauert said that the Russian names and entities will be posted to the State Department website shortly.

The legislation, titled "Countering America's Adversaries Through Sanctions Act," was signed into law by President Trump in August, and also targets Iran and North Korea. Trump cast aspersions on the act, calling it "seriously flawed."

"Destabilizing behavior"

Trump has consistently argued in favor of better relations with Russia and cast doubt on the consensus opinion of US intelligence agencies that Moscow interfered in the 2016 elections.

Senator Bob Corker, the Tennessee Republican who chairs the Senate Foreign Relations Committee, said in a statement Thursday that, "the Senate and House spoke loud and clear by overwhelmingly passing this piece of legislation and sent a strong signal to Iran, Russia and North Korea that our country will stand firm and united in the face of destabilizing behavior."

"A good first step"

"The guidance provided today by the State Department is a good first step in responsibly implementing a very complex piece of legislation, and I appreciate Secretary Tillerson's attention to this important issue," Corker said. "Congress will expect thorough and timely consultation until full implementation is complete."

The bill was, in part, an attempt by Congress to put some controls in place, given Trump's apparent sympathy for Russia. It requires him to go to Congress before he can waive or terminate certain sanctions against Russia.

The bill allows Congress to sanction specific groups and individuals for cyber activity, evading sanctions, and arms transfers to Syria, among other things.

## RE: CAATSA 231 Materials

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**From:** (b)(6)  
**To:** "Swindells, Felicia" (b)(6)  
**Cc:** "Thannhauser, Sara" (b)(6)  
**Date:** Fri, 27 Oct 2017 08:42:48 -0400  
**Attachments:** RE\_CNN - After long delay State Department advances Russia sanctions.msg (182.78 kB); Re\_ CAATSA 231 Materials.msg (82.43 kB)

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Yes, see attached. I'll relay to Seth and Molly.

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**From:** Swindells, Felicia  
**Sent:** Friday, October 27, 2017 8:41 AM  
**To:** (b)(6)  
**Cc:** Thannhauser, Sara  
**Subject:** Re: CAATSA 231 Materials

I assume these went to Sigal? I did not see an email so I am just checking. Has it been flagged for public affairs and have the been told to send questions to State?

Thanks.

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**From:** (b)(6)  
**Date:** October 26, 2017 at 7:40:05 PM EDT  
**To:** Gacki, Andrea (b)(6) Smith, John (b)(6)  
**Cc:** (b)(6) Demske, Susan  
(b)(6) Thannhauser, Sara (b)(6) Swindells, Felicia  
**Subject:** CAATSA 231 Materials

John, here's a draft update email for Sigal if you're inclined (or we can just send to (b)(6), (b)(6), and company):

Sigal,

Further to my earlier email, attached are the materials that State passed to the Hill today. This guidance will appear on State's website tomorrow morning.

## FW: CNN - After long delay State Department advances Russia sanctions

**From:** (b)(6)  
**To:** "Unger, Seth" <seth.unger@treasury.gov>, "Meiners, Molly" (b)(6)  
**Cc:** "Swindells, Felicia" (b)(6); "Thannhauser, Sara" (b)(6)  
**Date:** Fri, 27 Oct 2017 08:44:35 -0400  
**Attachments:** FOR PUBLIC RELEASE - Section 231 Guidance.docx (44.47 kB); FOR PUBLIC RELEASE - Section 231 List.docx (18.26 kB)

Seth, Molly, see below and attached. Questions about CAATSA section 231 should be directed to State. Note that the attached documents will not be available to the public until ~9am this morning, when they're scheduled to go live on State's website.

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**From:** (b)(6)  
**Sent:** Thursday, October 26, 2017 7:53 PM  
**To:** Smith, John; Mandelker, Sigal  
**Cc:** Gacki, Andrea; Palluconi, Lisa; Swindells, Felicia; Thannhauser, Sara; (b)(6); Palluconi, Lisa; (b)(6)  
(b)(6); Unger, Seth; Meiners, Molly; Ballman, Luke  
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2018-08-116: 008792

Nauert said that the State Department was also reaching out to "key US industry stakeholders and our allies and partners" to explain the list.

Democratic Sen. Ben Cardin of Maryland and Republican John McCain of Arizona raised their frustrations about the delay in an Oct. 11 statement.

"The delay calls into question the Trump administration's commitment to the sanctions bill which was signed into law more than two months ago, following months of public debate and negotiations in Congress," the senators wrote. "They've had plenty of time to get their act together."

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## FW: CNN - After long delay State Department advances Russia sanctions

**From:** (b)(6)  
**To:** (b)(6)  
**Date:** Fri, 27 Oct 2017 08:56:00 -0400  
**Attachments:** FOR PUBLIC RELEASE - Section 231 Guidance.docx (44.47 kB); FOR PUBLIC RELEASE - Section 231 List.docx (18.26 kB)

FYSA. These docs should be live on the State website in a few minutes.

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**From:** (b)(6)  
**Sent:** Thursday, October 26, 2017 7:53 PM  
**To:** Smith, John; Mandelker, Sigal  
**Cc:** Gacki, Andrea; Palluconi, Lisa; Swindells, Felicia; Thannhauser, Sara; (b)(6) Palluconi, Lisa; (b)(6)  
(b)(6) Unger, Seth; Meiners, Molly; Ballman, Luke  
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2018-08-116: 008794



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