### (b)(4) Advisory Opinion

From:	Michael Faucette <michael.faucette@mbassociateslaw.com></michael.faucette@mbassociateslaw.com>
To:	"Gacki, Andrea" (b)(6)
Date:	Wed, 06 Aug 2014 16:48:50 -0400
Attachments:	(b)(4) Advis Op Req (b)(4) 224.62 kB); ATT00001.htm (2.2 kB); ApplicationSummary-1.pdf (69.14 kB); ATT00002.htm (2.7

Hi Andrea,

I just submitted an advisory opinion request on behalf of another one of our clients, (b)(4) The company that we are inquiring about is (b)(4) I attached the docs here as well for your convenience. Thank you!

Kind Regards,

Mike Faucette Attorney at Law

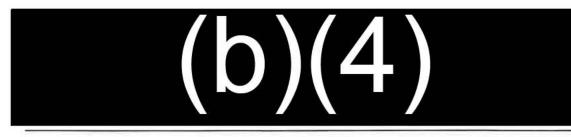
Mark Barnes & Associates

1350 I St. N.W. , Suite 260 Washington, D.C. 20005 Tel. (202) 626-0085 Fax (202) 626-0088 This document is made available through the declassification efforts and research of John Greenewald, Jr., creator of:



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August 6, 2014

Andrea Gacki Assistant Director for Licensing Office of Foreign Assets Control U.S. Department of the Treasury 1500 Pennsylvania Avenue, NW Washington, DC 20220

<b>RE:</b> Request for Advisory Opinion for	(b)(4)	on status of
(b)(4)		

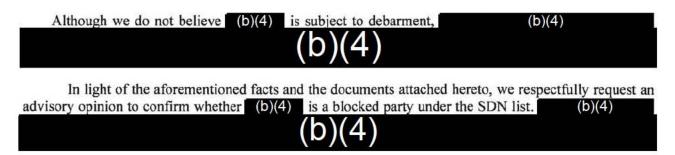
Dear Ms. Gacki:

The purpose of this letter is to request an advisory opinion on the debarment status of	(b)(4)
(b)(4)	
(hereinafter (b)(4)) under the Specially Designated Nationals List ("SDN").	

On July 16, 2014, the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") placed Kalashnikov Concern ("KC") and other Russian arms manufacturers on the SDN list pursuant to Executive Order 13661 of March 16, 2014, "Blocking Property of Additional Persons Contributing to the Situation in Ukraine." Accordingly, we want to confirm that, based on the documents attached hereto; we are permitted to engage in business with (b)(4)

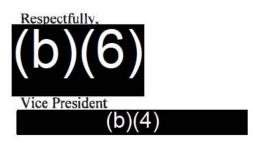
	(b)(4)	is a
California-based company that is the	(b)(4)	
(b)(4) While (b)(4) is not named o	n the SDN list, according to OFAC g	uidance, "[e]ntities
that a person on the SDN List owns (defined as a		
also blocked, regardless of whether that entity	y is separately named on the SDN	List." <sup>1</sup> With this
instruction in mind, we requested,	(b)(4)	
(b)(4)	See Attachment A.	(b)(4)
(b)(4)	none of whom are listed on the S	DN. Although KC
planned on one day holding $(b)(4)$ , this action not believe that $(b)(4)$ is owned directly, or in		
<b>(b</b> )	)(4)	

<sup>1</sup> http://www.treasury.gov/resource-center/faqs/Sanctions/Pages/answer.aspx#9



We also ask that the privileged and confidential trade secret, commercial, and financial information contained in this letter be withheld from public disclosure pursuant to 5 U.S.C. § 522(b)(4) of the Freedom of Information Act.

Again, we wish to express our gratitude to OFAC for the attention that has been shown to this urgent matter. If you require any further information, please do not hesitate to contact (b)(6) (b)(6) Alternatively, you may contact our outside counsel, Michael Faucette of Mark Barnes & Associates at (202) 626-0085 or michael.faucette@mbassociateslaw.com.



# ATTACHMENT A

2018-08-116: 008799

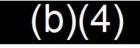
(b)(4) out. #_(b)(4) «29 »_07_20_14	To: (b)(4) Attn: (b)(6)
Dear (b)(6)	
(b)(4) we would like	to report the following:
a. The (b Concern Kalashnikov ("CK")	is not owned by the
b. The <b>(b)(4)</b> is an	(b)(4)
c. The (b)(4) has no stocks of the	(b)(4)
Also, please find the list of the registered	stockholders of (b)(4) in the attachment.
In addition,	(b)(4)

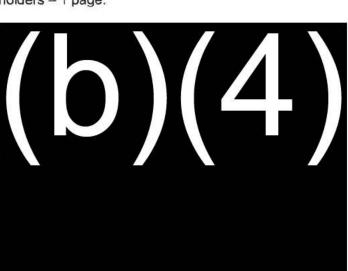


Attachment:

1. List of the registered stockholders - 1 page.

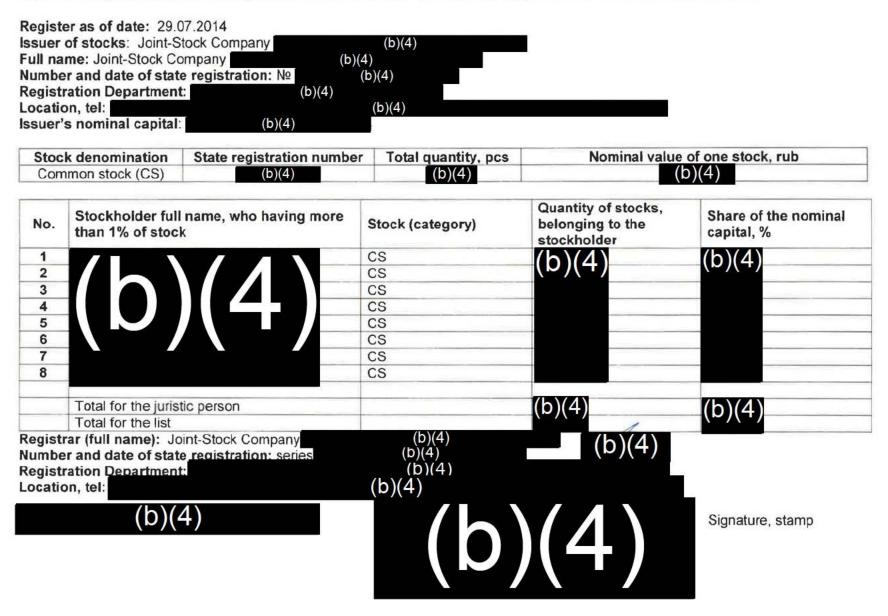
With the best regards,





#### Attachment #1

List of the registered stockholders, on the accounts of which more than 1% of issuer stocks come into account.





### License Application

Application Information         Application Reserve       Transactional Application Reserve       Transactional Subcategory: Imports         Program(3): UKRAINE-E013661       Subcategory: Imports         Provious Case ID:         Bestification Reserve       (b)(4)         Request or advisory opinion on whether       (b)(4)         Contact Information         Organization         Organization Reserve         Organization Reme:         (b)(4)         Print of Contact Name:         (b)(4)         Line 3:         City:         City:         Diread         Phone:         Print of Contact Name:         (b)(4)         City:         Diread         Phone:         Cortact Category:         Institution         Organization Name:         Mark Barnes & Associates         Print of Contact Name:         Mark Barnes & Associates         Print of Contact Name:         Mickel Faucette@mbassociatesiaw.com         City:       Vashington         City:       Vashington         City:       Vashington         City:       Vashington	Reference Nun	nber: (b	)(4)					Generated on	8/6/2014
Application Reason: New Application Subcategory: Imports Program(s): UKRAINE-E013661 Previous Case ID: Becurytion of Subject Mater: Request for advisory opinion on whether (10(4) Is a blocked company. Contact Information Application Name: (10(4) Is a blocked company. Contact Category: Institution Organization Name: (10(4) Is a blocked company. Address: Line1: Line3: City: (10(4) Is a blocked company. Address: Line1: Line3: City: (10(4) Is a blocked company. Phone: Contact Name: (10(4) Is a blocked company. Address: Line1: City: (10(4) Is a blocked company. Phone: Contact Name: (10(4) Is a blocked company. Phone: (1	Application	on Infor	mation						
Contact Category: Institution   Organization Name: (b)(6)   Point of Contact Name: (b)(6)   Line3: Line3:   Line3: (b)(6)   City: (b)(6)   Zip: (b)(6)   City: (b)(6)   Zip: (b)(6)   Principal Place of Business: Country:   Principal Place of Business is Incorporated:   Dotted Category: Institution   Organization Name: Mark Barnes & Associates   Point of Contact Name: Michael Faucette   Address: Line2:   Line3: With Santes & Associates   Point of Contact Name: Michael Faucette   Address: Line2:   Line3: Country:   Line3: Uinted States   Point of Contact Name: Michael Faucette   Line3: Country:   Line3: Uinted States   Point of Contact Name: Michael Faucette   Line3: Country:   Line3: Uinted States   Line3: Country:   United States Country:   Line3: Uinted States   Edifornia Country:   Line3: Country:   Line3: Diformation   Line3: Country:   Line3: Country: </td <td>Application Re Program(s): Description of Request</td> <td>ason: N U Subject Ma for advisory</td> <td>ew Application KRAINE-EO13661 tter: opinion on whether (b)(4)</td> <td>)</td> <td>Subcategory Previous Ca</td> <td>ise ID:</td> <td>Imports</td> <td>al</td> <td></td>	Application Re Program(s): Description of Request	ason: N U Subject Ma for advisory	ew Application KRAINE-EO13661 tter: opinion on whether (b)(4)	)	Subcategory Previous Ca	ise ID:	Imports	al	
Organization Name:       (b)(4)         Point of Contact Name:       (b)(4)         Address:       Line2;         Line3;       (b)(4)         City:       (b)(4)         Zip:       (b)(4)         Phone:       Country:         Phone:       (b)(4)         Phone:       Country:         Phone:       (b)(4)         Prone:       (b)(4)         Phone:       (b)(4)         Prone:       (b)(4)         Phone:       (b)(4)         City:       (b)(4)         City:       (b)(4)         City:       (b)(4)         City:       (b)(4)         City:       (b)(4)         City:       (b)(6)         City:       (b)(6)         City:       (b)(6)         Contact Cateory:       Initial States         Point of Contact Name:       Michael Faucette         Contact Cateory:       State:       DC         Line2:       Suite 260       Country:       United States         Line2:       Suite 260       Country:       United States         Envice:       Country:       United States       Suite 260 <t< td=""><td>Applican</td><td>t</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Applican	t							
Contact Category:       Institution         Organization Name:       Mark Barnes & Associates         Point of Contact Name:       Michael Faucette         Address:       Line1:       1350 I Street NW         Line2:       Suite 260       Line3:         City:       Washington       State:       DC         Zip:       20005       Country:       United States         Phone:       202-626-0085       Office         Principal Place of Business:       Place where Business is Incorporated:       Office         Advisory Opinion Request       Advisory Opinion Request       Supplemental Information License Request         Application Summary       Michael Faucette       Date:       8/6/2014	Organizatio Point of Co Address: Email Addre Phone: Principal Pl	n Name: ntact Name: Line1: Line2: Line3: City: Zip: ess: ace of Busin	(b)(4) (b)(6) (b)(4) (b)(4) (b)(6)	Office	Country:				
Organization Name:       Mark Barnes & Associates         Point of Contact Name:       Michael Faucette         Address:       Line1:       1350   Street NW         Line2:       Suite 260       Line3:         Line3:       City:       Washington         Zip:       20005       Country:       United States         Email Address:       michael.faucette@mbassociateslaw.com       United States         Phone:       202-626-0085       Office         Principal Place of Business:       Place where Business is Incorporated:         Attachments       Supplemental Information         Advisory Opinion Request       Supplemental Information         Application Summary       Supplemental Information         License Request       Supplemental Information         Application Summary       Date:       8/6/2014	Correspo	ondent							
Name Advisory Opinion Request Application Summary       Document Type Supplemental Information License Request         Certification       Supplemental Information License Request         Signature:       Michael Faucette       Date:       8/6/2014	Organizatio Point of Co Address: Email Addre Phone: Principal PI Place where	n Name: ntact Name: Line1: Line2: Line3: City: Zip: ess: ace of Business i	Mark Barnes & Associates Michael Faucette 1350 I Street NW Suite 260 Washington 20005 michael.faucette@mbassociateslaw.com 202-626-0085 mess:		Country:		States		
Advisory Opinion Request Application Summary     Supplemental Information License Request       Certification     Signature:     Michael Faucette       Date:     8/6/2014	and the second second	51113				Docume	ent Type		
	Advisory Op Application	Summary	st			Suppler	mental Informat	tion	
	2.5			w.com		Date:	8/6/2014		

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#### (b)(4) Advisory Opinion FW:

From:	"Gacki, Andrea"	(b)(6)
To:	(b)(6)	
Date:	Wed, 06 Aug 2014 16:57:10 -0400	
Attachments:	<sup>(b)(4)</sup> Advis Op Req <b>(b)(4)</b> 224.62 k ATT00002.htm (2.74 kB)	B); ATT00001.htm (2.2 kB); ApplicationSummary-1.pdf (69.14 kB);

#### Just fyi:

From: Michael Faucette [mailto:michael.faucette@mbassociateslaw.com] Sent: Wednesday, August 06, 2014 4:49 PM

To: Gacki, Andrea Subject: (b)(4) Advisory Opinion Duplicative of content in Bates No. 2018-08-116: 008796

#### ----.... . .

	Sanctions address check
From: To:	OFAC Enforcement <ofacenforcement@treasury.gov></ofacenforcement@treasury.gov>
Date:	(b)(6), (b)(7)(C) Wed, 20 Dec 2017 11:42:03 -0500
Hello <sup>(D)(6)</sup>	
I hope you	a're well.
Don't hesi	itate to let me know if I can get you any other information on this.
(b)(8), (b)(7	()(C)
SA ICE (b	0(6), (b)(7)(C)
18.4	ICE (b)(7)(E)
Respectful	
	ent Officer
U.S. Depa	Foreign Assets Control rtment of the Treasury
(b) (D)(0), (D)(/	(6), (b)(7)(C) ⊭⇔յ
From:	ICE (b)(6), (b)(7)(C)
Sent: Weo	Inesday, December 20, 2017 11:08 AM Enforcement_CIEACEInforcement@treasury.env> ICE (b)(6), (b)(7)(C)
Cc: Subject: 5	anctions address check
OFAC Enfo	orcement team,
	ICE (b)(7)(E)
ICE	E (b)(6), (b)(7)(C), (b)(7)(E) Russia
	ICE (b)(5), (b)(7)(E)
	), (b)(7)(C), (b)(7)(E) <sub>RU 426006</sub>
ICE (	(b)(6), (b)(7)(C), (b)(7)(E)
	ICE (b)(7)(E)
	ICE (b)(7)(E)
Respectfu	
(6), (b)(7)(C)	Special Agent Hourdand Security Investigations   SAC Chicago

ICE (b)(6), (b)(7)(C) ICE (b)(6), (b)(7)(C) ICE (b)(6), (b)(7)(C) HSE

WARNING: This email and any attachments are threaded by the control of the contro

# Bates Nos. 2018-08-116: 008892-008893 Withheld by ICE Pursuant to (b)(7)(E)

FW: Sanctions address check

From:	(b)(6), (b)(7)(C)		
To:	(b)(6), (b)(7)(C)		
Cc:		(b)(6), (b)(7)(C)	
Date:	Thu, 21 Dec 2017 11:59:32 -0500		
(b)(6), (b)(7)(C) and	(b)(6), (b)(7)(C)		

From: OFAC Enforcement Sent: Wednesday, December 20, 2017 11:42 AM

# Sent: Wednesday, December 20, 2017 11:42 AM To: Subject: FW: Sanctions address check Duplicative of content in Bates No. 2018-08-116: 008891

2018-08-116: 008894

Bates Nos. 2018-08-116: 008895 - 008896 Duplicate Bates Nos. 2018-08-116: 008892 - 008893

# Bates Nos. 2018-08-116: 008897 - 008898 Withheld by ICE Pursuant to (b)(7)(E)

### EU sanctions help

From:	(b)(6)
To:	(b)(6)
Date:	Mon, 08 Jan 2018 14:40:28 -0500

Attachments:

20160112 Comparison of Country Sanctions\_Russia\_Ukraine (2).pdf (284.36 kB)

#### (b)(6)

Do you have something like that that is up to date? If not, do you have a list of all the EU Russia sanctions? I've never been able to easily look up EU folks on European Council website (OFAC's site is so much easier).

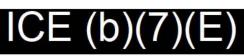


# Bates Nos. 2018-08-116: 008900 – 008907 Non-Responsive Records

### FW: Sanctions address check

From:	OFAC Enforcement <ofacenforcement@treasury.gov></ofacenforcement@treasury.gov>
To:	(b)(6), (b)(7)(C)
Cc:	(b)(6), (b)(7)(C)
Date:	Thu, 15 Feb 2018 10:59:12 -0500
Hi <sup>(b)(6), (b)(7</sup>	XC)
Thank yo	u for taking my call. Please see the email below from $(b)^{(6), (b)(7)(C)}$ regarding $(b)(7)(E)$
Office of F U.S. Depar 1500 Penn Washingto (b)(6), (b)	inforcement foreign Assets Control timent of the Treasury sylvania Avenue, N.W. n. D.C. 20220 7/C
To: OFAC	ICE (b)(6), (b)(7)(C) sday, February 06, 2018 11:25 AM Enforcement (b)(6), (b)(7)(C) RE: Sanctions address check
OFAC Enfo	prcement team,
IC	E (b)(6), (b)(7)(C), (b)(7)(E)
Regards,	
ICE (b)(6), (b	)(7)(C)

From: ICE (b)(6), (b)(7)(C) Sent: Thursday, December 21, 2017 4:16 PM To: 'ofacenforcement@treasury.gov' Subject: RE: Sanctions address check



Regards,

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

From: ICE (b)(6), (b)(7)(C) Sent: Wednesday, December 20, 2017 10:06 AM To: 'ofacenforcement@treasury.gov' Cc: ICE (b)(6), (b)(7)(C) Subject: Sanctions address check

**OFAC Enforcement team**,

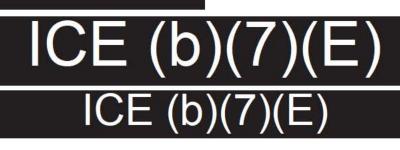
ICE (b)(7)(E)

### ICE (b)(6), (b)(7)(C), (b)(7)(E) Russia

ICE (b)(5), (b)(7)(E)

2018-08-116: 008949

### ICE (b)(6), (b)(7)(C), (b)(7)(E) RU 426006 ICE (b)(6), (b)(7)(C), (b)(7)(C), (b)(7)(E)



#### Respectfully,

### ICE (b)(6). (b)(7)(C) Special Agent

DHS - ICE	Homeland Security Investigations   SAC Chicago er Lane, ICE (9)(8), (9)(7)(C) Oakbrook Terrace, Illinois 60181
One Tow	er Lane, <sup>ICE (b)(6)</sup> , (b)(7)(C) Oakbrook Terrace, Illinois 60181
	ICE (b)(6), (b)(7)(C)
HSI:	ICE (b)(6), (b)(7)(C)

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### RE: State's 231 talking points

From:		(b)(6)	and the second
To:	(b)(6)	"Swindells_Eelicia" (b)(6)	(b)(6) "Unger, Seth"
	<seth.unger@treasury.gov></seth.unger@treasury.gov>		eliger, com
Cc:	(b)(6)	(b)(6)	
Date:	Fri, 23 Feb 2018 13:56:34 -0500		
Attachments:	State Guidance and Q&A on CAA	TSA Section 231.docx (27.68 kB)	
Hi <b>(b)(6)</b> – Here identified as op	you go. In addition to State's Q&A erating in the Russian defense or int	s, this document includes State's sum tel sector. Let me know if you have a	mary of sec. 231 and the list of entities ny questions or concerns.
(b)(6)			
To: Cc: Subject: RE: S	Swindells, Felicia: (b)(6) State's 231 talking points	(b)(6) Unger, Seth	
, it would b	be great if we could get all of this in	a Word doc as you suggest. Thanks!	
<sup>Io:</sup> (b)(6)	v. February 22, 2018 6:14 PM	b)(6) Unger, Seth	
Hi <sup>(b)(6)</sup> :			
		ning their folks with this information a e us to plug these into a word doc, or	and these basic points (links pasted below). plug them into Sigal's hearing prep?
V/r b)(6)			
2) Our p	t CAATSA: <u>https://www.state.g</u> public facing points: <u>https://www</u> a BONUS "If Asked" point we re	v.state.gov/t/isn/caatsa/275118.htt	n
	Sta	ate (b)	(5)
From: (b)(6	)		
<sup>To:</sup> (b)(6	x February 22, 2018 Swindells, Felicia: (b)(o) State's 231 talking points	(b)(6) Unger, Seth	
Any luck on tl	nis one?		
	(6)(6)		
From: Date: Februa	(b)(6) rv 21. 2018 at 9:00:12 PM EST		
To:		vindells, Felicia	(b)(6)
	@treasury.gov>	(b)(6)	Unger, Seth
Cc: (h	o)(6)	(b)(6)	
	tate's 231 talking points		

I'll reach out to State colleagues for some points.

From: (b)(6) Date: February 21, 2 <u>018 at 7:31</u>	:41 PM EST		
To: Swindells, Felicia	(b)(6)	(b)(6)	Unger, Seth
< <u>Seth.Unger@treasury.gov</u> > Cc:	(b)(6)		
Subject: State's 231 talking poin	x-7x-7		

Hi team,

Sigal asked if we could reach out to State to get their actual public talking points on CAATSA Section 231. Could someone help us with that? Thanks!

#### (b)(6)

Senior Advisor Office of the Under Secretary for Terrorism and Financial Intelligence U.S. Department of the Treasury Direct: (b)(6) (b)(6)

# Section 231 of the Countering America's Adversaries Through Sanctions Act of 2017

Section 231 of the Countering America's Adversaries Through Sanctions Act ("CAATSA," or "the Act") (Pub. L. 115-44) was enacted on August 2, 2017. The Act states that the President shall impose five or more of the sanctions described in Section 235 of the Act with respect to a person the President determines knowingly, on or after such date of enactment, engages in a significant transaction with a person that is part of, or operates for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation. The President delegated to the Secretary of State, in consultation with the Secretary of the Treasury, the authority to implement Section 231 on September 29, 2017.

The Secretary of State has determined that the following persons are part of, or operate for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation for the purposes of CAATSA Section 231.

For additional guidance on implementation of Section 231, see the following: Public Guidance/FAQ.

If you have additional questions, please contact RussiaSection231Sanctions@state.gov.

# **CAATSA Section 231(d) Defense and Intelligence Sectors of the Government of the Russian Federation**

October 27, 2017

## 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 Oruzhie 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) 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

### State Department Public Guidance/FAQ

October 27, 2017

Public Guidance on Sanctions with Respect to Russia's Defense and Intelligence Sectors Under Section 231 of the Countering America's Adversaries Through Sanctions Act of 2017

#### Summary

- The following guidance pertains to the Countering America's Adversaries Through Sanctions Act of 2017 ("CAATSA" or "the Act") (Pub. L. 115-44), which was adopted by the U.S. Congress July 28, 2017 and signed by President Trump August 2, 2017. The Administration will fully implement the Act consistent with the overall national security and foreign policy interests of the United States, as well as our specific policies regarding Russia and its external activities.
- On September 29, 2017, President Trump delegated the authority to implement Section 231 to the Secretary of State, in consultation with the Secretary of the Treasury. Section 231 requires the imposition of certain sanctions on persons determined to have knowingly engaged in a significant transaction, on or after the date the Act was enacted, with a person that is part of or operating for or on behalf of the defense or intelligence sectors of the Government of the Russian Federation.
- Pursuant to Section 231(d), the Department of State is today issuing guidance to specify persons that are part of, or operating for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation ("Section 231 Guidance") or "the Guidance").
- The Guidance names certain persons, but it is not a determination regarding imposition of sanctions. No asset freezes are being imposed on these named persons as a result of their inclusion in this Guidance, and inclusion in this Guidance does not, of itself, mean such persons are added to the Department of the Treasury's List of Specially Designated Nationals List and Blocked Persons or Sectoral Sanctions Identification List.
- The Act requires the imposition of five or more sanctions of the twelve listed in Section 235 of the Act beginning on or after January 29, 2018, with respect to persons determined to have engaged in conduct covered by this Section since enactment of the Act August 2, 2017. Such determinations will be made in a separate notice.

### **Questions and Answers**

### **Q:** How did you arrive at the Section 231 Guidance?

A: The Guidance is to specify, for the purposes of implementing Section 231, the persons – which can be individuals or entities – that are part of, or operating for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation. This Guidance

### UNCLASSIFIED – STATE DEPARTMENT GUIDANCE ON CAATSA SEC. 231

was developed, and may in the future be amended or updated as circumstances warrant, based on a robust interagency process.

## **Q:** Is the United States imposing sanctions on these persons by specifying them in this Guidance?

A: No. Specification in this Guidance only indicates that an individual or entity has been identified as part of, or operating for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation, for purposes of implementing Section 231(d). Some of the individuals or entities named, however, may also be currently subject to U.S. sanctions imposed under other authorities.

### Q: Are all transactions with specified persons sanctionable?

A: No. The Act states that sanctions shall be imposed beginning on or after 180 days after enactment on persons that are determined to knowingly engage in a significant transaction with a person specified in the Guidance on or after the date of enactment of the Act.

### Q: What is a "significant transaction?"

A: In determining whether a transaction is "significant" for purposes of Section 231 of the Act, the Department of State will consider the totality of the facts and circumstances surrounding the transaction and weigh various factors on a case-by-case basis. The factors considered in the determination may include, but are not limited to, the significance of the transaction to U.S. national security and foreign policy interests, in particular whether it has a significant adverse impact on such interests; the nature and magnitude of the transaction; and the relation and significance of the transaction to the defense or intelligence sector of the Russian government. In this initial implementation stage, our focus is expected to be on significant transactions of a defense or intelligence nature with persons named in the Guidance. If a transaction for goods or services has purely civilian end-uses and/or civilian end-users, and does not involve entities in the intelligence sector, these factors will generally weigh heavily against a determination that such a transaction is significant for purposes of Section 231.

If a transaction is necessary to comply with rules and regulations administered by the Federal Security Service, or law enforcement or administrative actions or investigations involving the Federal Security Service, including rules and regulations administered by the Federal Security Service for the importation, distribution, or use of information technology products in the Russian Federation and the payment of any fees to the Federal Security Service for such licenses, permits, certification, or notifications, then these factors will weigh heavily against a determination that that such transaction is significant for purposes of this section.

## **Q:** Are companies prohibited from conducting transactions with persons named in this Guidance?

A: The Act provides for certain sanctions, including on U.S. persons, in the event of a significant transaction. The Act does not provide for sanctions in cases in which transactions are

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not "significant." Where possible, the United States intends to work with persons considering transactions with persons named in this Guidance to help them identify and avoid engaging in potentially sanctionable activity.

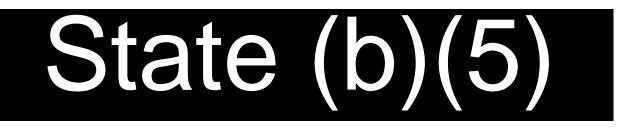
## Q: Are you required to sanction allied or partner states that purchase Russian-origin military equipment, spare parts, and related supplies?

A: In implementing Section 231, the Department of State is mindful of the importance of unity and coordination with our allies and partners on these issues. The Act itself acknowledges the importance of these relationships, and these purposes, when providing in Section 212 that we "should continue to uphold and seek unity with European and other key partners on sanctions implemented against the Russian Federation, which have been effective and instrumental in countering Russian aggression in Ukraine." Where possible, the United States intends to work with our allies and partners to help them identify and avoid engaging in potentially sanctionable activity while strengthening military capabilities used for cooperative defense efforts.

### Q: What types of sanctions does the Act authorize?

A: Section 231 of the Act states that five or more of the sanctions described in Section 235 shall be imposed on persons determined to engage in a significant transaction with a person that is part of, or operates for or on behalf of, the defense or intelligence sectors of the Government of the Russian Federation. The sanctions described in Section 235 include, among others, prohibitions concerning property transactions, export license restrictions, Export-Import Bank assistance restrictions, debt and equity restrictions, visa ramifications for corporate officers, and United States government procurement prohibitions. The Act allows for sanctions on persons that engage in covered transactions as well as on the principal executive officer or officers of the sanctioned person (or a person performing similar functions and with similar authorities as such officer or officers).

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