

Bates Nos. 2018-08-116:
009290 – 009301
Pending Consultation with
Other Components of Treasury

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Bates No. 2018-08-116: 009302

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(b)(7)(C)

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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

JEFFREY WRASE, STAFF DIRECTOR AND CHIEF ECONOMIST
JOSHUA SHEINKMAN, DEMOCRATIC STAFF DIRECTOR

July 31, 2018

Ms. Andrea M. Gacki
Acting Director
Office of Foreign Assets Control
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Acting Director Gacki:

I am writing to request more information about the Russian sanctions program. In particular, I am writing you to determine whether the Office of Foreign Assets Control (OFAC) has investigated the relationships between the sanctioned Russian state-owned arms manufacturing industry and what appear to be Russian-linked United States arms manufacturers, and I am seeking more information about OFAC's analysis of these relationships under your office's ownership and control analysis, as well as the "50 Percent Rule."

As you know, the Senate Finance Committee has historically been responsible for oversight of many Treasury programs. In October 2016, as Ranking Member of the Committee, I initiated oversight of the Syrian sanctions program in light of the then-administration's decision to suspend bilateral contact with Russia over the Syrian crisis.¹ As part of the administration's 11-page response to my initial inquiry, they noted that with regard to persons on OFAC's Specially Designated Nationals and Blocked Persons List (SDN List) "the property and interests in property of entities directly or indirectly owned 50 percent or more, individually or in the aggregate, by one or more persons are automatically considered blocked, whether or not such entities appear on SDN List or in the annex to an executive order. This rule (the "50 Percent Rule") is to account for the fact that a company majority-owned by a designated person is naturally the property of that person."² The letter went on to note that the 50 Percent Rule is merely one tool in evaluating sanctions evasion, and that OFAC conducts analysis of ownership and control prongs.

It has been widely reported that Russia may have targeted the National Rifle Association to exert influence in American politics in order to advance Russian interests. For example, on July 16, 2018, a criminal complaint was unsealed charging Russian national Maria Butina with infiltrating a U.S. organization promoting gun rights at the direction of a previously sanctioned high-level Russian official.³ The high-level Russian official referenced in DOJ filings strongly matches the description of Alexander Torshin, Deputy Governor of the Central Bank of the Russian Federation. In light of these allegations, the relationships between Mr. Torshin, other sanctioned Russian individuals and entities, and U.S.-based Russian-linked arms manufacturers merit further scrutiny, including an analysis of whether said companies are functionally managed, owned, or controlled by sanctioned persons.

¹ Letter from Ranking Member Wyden, October 24, 2016; www.finance.senate.gov/ranking-members-news/wyden-looks-to-tighten-sanctions-on-syria

² Letter from Secretary Lew to Ranking Member Wyden, December 13, 2016.

³ US Department of Justice Press Release, July 16, 2018; www.justice.gov/opa/pr/russian-national-charged-conspiracy-act-agent-russian-federation-within-united-states

United States

2018 AUG 13 PM 1:47

TREASURY DEPARTMENT
FOREIGN ASSETS CONTROL

Background

Executive Order 13661, authorizes sanctions on, among others, officials of the Russian Government and any individual or entity that is owned or controlled by, that has acted for or on behalf of, or that has provided material or other support to, a senior Russian government official. On April 28, 2014, in response to Russia's "illegitimate and unlawful actions in the Ukraine," the United States used this authority to authorize sanctions against a number of high-level Russian government officials and entities owned or controlled by senior government officials. Those sanctioned included Sergei Chemezov, CEO of Rostec, formally known as the State Corporation for Promoting Development, Manufacturing, and Export of Russian Technologies High-Tech Industrial Products.⁴

Later that year, in response to continued Russian efforts to destabilize eastern Ukraine, then-Treasury Secretary Lew expanded targeted sanctions to Russia's defense sector, including Rostec directly, as well as Rostec subsidiary Kalashnikov Concern, the largest firearms producer in Russia.⁵ On December 22, 2015, the United States added High Precision Systems, another Rostec subsidiary and holding company, to the Sectoral Sanctions Identifications (SSI) List.⁷ On October 27, 2017, the State Department determined through the implementation of Section 231 of the Countering America's Adversaries Through Sanctions Act of 2017 (CAATSA) that Rostec, NPO High Precision Systems JSC, and Kalashnikov Concern JSC were operating for or on behalf of the defense sector of the Russian Federation and thus, subject to certain additional sanctions.⁸ On April 6, 2018, the United States also designated Alexander Torshin, State Secretary – Deputy Governor of the Central Bank of the Russian Federation "pursuant to EO 13661 for being an official of the Government of the Russian Federation."⁹

The FBI and the FEC are reportedly investigating the possibility that Russia may have used the National Rifle Association as a conduit to funnel money into the 2016 presidential election in support of Donald Trump's campaign. I initiated my own inquiry into this matter earlier this year.¹⁰ According to NPR, Alexander Torshin, the recently sanctioned person allegedly referred to in the FBI investigation, "methodically cultivated ties with leaders of the National Rifle Association and documented efforts in real time over six years to leverage those connections and gain deeper access into American politics."¹²

As the deputy governor of the Central Bank of Russia, Mr. Torshin also has ties to state-owned Russian arms manufacturers Kalashnikov Concern and Tula Cartridge Plant. The Central Bank of Russia founded and retains a controlling interest in Sberbank, a sanctioned financial company, which is reportedly a

⁴ US Treasury Department Press Release, April 28, 2014; www.treasury.gov/press-center/press-releases/Pages/jl2369.aspx

⁵ US Treasury Department Press Release, September 12, 2014; www.treasury.gov/press-center/press-releases/Pages/jl2629.aspx

⁶ US Treasury Department Press Release, July 16, 2014; www.treasury.gov/press-center/press-releases/Pages/jl2572.aspx

⁷ US Treasury Department Press Release, December 22, 2015; www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20151222.aspx

⁸ US Department of State, October 27, 2017; www.state.gov/t/isn/caatsa/275116.htm

⁹ US Treasury Department Press Release, April 6, 2018; <https://home.treasury.gov/news/press-releases/sm0338>

¹⁰ *McClatchy*, January 18, 2018; www.mcclatchydc.com/news/nation-world/national/article195231139.html

¹¹ *Politico*, March 16, 2018; www.politico.com/story/2018/03/16/nra-russia-election-donations-fec-investigation-468661

¹² NPR, March 1, 2018; www.npr.org/2018/03/01/590076949/depth-of-russian-politicians-cultivation-of-nra-ties-revealed

“major lender to Rostec,” the state-owned holding company.¹³¹⁴ According to Kalashnikov Concern’s latest annual report, Rostec owns 51% of the company. However, according to June 2018 Russian media reports, Rostec now maintains a roughly 25% stake in Kalashnikov Concern, after the state holding company made efforts to shift Kalashnikov into private ownership.¹⁶¹⁷ Finally, “Tula Cartridge Plant,” sometimes referred to “Tula Cartridge Works,” is also identified as a subsidiary of Rostec’s High Precision Systems NPO JSC on the company’s website.¹⁸

Kalashnikov USA and Kalashnikov Concern

Kalashnikov USA appears to be closely linked to Russian arms manufacturer Kalashnikov Concern. Kalashnikov USA has already been the subject of at least one Congressional inquiry to the Treasury Department for potentially violating sanctions on Russian arms manufacturers.¹⁹ According to public reporting, the company is the only known subsidiary of RWC Group LLC, a company founded in Pennsylvania in 2011.²⁰ RWC Group, short for “Russian Weapons Company,” is managed by Michael Tiraturian, who is also listed as Kalashnikov USA’s senior vice president and, according to public reporting, “a longtime business associate and friend of Alexey Krivoruchko, the chief executive officer and majority shareholder of Kalashnikov Concern in Russia.”²¹ Then-Deputy Prime Minister of the Russian Federation Dmitry Rogozin, who the United States sanctioned in 2014 for his role in the Russian government’s annexation of Crimea, approved Mr. Krivoruchko’s appointment as CEO of Kalashnikov Concern in 2014.²²²³ According to the Ministry of Defense of the Russian Federation, Alexey Krivoruchko is now the Country’s Deputy Minister of Defense.²⁴ Krivoruchko reportedly resigned from his position at Kalashnikov upon his appointment in June earlier this year.²⁵

According to the New York Times, “Until the crisis in Ukraine prompted the imposition of American sanctions, Kalashnikov had done a brisk business selling civilian rifles in the United States under the Baikal and Saiga brands. The United States is the world’s largest civilian firearms market, and

¹³ Sberbank website, accessed June 21, 2018; www.sberbank.ru/en/about/about_sberbank

¹⁴ Talking Points Memo, February 1, 2018; <https://talkingpointsmemo.com/muckraker/nra-russian-banker-went-to-bat-for-kalashnikov>

¹⁵ US Treasury Department Press Release, September 12, 2014; www.treasury.gov/press-center/press-releases/Pages/jl2629.aspx

¹⁶ *Vedomosti*, June 13, 2018; www.vedomosti.ru/business/articles/2018/06/13/772663-krivoruchko-oboroni

¹⁷ *New York Times*, November 13, 2017; www.nytimes.com/2017/11/13/business/dealbook/kalashnikov-ak47-sale.html

¹⁸ Rostec, accessed June 21, 2018; <https://rostec.ru/en/about/companies/142/>

¹⁹ *Bloomberg*, April 11, 2018; www.bloomberg.com/news/articles/2018-04-11/kalashnikov-usa-target-of-u-s-congressman-s-sanctions-probe

²⁰ *Bloomberg Businessweek*, March 8, 2018; www.bloomberg.com/news/articles/2018-03-08/this-florida-warehouse-is-producing-made-in-america-kalashnikovs

²¹ *Ibid.*

²² *Business Insider*, March 17, 2014; www.businessinsider.com/crimea-vote-referendum-sanctions-obama-putin-2014-3

²³ *Moscow Times*, February 3, 2014; <https://themoscowtimes.com/articles/former-aeroexpress-ceo-appointed-head-of-kalashnikov-31676>

²⁴ Ministry of Defense of the Russian Federation, accessed 6/21/18; http://eng.mil.ru/en/management/info.htm?id=12180610@SD_Employee

²⁵ *Vedomosti*, June 13, 2018; www.vedomosti.ru/business/articles/2018/06/13/772663-krivoruchko-oboroni

Kalashnikov was selling more rifles to the country's civilian market than to the Russian military before the sanctions were imposed.²⁶

Public reports indicate that in 2014, as the Ukrainian crisis escalated and the United States responded with a series of sanctions announcements, Krivoruchko began transferring many of his assets in the United States to Mr. Tiraturian.²⁷ Furthermore, the Treasury Department determined in 2015 that with Krivoruchko as CEO, Kalashnikov Concern "engaged in serious and sustained sanctions evasion." In 2016, your department determined that Kalashnikov Concern advised foreign companies to falsify invoices in order to circumvent US and EU sanctions.^{28,29}

Finally, according to the same Bloomberg report, Kalashnikov USA indicated to the state of Florida that it intended to continue its previously established business relationship with Kalashnikov Concern a full year after the United States had sanctioned the Russian arms manufacturer. I believe that the relationship between these entities merits further scrutiny from your office and request the following:

- 1.) Can you confirm whether OFAC has investigated the publicly reported business relationship between Kalashnikov USA and Mr. Tiraturian, and Kalashnikov Concern and Mr. Krivoruchko?
- 2.) If so, did the domestic Kalashnikov entity maintain a business relationship with the sanctioned arms manufacturer as indicated by public reporting?
- 3.) While Mr. Krivoruchko may not currently be a specially designated national and blocked person, does his recent position as CEO of a sanctioned foreign arms manufacturer, current position within the Russian Federation's Ministry of Defense, and affiliation to a domestic arms manufacturer with a prior and potentially existing business relationship raise additional concerns for your office?
- 4.) If your office has made a determination that Kalashnikov USA was not working for or on behalf of sanctioned Kalashnikov Concern, please explain the reasoning for that determination.

Tulammo USA, Tula Cartridge Works (aka Tula Cartridge Plant)

Tulammo USA appears to be closely linked to Russian manufacturer Tula Cartridge Works, sometimes referred to as Tula Cartridge Plant. Tula Cartridge Works appears to list the same physical address in Russia as the Tula Cartridge Plant. Both entities also share the same logo.^{30,31} Additionally, an older version of the website for Tula Cartridge Works appears to use "Tula Cartridge Works" and "Tula Cartridge Plant" interchangeably.³² Tula Cartridge Works is reportedly partially owned by Igor Rotenberg, who was sanctioned by the US in April 2018 "for operating in the energy sector of the Russian Federation economy. Rotenberg acquired significant assets from his father, Arkady Rotenberg,

²⁶ *New York Times*, November 13, 2017; www.nytimes.com/2017/11/13/business/dealbook/kalashnikov-ak47-sale.html

²⁷ *Bloomberg Businessweek*, March 8, 2018; www.bloomberg.com/news/articles/2018-03-08/this-florida-warehouse-is-producing-made-in-america-kalashnikovs

²⁸ US Treasury Department Press Release, December 22, 2015; www.treasury.gov/press-center/press-releases/Pages/jl0314.aspx

²⁹ US Treasury Department Press Release, June 20, 2017; www.treasury.gov/press-center/press-releases/Pages/sm0114.aspx

³⁰ Tulammo.ru, accessed July 27, 2018; <http://en.tulammo.ru/en/contact/>

³¹ High Precision Systems website, accessed July 27, 2018; www.npovk.ru/predpriyatiya-xoldinga_0_12.html

³² Tulammo.ru, accessed July 27, 2018; <http://old.tulammo.ru/>

after OFAC designated the latter in March 2014.”³³ According to ABC News, “after being hit with sanctions by the U.S. himself, [Igor] Rotenberg reduced his share in the factory to 20.23 percent, a move a manager from the factory told Vedomosti was intended to allow the company to keep exporting ammunition.”³⁴ According to at least one Russian media report, Rotenberg transferred partial ownership of Tula Cartridge Works to a holding company linked to his father.³⁵ Notwithstanding public reporting that indicates some level of private ownership by Igor Rotenberg, Rostec identifies “Tula Cartridge Plant PJSC” as a subsidiary of the High Precision Systems holding company.³⁷

Tulammo USA is a domestic ammunitions dealer that distributes ammunition for Tula Cartridge Works (aka Tula Cartridge Plant). Tula Cartridge Works identifies itself on its website, “www.TulAmmo.ru,” as one of the largest producers of small arms ammunition in the world and identifies “TulAmmoUSA” as the “exclusive distributor” of its products in the United States.³⁸ According to a recent ABC News report, the two entities have a relationship that “appears to be closer than the typical buyer-supplier relationship,” including sharing an identical corporate logo and at least one former officer, Alexey Solovov.³⁹ Solovov “appears to have also registered five patents for ammunition boxes, packages and clips on TulAmmo USA’s behalf between 2014 and 2016.”⁴⁰ In an interview with firearm enthusiast website “Lucky Gunner,” Solovov reportedly acknowledged, “The Tula and Ulyanovsk ammunition plants’ exports to the American market are now consolidated under the TulAmmo brand.”⁴¹

Taken together, Igor Rotenberg’s reported interest in Tula Cartridge Works, the reported transfer of ownership to a company linked to his father, Arkady Rotenberg, and apparent Russian state ownership in Tula Cartridge Works through High Precision Systems, this information raises serious questions whether the arms manufacturer should be subjected to sanctions in relation to OFAC’s ownership and control analysis or the 50 Percent Rule.⁴² In light of this information I am asking for the following from your office:

- 1) Has your office performed an analysis of whether Tula Cartridge Works and Tula Cartridge Plant are in fact, one entity under partial state control?
- 2) Can you confirm whether OFAC has considered sanctioning Tula Cartridge Works due to its apparent relationship with Rostec and sanctioned oligarch Igor Rotenberg?
- 3) If yes, please explain why the company has not been added to the Specially Designated Nationals List or Sectoral Sanctions Identifications List pursuant to OFAC guidance on the 50 Percent Rule?
- 4) If no, do the public facts cited above warrant an investigation? Please explain.

³³ United States Treasury Department Press Release, April 6, 2018; <https://home.treasury.gov/news/press-releases/sm0338>

³⁴ ABC News, May 4, 2018; <https://abcnews.go.com/Politics/nra-host-company-ties-sanctioned-russians-annual-convention/story?id=54932526>

³⁵ Vedomosti, April 28, 2018; www.vedomosti.ru/business/news/2018/04/28/768281-igor-rotenberg

³⁶ US Treasury Department, March 20, 2014; www.treasury.gov/press-center/press-releases/Pages/jl23331.aspx

³⁷ Rostec website, accessed July 27, 2018; <https://rostec.ru/en/about/companies/142/>

³⁸ Tula Cartridge Works website, accessed June 21, 2018; <http://tulammo.ru/en/gde-kupit/>

³⁹ ABC News, May 4, 2018; <https://abcnews.go.com/Politics/nra-host-company-ties-sanctioned-russians-annual-convention/story?id=54932526>

⁴⁰ Ibid

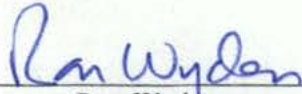
⁴¹ Lucky Gunner, accessed June 21, 2018; www.luckygunner.com/brands/tula-ammo#review

⁴² US Treasury Department Resource Center, accessed June 21, 2018; www.treasury.gov/resource-center/faqs/sanctions/pages/faq_general.aspx#50_percent

- 5) Can you confirm whether OFAC has investigated the relationship between Tulammo USA and Tula Cartridge Works, and whether a determination to sanction Tula Cartridge Works would have any bearing on Tulammo USA?

I ask that the Department please contact my Finance Committee investigations staff at (202) 224-4515 no later than August 14 with your response. Any classified information associated with your response should be noted and transmitted separately. Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Ron Wyden". The signature is written in a cursive style and is positioned above a horizontal line.

Ron Wyden
Ranking Member

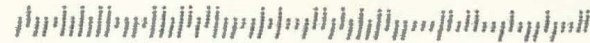
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PRESORT FC

Erin G. Hatch

U.S.S.

Office of Foreign Assets Control
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220



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2018-08-116: 009310

Bates Nos. 2018-08-116:
009311 - 009315
Pending Consultation with DOJ

From: [Dondarski, Michael](#)
To: (b)(6)
Subject: FW: Updated Russia-Ukraine Comparison Chart
Date: Monday, September 12, 2016 9:02:42 AM
Attachments: [20160909 Comparison of Country Sanctions Russia Ukraine.pdf](#)

Hey (b)(6)

I'm not sure if you're on the Ukraine distro (I assume you are), but I thought the attached chart was neat? Do you think the rest of Enforcement would benefit/enjoy having it? If so, please feel free to distribute/circulate to our team.

From: (b)(6)
Sent: Friday, September 09, 2016 12:06 PM
To: _DL_TFI_Ukraine_Russia
Subject: Updated Russia-Ukraine Comparison Chart

Hi everyone,

Please find attached an updated comparison chart of Russia-Ukraine sanctions to reflect the September 1 announcement.

Please let me know if you have any questions. And as usual, please do not forward the chart outside of Treasury without consulting our office.

Thanks!

(b)(6)

(b)(6)

Senior Policy Advisor
U.S. Department of the Treasury
Office of Terrorist Financing and Financial Crimes
Office: (b)(6) | Blackberry: (b)(6)

(b)(6)

**Russia/Former Government of Ukraine-related
Designations (as of September 1, 2016)**

US: United States
EU: European Union
SUI: Switzerland*
CAN: Canada
LIE: Liechtenstein*
AUS: Austria**
AUST: Australia
JPN: Japan
NOR: Norway

*Switzerland and Liechtenstein have issued "anti-circumvention" measures for many of the EU designated individuals and entities. These measures prohibit their financial institutions from entering into new business relationships with these individuals and entities (these measures short of asset freezes are denoted by black stripes). Likewise, in Switzerland, "new issue of long term financial instruments" for the five banks listed by the EU for debt and equity prohibitions will require authorization, only given if they are within the average financial engagement of the past three years.

**Austria's original list was superceded by the shorter EU list; however, Austria has stated that it plans to add back those from original list (in gray)

Executive Orders 13660, 13661, and 13685 - Asset Freezes									
Russian Officials									
Viktor Alekseevich Ozerov	US	EU	SUI		LIE	AUS	AUST	NOR	
Vladimir Michailovich Dzhubarov	US	EU	SUI		LIE	AUS	AUST	NOR	
Andrei Aleksandrovich Klishas	US	EU	SUI	CAN	LIE	AUS	AUST	NOR	
Nikolai Ivanovich Ryzhkov	US	EU	SUI		LIE	AUS	AUST	NOR	
Evegni Viktorovich Bushmin	US	EU	SUI		LIE	AUS	AUST	NOR	
Aleksandr Borisovich Totoonov	US	EU	SUI		LIE	AUS	AUST	NOR	
Oleg Evgenefich Panteleev	US	EU	SUI		LIE	AUS	AUST	NOR	
Sergei Mikhailovich Mironov	US	EU	SUI		LIE	AUS	AUST	NOR	
Sergei Vladimirovich Zheleznyak	US	EU	SUI		LIE	AUS	AUST	NOR	
Leonid Eduardovich Slutski	US	EU	SUI	CAN	LIE	AUS	AUST	NOR	
Dmitry Olegovich Rogozin	US	EU	SUI	CAN	LIE	AUS	AUST	NOR	
Sergey Yur'yevich Glazyev	US	EU	SUI	CAN	LIE	AUS	AUST	NOR	
Vladislav Yuryevich Surkov	US	EU	SUI	CAN	LIE	AUS	AUST	NOR	
Yelena Borisovna Mizulina	US	EU	SUI	CAN	LIE	AUS	AUST	NOR	
Valentina Ivaonovna Matvienko	US	EU	SUI	CAN	LIE	AUS	AUST	NOR	
Sergey Naryshkin	US	EU	SUI	CAN	LIE	AUS	AUST	NOR	
Victor Ivanov	US			CAN					
Igor Sergun	US	EU	SUI	CAN	LIE	AUS	AUST	NOR	
Sergei Ivanov	US			CAN			AUST		
Alexei Gromov	US	EU	SUI	CAN		AUS	AUST	NOR	
Andrei Fursenko	US			CAN			AUST		
Vladimir Yakunin	US						AUST		
Vladimir Kozhin	US			CAN			AUST		
Mikhail Vitalevich Margelov				CAN					
Vladimir Pligin		EU	SUI	CAN	LIE	AUS		NOR	
Yury Viktorovich Ushakov				CAN					
Dmitry Konstantinovich Kiselyov		EU	SUI	CAN	LIE	AUS		NOR	
Vitalii Nikitch Ignatienko				CAN					
Vyaacheslav Volodin	US	EU	SUI	CAN	LIE		AUST	NOR	
Dmitry Kozak	US	EU	SUI	CAN	LIE	AUS	AUST	NOR	
Aleksey Pushkov	US			CAN			AUST		
Alexander Babakov				CAN					
Oleg Belaventsev	US	EU	SUI	CAN	LIE	AUS	AUST	NOR	
Yevgeniy Murov	US			CAN					
Oleg Savelyev	US	EU	SUI	CAN	LIE	AUS	AUST	NOR	
Ludmila Shvetsova		EU	SUI	CAN	LIE	AUS		NOR	
Sergei Neverov	US	EU	SUI	CAN	LIE	AUS		NOR	
Vladimir Volfovich Zhirinovskiy		EU	SUI	CAN		AUS		NOR	
Sergey Beseda	US	EU	SUI	CAN		AUS		NOR	
Igor Shchegolev	US			CAN					
Mikhail Efimovich Fradkov		EU	SUI	CAN		AUS		NOR	
Nikolai Platonovich Patrushev		EU	SUI	CAN		AUS		NOR	
Aleksandr Valievich Bortnikov		EU	SUI	CAN		AUS		NOR	
Rashid Gumarovich Nurgaliev		EU	SUI	CAN		AUS		NOR	
Boris Vyacheslavovich Gryzlov		EU	SUI	CAN		AUS		NOR	
Mikhail Vladimirovich Degtyarev		EU	SUI	CAN		AUS		NOR	
Ramzan Akhmadovitch Kadyrov		EU	SUI	CAN		AUS		NOR	
Alexander Nikolayevich Tkachyov		EU	SUI	CAN		AUS		NOR	
Vladimir Georgyevich Kulishov				CAN					
Valerii Yuriovych Travkin				CAN					
Yuri Leonidovich Vorobiov		EU	SUI	CAN		AUS		NOR	
Vladimir Abduallyevich Vasilyev		EU	SUI	CAN		AUS		NOR	
Viktor Petrovich Vodolatsky		EU	SUI	CAN		AUS		NOR	

Andrey Yurevich Pinchuk		EU	SUI	CAN	AUS		NOR									
Oleg Bereza		EU	SUI	CAN	AUS		NOR									
Andrei Nikolaevich Rodkin	US	EU	SUI	CAN	AUS		NOR									
Aleksandr Karaman	US	EU	SUI	CAN	AUS		NOR	JPN								
Georgiy L'vovich Muradov		EU	SUI	CAN	AUS		NOR									
Mikhail Sergeyeovich Sheremet		EU	SUI	CAN	AUS		NOR									
Serhiy Kozyakov	US	EU		CAN	AUS			JPN								
Oleg Akimov		EU			AUS			JPN								
Larisa Airapetyan		EU		CAN	AUS			JPN								
Yuriy Sivokonenko		EU		CAN	AUS			JPN								
Aleksandr Kofman	US	EU			AUS			JPN								
Ravil Khalikov		EU		CAN	AUS			JPN								
Dmitry Semyonov		EU		CAN	AUS			JPN								
Oleg Bugrov		EU		CAN	AUS			JPN								
Lesya Lapteva		EU		CAN	AUS			JPN								
Yevgeniy Eduardovich Mikhaylov		EU		CAN	AUS			JPN								
Ihor Vladmyrovych Kostenok		EU		CAN	AUS			JPN								
Yevgeniy Vyasheslavovich Orlov		EU		CAN	AUS			JPN								
Vladyslav Nikolayevych Deynego	US	EU		CAN	AUS			JPN								
Donetsk Republic		EU		CAN	AUS			JPN								
Peace to Luhansk Region		EU		CAN	AUS			JPN								
Free Donbass		EU		CAN	AUS			JPN								
People's Union		EU		CAN	AUS			JPN								
Luhansk Economic Union		EU		CAN	AUS			JPN								
Donbass People's Militia	US															
Marshall Capital Fund	US			CAN												
Dmitry Neklyudov	US			CAN												
Novorossiya Party	US	EU	SUI	CAN	AUS											
Oplot	US	EU	SUI	CAN	AUS											
Petr Savchenko	US															
Profactor Tov	US			CAN												
Oleh Tsaryov	US															
South-East Movement (Yugo-Vostok Movement)	US			CAN												
Night Wolves	US			CAN												
Aleksandr Zaldostanov	US			CAN												
Pavel Dremov aka Batya		EU	SUI	CAN	AUS											
Alexey Milchakov aka Fritz, Serbian		EU	SUI	CAN	AUS											
Arseny Pavlov aka Motorola		EU	SUI	CAN	AUS											
Mikhail Tolstyykh aka Givi		EU	SUI	CAN	AUS											
Eduard Basurin	US	EU	SUI	CAN	AUS											
Alexandr Shubin	US	EU	SUI	CAN	AUS											
Sergey Litvin		EU	SUI	CAN	AUS											
Sergey Ignatov		EU	SUI	CAN	AUS											
Ekaterina Filippova		EU	SUI	CAN	AUS											
Aleksandr Timofeev		EU	SUI	CAN	AUS											
Evgeny Manuilov	US	EU	SUI	CAN	AUS											
Viktor Yatsenko	US	EU	SUI	CAN	AUS											
Olga Besedina		EU	SUI	CAN	AUS											
Zaur Ismailov	US	EU	SUI	CAN	AUS											
Cossack National Guard		EU	SUI	CAN	AUS											
Sparta battalion		EU	SUI	CAN	AUS											
Somali battalion		EU	SUI	CAN	AUS											
Zarya battalion		EU	SUI	CAN	AUS											
Prizrak brigade		EU	SUI	CAN	AUS											
Kalmius battalion		EU	SUI	CAN	AUS											
Death battalion		EU	SUI	CAN	AUS											
Eurasian Youth Union	US			CAN												
Aleksandr Dugin	US			CAN												
Andrey Kovalenko	US			CAN												
Pavel Kanishchev	US			CAN												
Sergei Abisov	US															
Oleg Kozyura	US															
PJSC Mako Holding	US															
Dmitry Polonsky	US															
Anna Nyukhina	US															
Mikhail Sheremet	US															
Svetlana Alekseevna Borodulina	US															
Irina Kiviko	US															
Valentin Demidov	US															
Oleg Shapovalov	US															
Andrey Gennadiyevich Vasyuta	US															
Viktor Palagin	US															
Mikhail Nazarov	US															
Georgiy Muradov	US															
Salvation Committee of Ukraine	US															
Crimean Entities																
Chernomorneftegaz	US	EU	SUI	CAN	LIE	AUS	AUST	NOR	JPN							
Feodosia (Feodosiya Enterprise)	US	EU	SUI	CAN	LIE	AUS		NOR	JPN							
State ferry enterprise "Kerch ferry"	US	EU	SUI	CAN		AUS		NOR								
State enterprise "Sevastopol commercial seaport"	US	EU	SUI	CAN		AUS		NOR								
State enterprise "Kerch commercial seaport"	US	EU	SUI	CAN		AUS		NOR								
State enterprise Universal - Avia	US	EU	SUI	CAN		AUS		NOR								

Resort Nizhnaya Oreanda	US	EU	SUI	CAN	AUS	NOR									
Crimean enterprise "Azov distillery plant"	US	EU	SUI	CAN	AUS	NOR									
State concern "National Association of producers Massandra"	US	EU	SUI	CAN	AUS	NOR									
State enterprise Magarach of the national institute of wine	US	EU	SUI	CAN	AUS	NOR									
State enterprise "Factory of sparkling wine Novy Svet"	US	EU	SUI	CAN	AUS	NOR									
Russian National Commercial Bank	US	EU	SUI	CAN	AUS	NOR									
State Enterprise Feodosia Sea Trading Port	US														
State Enterprise Evpatoria Sea Commercial Port	US														
State Enterprise Yalta Sea Trading Port	US														
Yalta Film Studio	US														
Sevastopolsky Morskoy Bank	US														
SGM-Most OOO	US														
PJSC Mostotrest	US														
AO 'Institute Giprostroymost-Saint-Petersburg'	US														
OOO 'STG-Eko'	US														
OOO 'DSK'	US														
FKU Uprдор 'Taman'	US														
FAU 'Glavosekspertiza Rossii'	US														
OOO Shipyard 'Zaliv'	US														
Federal SUE Shipyard 'Morye'	US														
OAD Ship Repair Center 'Zvezdochka'	US														
SUE RC 'Feodosia Optical Plant'	US														
OAD 'Uranis-Radiosistemy'	US														
Sovfracht-Sovmortrans Group	US														
SMT-K	US														
LLC Koksokhimtrans	US														
Sovfracht Managing Company LLC	US														
OJSC Sovfracht	US														
CJSC Sovmortrans	US														
Russian Entities (*Captured in EU sectoral measure **Captured in US sectoral measure, see below) and Providers of Material Support															
Bank Rossiya	US			CAN		AUST									
SMP Bank	US			CAN		AUST									
InvestKapitalBank	US			CAN		AUST									
Volga Group	US			CAN		AUST									
Aquanika	US			CAN		AUST									
CJSC Zest	US			CAN											
JSB Sobin Bank	US			CAN											
Avia Group LLC	US			CAN		AUST									
Avia Group Nord LLC	US			CAN		AUST									
Sakhatrans LLC	US			CAN											
Stroytransgaz Group	US			CAN		AUST									
Stroytransgaz Holding	US			CAN											
Stroytransgaz LLC	US			CAN											
Stroytransgaz OJSC	US			CAN											
Stroytransgaz-M LLC	US			CAN											
Limited Liability Company Investment Company Abros	US			CAN											
Transoil	US					AUST									
Stroygazmontazh	US			CAN		AUST									
ExpoBank				CAN											
RosEnergoBank				CAN											
Almaz-Antey	US	EU	SUI	CAN	AUS	NOR									
Federal State Unitary Enterprise State Research and Production Enterprise Bazalt	US			CAN											
JSC Concern Sozvezdie	US			CAN											
JSC MIC NPO Mashinostroyeniya	US			CAN											
Kalishnikov Concern	US	*		CAN											
KBP Instrument Design Bureau	US			CAN											
Radio-Electronic Technologies	US			CAN											
Uralvagonzavod	US	*													
United Shipbuilding Corporation	US			CAN											
Dobrolet (aka Dobrolyot)		EU	SUI	CAN	AUS	NOR									
OAD Dolgoprudny Research Production Enterprise	US			CAN											
Mytishchinski Mashinostroitelnny Zavod, OAO	US			CAN											
Kalinin Machine Plant JSC	US			CAN											
Almaz-Antey GSKB	US														
JSC NIIP	US			CAN											
Marine Scientific Research Institute of Radioelectronics Altair (MNIIRE "Altair")				CAN											
JSC Sirius				CAN											
JSC Tula Arms Plant				CAN											
JSC United Aircraft Corporation				CAN											
OAO JSC Chemcomposite				CAN											
OAO Wysokototschnye Komplexi				CAN											
OJSC Stankoinstrument				CAN											
OPK Oboronprom				CAN											
Aleksander Omelchenko	US			CAN											
Andrey Bulyutin	US														
Olena Yurevna Semenova	US														
Izhevsky Mekhanichesky Zavod JSC (AKA Baikal)	US			CAN											
OJSC Kontsern Izhmash	US														
Eduard Ioffe	US			CAN											
Vakhtang Karamyan	US														
Tatiana Chernykh	US														

Technopromexport	US			CAN														
JSC Genbank	US																	
OJSC Krasnodar Regional Investment Bank	US																	
OJSC Commercial Bank Verkhnevolzhsky	US																	
Technodinamica Holding, JSC	**			CAN														
JSC Tecmash	**			CAN														
Ruselectronics, JSC	**			CAN														
ShvabeHolding, JSC	**			CAN														
CJSC ABR Management	US																	
Executive Order 13662 - Sectoral Sanctions																		
Financial Institutions - New Debt and Equity Prohibition (*Not specifically listed but covered as 50%-owned subsidiary of a designated bank)																		
Sberbank	US	EU	SUI	CAN		AUS	NOR	JPN										
VTB Bank OAO	US	EU	SUI	CAN		AUS	NOR	JPN										
VEB	US	EU	SUI	CAN		AUS	NOR	JPN										
Gazprombank OAO	US	EU	SUI	CAN		AUS	NOR	JPN										
Bank of Moscow	US	*	* CAN			AUS	*	*										
Russian Agricultural Bank (aka Rosselkhozbank)	US	EU	SUI	CAN		AUS	NOR	JPN										
Energy Companies - Debt Prohibition																		
Rosneft	US	EU	SUI	CAN		AUS	AUST	NOR										
OAO Novatek	US			CAN														
Gazprom Neft	US	EU	SUI	CAN		AUS	AUST	NOR										
AK Transneft OAO	US	EU	SUI	CAN		AUS	AUST	NOR										
Gazprom				CAN														
Surgutneftegas				CAN														
Energy Companies - Goods, Services and Technology in Oil Sector Activities (*EU, Norwegian, Canadian, and Australian restrictions on provision of goods, services and technology apply are not applied to specific companies but cover their provision "in Russia")																		
Rosneft	US	*		*		*	*	*										
OAO Gazprom	US	*		*		*	*	*										
Gazprom Neft	US	*		*		*	*	*										
Lukoil OAO	US	*		*		*	*	*										
Surgutneftegas	US	*		*		*	*	*										
Defense and Related Material Companies - Debt Prohibition (*Captured as 50%-owned subsidiary of Rostec; **Designated as full asset freeze, noted above)																		
Rostec	US																	
OPK Oboronprom	*	EU	SUI	**		AUS	AUST	NOR										
United Aircraft Corporation		EU	SUI	**		AUS	AUST	NOR										
Uralvagonzavod	**	EU	SUI			AUS	AUST	NOR										
Defense and Related Material Companies - Prohibition on technical assistance, brokering services, financing, and financial assistance for dual-use goods and technology (*Designated as full asset freeze, noted above)																		
JSC Sirius		EU	SUI	*		AUS		NOR										
OJSC Stankoinstrument		EU	SUI	*		AUS		NOR										
OAO JSC Chemcomposite		EU	SUI	*		AUS		NOR										
JSC Kalashnikov	*	EU	SUI			AUS		NOR										
JSC Tula Arms Plant		EU	SUI	*		AUS		NOR										
NPK Tchnologii Maschinostrojenija		EU	SUI			AUS		NOR										
OAO Wysokototschnye Kompleksi		EU	SUI	*		AUS		NOR										
OAO Almaz Antey		EU	SUI			AUS		NOR										
OAO NPO Bazalt		EU	SUI			AUS		NOR										

Bates Nos. 2018-08-116:
009323 – 009332
Pending Consultation with
Another Component of
Treasury

Request clearance to make proposed release in FOIA case 2016-07-044 (Kovensky)

From: "Fields, Marshall Jr" (b)(6)
To: "Gacki, Andrea" (b)(6) "Smith, John" (b)(6) "Smith, Bradley"
(b)(6) Blackborow, Davin" (b)(6) "Miller, Jeanette"
, "Obal, Jamie" (b)(6) "Selak, Dawn"
Cc: (b)(6)
Date: Mon, 19 Dec 2016 10:41:15 -0500
Attachments: 2016-07-044 modified request.pdf (68.68 kB); 2016-07-044 initial request.pdf (93.64 kB); 2016_07_044_FinResp_ltr.pdf (186.81 kB); 2016-07-044_FinResp_docs.xlsx (397.18 kB)

Good Afternoon All,

RELEASE CLEARANCE REQUEST

The FOIA Office is preparing to make a release in the following FOIA case:

FOIA case: 2016-07-044 (Kovensky)

Request subject as modified: "An Excel spreadsheet listing the entities that have made an application to OFAC for a license under the Ukrainian sanctions program. This listing should include the name of the applicant, whether the application was denied, approved or is pending and appropriate dates."
Request attached.

Requester type: Media

Release Type: Final response: "partial grant"

Record type: Licensing spreadsheet

Submitter process used: (Yes/No) No.

Routine release (Yes/No) Yes.

SMR Review Conducted: No.

Special note:

Sincerely,

Marshall Fields

Contact Information:
Marshall Fields
Assistant Director
Information Disclosure and Records Division
Office of Resource Management
Office of Foreign Assets Control
Department of the Treasury
FOIA Requester Service Center
(202) 622-2500, option 3
E: (202) 622-1657

(b)(6)

2018-08-116: 009333

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See Attached Spreadsheet
19_011-E3-00022604

Bates Nos. 2018-08-116:
009336 – 009337
Submitter Notice Process
Initiated

Bates Nos. 2018-08-116:
009338 – 009348
Pending Consultation with
Other Components of Treasury

Bates No. 2018-08-116: 009349
Pending Consultation with DOJ

RE: United Shipbuilding Q/A

From: "Smith, Bradley" (b)(6)
To: (b)(6)
Date: Tue, 29 Jul 2014 15:08:12 -0400

Thanks, (b)(6)

-----Original Message-----

From: (b)(6)
Sent: Tuesday, July 29, 2014 3:05 PM
To: (b)(6) Smith, Bradley
Subject: FW: United Shipbuilding Q/A

FYI.

-----Original Message-----

From: (b)(6)
Sent: Tuesday, July 29, 2014 3:05 PM
To: (b)(6); Smith, John; Fisch, Eytan (b)(6); Baheri, Leila; (b)(6)
Cc: (b)(6) Bourassa, Elizabeth (Betsy); Esser, Victoria
Subject: RE: United Shipbuilding Q/A

(b)(5)

(b)(5)

-----Original Message-----

From: (b)(6)
Sent: Tuesday, July 29, 2014 3:02 PM
To: (b)(6) Smith, John; Fisch, Eytan; (b)(6) Baheri, Leila; (b)(6)
Cc: (b)(6) Bourassa, Elizabeth (Betsy); Esser, Victoria
Subject: Re: United Shipbuilding Q/A

Thanks, (b)(6) Any other thoughts before Adam gets on the press call?

----- Original Message -----

From: (b)(6)
Sent: Tuesday, July 29, 2014 02:54 PM Eastern Standard Time
To: (b)(6) Smith, John; Fisch, Eytan; (b)(6) Baheri, Leila; (b)(6)
Cc: (b)(6) Bourassa, Elizabeth (Betsy); Esser, Victoria
Subject: RE: United Shipbuilding Q/A

This is what I would say:

The United States has already imposed sanctions on 8 other Russian entities operating in the arms and related materiel sector: 1- Kalashnikov Concern, 2-Conern Sozvedie, 3-Concern Radio Electronic Technologies, 4-Almaz-Antey, 5- KBP Instrument Design Bureau, 6- MIC NOP Mashinostroyenia, 7- Uralvagonzavod, and 8-State Research and Production Enterprise Bazalt.

The new sanctions on United Shipbuilding, the 9th defense entity designated by Treasury, (b)(5)

-----Original Message-----

From: (b)(6)
Sent: Tuesday, July 29, 2014 2:23 PM
To: Smith, John; Fisch, Eytan; (b)(6) Baheri, Leila; (b)(6)
Cc: (b)(6) Bourassa, Elizabeth (Betsy); Esser, Victoria
Subject: United Shipbuilding Q/A

Adam asked for press guidance to answer the following question:

Q: (b)(5)

RE: Last SPM Testimony Item - Recent Actions Documents - by 4PM Today

From: (b)(6)
To: (b)(6) "Demske, Susan" (b)(6)
Date: Tue, 07 Nov 2017 14:01:36 -0500
Attachments: CAASA - 60 day FAQs (FINAL CLEAN).docx (34.73 kB); CAASA - 60 day FAQs (FINAL TRACK CHANGES).docx (38.55 kB); Directive 1 (FINAL - Sept 29 2017).docx (17.28 kB); Directive 2 (FINAL - Sept 29 2017).docx (17.24 kB); Sec 223 Implementation - If Asked (FINAL).docx (15.48 kB)

Here's everything.

From: (b)(6)
Sent: Tuesday, November 07, 2017 1:59 PM
To: Demske, Susan (b)(6)
Subject: FW: Last SPM Testimony Item - Recent Actions Documents - by 4PM Today

Were there any public rollout docs for the modifications to D1 and 2?

From: (b)(6)
Sent: Tuesday, November 07, 2017 1:57 PM
To: Swindells, Felicia; Thannhauser, Sara; (b)(6) Albowicz, Nikole;
(b)(6) Baheri, Leila; (b)(6)
Samara, Mark (b)(6) Demske, Susan; (b)(6)
Subject: Last SPM Testimony Item - Recent Actions Documents - by 4PM Today

All – sorry for all of these, but this one is hopefully the last request. SPM asked for all of the public roll out documents (i.e. a press/leg call script, or if-asked Q&As if we did them) for any major actions we've taken in the last couple of months.

Below is the list of what I'm seeing in that category since Sep. 1, and a note on whether or not I need the docs. Can you all please double check and let me know if I'm missing any major actions? And for documents that I don't have, could you (if possible) send the finals my way by 4PM? Hopefully this isn't too much of a lift given that we don't have to create anything new.

Thanks,

(b)(6)

Date	Action	Documents?
10/31	CAATSA Russia	Already have
10/26	DPRK Designations	(b)(6) – there was just a State script right?
10/25	TFTC Designations	(b)(6) (b)(6) – was there anything with this besides the release?
10/13	IRGC/Iran Designations	Already have
9/29	CAATSA Russia	(b)(6) – could you send my way?
9/26	DPRK Designations	(b)(6) – anything with these?
9/14	Iran Designations	Already have

RE: CAASA - Ru/Ukr 60 day rollout

From: (b)(6)
To: "Unger, Seth" <seth.unger@treasury.gov>
Cc: "Demske, Susan" (b)(6) "Swindells, Felicia" (b)(6)
Date: Fri, 29 Sep 2017 10:15:38 -0400
Attachments: Sec 223 Implementation - If Asked (FINAL).docx (15.48 kB); CAASA - 60 day FAQs (FINAL CLEAN).docx (34.73 kB)

Seth,
Please see attached. I realize now that we got rid of any new FAQs so the numbering thing isn't really an issue here. But still, I would either take FAQs from the website or direct them there since that is really the official product we're releasing and not the draft FAQ doc that we used internally to show what changes will be made to the FAQs.
I added the dates into the If Asked doc too so that should be more useful now.

Thanks!

(b)(6)

From: Unger, Seth
Sent: Friday, September 29, 2017 10:07 AM
To: (b)(6)
Cc: Demske, Susan ; (b)(6) Swindells, Felicia
Subject: RE: CAASA - Ru/Ukr 60 day rollout
Thanks. And I'm happy to direct reporters who inquire to the website.

From: (b)(6)

Sent: Friday, September 29, 2017 10:00 AM
To: Unger, Seth Seth.Unger@treasury.gov
Cc: Demske, Susan (b)(6) Swindells, Felicia (b)(6)
Subject: RE: CAASA - Ru/Ukr 60 day rollout

Hi Seth,

I can send a clean document of the FAQs for your awareness, but we should not share that document with members of the public. They should be directed to OFAC's website as the FAQs are numbered and in official final form there. If you are wanting to send a specific FAQ to someone, you should grab that from the website as well so that we're sending the numbered version of the FAQ as it appears on our website (as opposed to an unofficial version in a draft document of ours).

Will send that doc and the If Asked in clean format for your awareness shortly. There were no changes to the If Asked and that was also approved by the TFI FO.

(b)(6)

From: Unger, Seth
Sent: Friday, September 29, 2017 9:56 AM
To: (b)(6)
Cc: Demske, Susan (b)(6) Swindells, Felicia (b)(6)
Subject: RE: CAASA - Ru/Ukr 60 day rollout
Thanks. Can you please send a Final FAQ that is CLEAN, minus DRAFT markings and track changes, in case we get any inquiries. I'd like a version that we can share.
Any updates on the attached "If Asked" document. Was this approved by TFI FO as well?

From: (b)(6)

Sent: Thursday, September 28, 2017 6:32 PM
To: Unger, Seth Seth.Unger@treasury.gov
Cc: Demske, Susan (b)(6) Swindells, Felicia (b)(6)
Subject: Fwd: CAASA - Ru/Ukr 60 day rollout

Seth -

The attached versions of the directives and FAQs can be considered final (TFI FO just cleared on the docs so these versions now have dates added in). There were no changes to the docs sent to you Tuesday - other than adding in the dates here.

(b)(6)

From: (b)(6)
Date: September 28, 2017 at 9:08:31 AM EDT
To: (b)(6) DI_OFACOSSO_SDN_Team@do.treas.gov
Cc: (b)(6) (b)(6) Swindells, Felicia Demske, Susan (b)(6)

Subject: RE: CAASA - Ru/Ukr 60 day rollout

(b)(6)(b)(6)&(b)(6) -

Tentative docs for tomorrow's rollout attached (with dates added in). As I discussed with (b)(6), these are technically still being reviewed by Sigal and the Secretary. However, Sigal did not have any comments and we do not expect comments from the

Secretary. While in theory there could be changes still forthcoming, I think we're probably good to go on these as they stand and we're just waiting for official word at this point. So feel free to start with the backend stuff whenever you're ready in preparation of the rollout. We will keep your team posted as soon as we hear we have official go ahead from the TFI FO. Thank you!

(b)(6)

From: (b)(6)
Sent: Wednesday, September 27, 2017 1:55 PM
To: (b)(6); DL_OFAC OSSO SDN Team; DL_OFACSDN_Team@do.treas.gov>
Cc: Demske, Susan; (b)(6); Swindells, Felicia; (b)(6)

Subject: RE: CAASA - Ru/Ukr 60 day rollout
Looks good. Thanks.

From: (b)(6)
Sent: Wednesday, September 27, 2017 1:12 PM
To: (b)(6); DL_OFAC OSSO SDN Team
Cc: Demske, Susan; Swindells, Felicia; (b)(6)
Subject: RE: CAASA - Ru/Ukr 60 day rollout
(b)(6) (b)(6) & (b)(6) -

Recent actions language for Friday morning's rollout is below. This has been cleared through OFAC/OCC. We are still awaiting word from the TFI FO on the docs, but should hear back by COB today on those. Thanks!

Issuance of amended Russia/Ukraine-related Directives 1 & 2; Updated FAQs
9/29/2017

Today, in accordance with the Countering Russian Influence in Europe and Eurasia Act of 2017 (CRIIEEA) (Title II of the Countering America's Adversaries Through Sanctions Act), the Department of the Treasury's Office of Foreign Assets Control (OFAC) is issuing amended Russia/Ukraine-Related Directives 1 and 2. Certain CRIIEEA-related prohibitions in amended Directives 1 and 2 have a delayed effective date of November 28, 2017. OFAC is also publishing updated FAQs relating to the amended Directives.

From: (b)(6)
Sent: Tuesday, September 26, 2017 11:55 AM
To: (b)(6); DL_OFAC OSSO SDN Team; DL_OFACSDN_Team@do.treas.gov>
Cc: Demske, Susan; (b)(6); Swindells, Felicia; (b)(6)

Subject: RE: CAASA - Ru/Ukr 60 day rollout
Sounds great. (b)(6) No rush, just wanted to give you guys a heads up. Only one FAQ is substantially edited. The rest are small changes/additions. Good luck w the NK rollout.

From: (b)(6)
Sent: Tuesday, September 26, 2017 11:51 AM
To: (b)(6); DL_OFAC OSSO SDN Team; DL_OFACSDN_Team@do.treas.gov>
Cc: (b)(6); Swindells, Felicia; (b)(6)

Subject: RE: CAASA - Ru/Ukr 60 day rollout
Thanks. We'll look at this afternoon after DPRK goes out the door, but we'll be ready.

From: (b)(6)
Sent: Tuesday, September 26, 2017 10:08 AM
To: DL_OFAC OSSO SDN Team
Cc: Demske, Susan; Swindells, Felicia; (b)(6)
Subject: RE: CAASA - Ru/Ukr 60 day rollout

SDN team,
Following up on the below email, can you please confirm if we are good to go for the rollout at 1030am on Friday?
(b)(6) mentioned that it'd be helpful to have the FAQs in advance to get a sense of what will need to be updated, so I am attaching the most recent draft here, as well as the most recent drafts of the modified directives. The FAQs and new directives are both with the TFI FO for review (and we have requested their review and any comments/clearance by COB tomorrow). These docs have cleared everyone but Sigal so we don't expect a ton of changes at this point.
Working on getting some RA language cleared today for Friday's rollout and will send that over to you guys as soon as it's ready today.

Thanks,

(b)(6)
From: (b)(6)
Sent: Friday, September 22, 2017 12:29 PM
To: DL_OFAC OSSO SDN Team; DL_OFACSDN_Team@do.treas.gov>
Cc: Demske, Susan; (b)(6); Swindells, Felicia; (b)(6)

SDN team -

We are planning the rollout of the CAASA - Ru/Ukr 60 day changes for next **Friday, Sept. 29**. We'd like to schedule this rollout for **10:30am** if that time works for you all (I did not see anything on the calendar that morning, so hoping that works). I worked with (b)(6) to try and submit this through your calendar but he let me know it's been acting up this morning and we couldn't get it to work.

The update will involve: (1) replacing Directives 1 and 2 with new versions of those directives (and changing any links to the current directives to point to these new versions), (2) putting the current versions of Directives 1 & 2 into the "Archived

2018-08-116: 009353

directives" section on the Ru/Ukr page, (3) updating several existing Ru/Ukr FAQs (one will have substantial updates and the others will be much more minor edits).

We're aiming to provide you guys with the RA language, draft FAQ updates and draft directives next Monday so that you can get a sense of what the changes look like. By that point, the docs will have cleared through our FO (but will still need to go through Sigal/TFI FO so it's possible there could be some changes after Monday).

Let us know if you have any questions, and please confirm, if you have a moment, that 1030am next Friday should work as Felicia is providing an update to Sigal on this today.

Thanks!

(b)(6)

Ukraine-/Russia-related Sanctions (Sectoral Sanctions under Executive Order 13662)

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370. What do the prohibitions in Directives 1 and 2 mean? Are they blocking actions?

The sectoral sanctions imposed on specified persons operating in sectors of the Russian economy identified by the Secretary of Treasury were done under [Executive Order 13662](#) through [Directives](#) issued by OFAC pursuant to its delegated authorities. Directive 1, as amended on September 29, 2017 in accordance with the Countering Russian Influence in Europe and Eurasia Act of 2017 (CRIIEEA) (Pub. L. 115-44, title II), prohibits transacting in, providing financing for, or otherwise dealing in debt of specified tenors or equity if that debt or equity was or is issued on or after the relevant sanctions effective date ("new debt" or "new equity") by, on behalf of, or for the benefit of the persons operating in Russia's financial sector named under Directive 1, their property, or their interests in property. The relevant tenors of prohibited debt are noted in the table below.

Period when the debt was issued	Applicable tenor of prohibited debt
On or after July 16, 2014 and before September 12, 2014	Longer than 90 days maturity
On or after September 12, 2014 and before November 28, 2017	Longer than 30 days maturity
On or after November 28, 2017	Longer than 14 days maturity

There were two prior versions of Directive 1, which were issued on July 16, 2014 and September 12, 2014, and which were superseded by the September 29, 2017 version of Directive 1. The prior versions of Directive 1 prohibited the same activities, but involving debt of longer than 90 days maturity (July 16, 2014 version) and 30 days maturity (September 12, 2014 version) or equity if that debt or equity was issued on or after the date a person was determined to be subject to Directive 1.

Directive 2, as amended on September 29, 2017 in accordance with CRIIEEA, prohibits transacting in, providing financing for, or otherwise dealing in new debt of specified tenors by, on behalf of, or for the benefit of the persons operating in Russia's energy sector named under the Directive 2, their property, or their interests in property. The relevant tenors of prohibited debt are noted in the table below.

Period when the debt was issued	Applicable tenor of prohibited debt
On or after July 16, 2014 and before November 28, 2017	Longer than 90 days maturity
On or after November 28, 2017	Longer than 60 days maturity

There were two prior versions of Directive 2, which were issued on July 16, 2014 and September 12, 2014, and which were superseded by the September 29, 2017 version of Directive 2. The prior versions of Directive 2 prohibited the same activities, but involving debt of longer than 90 days maturity if that debt was issued on or after the date a person was determined to be subject to Directive 2.

These actions pursuant to Directives 1 and 2 prohibit transactions by U.S. persons as defined in E.O. 13662, wherever they are located, and transactions within the United States. This action does not require U.S. persons to block the property or interests in property of the entities identified in the Directives, nor will persons identified in Directives 1 and 2 be added to the Specially Designated Nationals (SDN) List. U.S. persons should reject transactions or dealings that are prohibited by Directives 1 or 2, and to the extent required by Section 501.604 of the Reporting, Procedures and Penalties Regulations (31 C.F.R. part 501), U.S. persons must report to OFAC any rejected transactions within 10 business days. [9-29-2017]

371. What does OFAC interpret to be debt and equity? Are there other prohibited activities under Directives 1, 2, and 3? Can U.S. financial institutions continue to maintain correspondent accounts and process U.S. dollar-clearing transactions for the entities subject to these Directives?

Note: On September 29, 2017, OFAC amended and reissued Directives 1 and 2 in accordance with Sections 223(b) and (c) of CRIIEEA. While the Directives are effective immediately, both Directives contain certain new prohibitions that will not come into effect until November 28, 2017, pursuant to CRIIEEA. In addition to these new prohibitions, the Directives continue to prohibit conduct that was prohibited by prior versions of the Directives. OFAC plans to issue further guidance regarding the implementation of the new prohibitions in the Directives at a later date, including updating relevant FAQs to account for the new prohibitions that will come into effect on November 28, 2017. For additional information regarding what the amended Directives prohibit, see FAQ 370.

The term *debt* includes bonds, loans, extensions of credit, loan guarantees, letters of credit, drafts, bankers acceptances, discount notes or bills, or commercial paper. The term *equity* includes stocks, share issuances, depositary receipts, or any other evidence of title or ownership.

The prohibitions in Directive 1 apply to all transactions involving new debt with a maturity of longer than 30 days or new equity; all financing in support of such new debt or new equity; and any dealing in, including provision of services in support of, such new debt or new equity.

The prohibitions in Directive 2 apply to all transactions involving new debt with a maturity of longer than 90 days; all financing in support of such new debt; and any dealing in, including provision of services in support of, such new debt.

The prohibitions in Directive 3 apply to all transactions involving new debt with a maturity of longer than 30 days; all financing in support of such new debt; and any dealing in, including provision of services in support of, such new debt.

All the prohibitions in these Directives extend to rollover of existing debt, if such rollover results in the creation of new debt with a maturity of longer than 30 days (for persons subject to Directives 1 or 3) or longer than 90 days (for persons subject to Directive 2).

Transacting in, providing financing for, or otherwise dealing in any debt or equity issued by, on behalf of, or for the benefit of persons subject to Directives 1, 2, or 3 is permissible, if the debt or equity was issued prior to the date on which the person was determined to be subject to the relevant Directive. In addition, transacting in, providing financing for, or otherwise dealing in debt instruments with maturities of 30 days or less (issued by, on behalf of, or for the benefit of persons subject to Directives 1 or 3) or 90 days or less (issued by, on behalf of, or for the benefit of persons subject to Directive 2), even if they are issued after the sanctions effective date, is permissible. Transacting in, providing financing for, or otherwise dealing in new equity instruments of persons subject to Directives 2 and 3 is permissible. U.S. financial institutions may continue to maintain correspondent accounts and process U.S. dollar-

clearing transactions for the persons subject to the Directives, so long as those activities do not involve transacting in, providing financing for, or otherwise dealing in transaction types prohibited by these Directives.

On September 12, 2014, OFAC amended and reissued Directive 1, changing the allowable maturity of debt instruments issued by, on behalf of, or for the benefit of persons subject to Directive 1 from longer than 90 days to longer than 30 days. Transacting in, providing financing for, or otherwise dealing in debt with maturity of 90 days or less issued by, on behalf of, or for the benefit of the persons identified under Directive 1 is not prohibited if such debt instruments were issued prior to September 12, 2014, and the terms of such instruments do not change subsequently (see [FAQ 394](#) for additional detail on what constitutes the changing of terms). Rollovers of such instruments must comply with the 30-day maturity limit imposed on September 12, 2014. [9-29-2017]

372. Do Directives 1, 2, and 3 prohibit U.S. persons from entering into derivatives contracts linked to new debt or new equity issued by the entities subject to the Directives?

On September 12, 2014, OFAC issued [General License 1A](#), which authorizes certain transactions involving derivative products that would otherwise be prohibited pursuant to Directives 1, 2, or 3. This [General License 1A](#) replaced and superseded General License No. 1, dated July 16, 2014, which authorized certain transactions involving derivative products that would have been prohibited pursuant to Directives 1 or 2. [9-12-2014]

373. Do the prohibitions imposed pursuant to the Directives also extend to entities owned 50 percent or more by one or more entities identified by these Directives, as per revised guidance OFAC issued on August 13, 2014?

Yes, these prohibitions apply to the named persons, their property, and their interests in property, which includes entities owned 50 percent or more by one or more persons identified as subject to the Directives. [9-12-2014]

374. If I own a Kalashnikov product, is that product blocked by sanctions? Am I able to resell a Kalashnikov product at a gun show or other secondary market?

If a U.S. person is in possession of a Kalashnikov Concern product that was bought and fully paid for prior to the date of designation (i.e., no payment remains due to Kalashnikov Concern), then that product is not blocked and OFAC sanctions would not prohibit the U.S. person from keeping or selling the product in the secondary market, so long as Kalashnikov Concern has no interest in the transaction. New transactions by U.S. persons with Kalashnikov Concern are prohibited, however, and any property in which Kalashnikov Concern has an interest is blocked pursuant to OFAC's designation of Kalashnikov Concern on July 16, 2014. If a U.S. person has an inventory of Kalashnikov Concern products in which Kalashnikov Concern has an interest (for example, the products are not fully paid for or are being sold on consignment), we advise that U.S. person to contact OFAC for further guidance on handling of the inventory. [7-16-2014]

375. If I have Kalashnikov products in my inventory, can I sell them?

If a U.S. person has an inventory of Kalashnikov Concern products in which Kalashnikov Concern has an interest (for example, the products are not fully paid for or are being sold on consignment), we advise that U.S. person to contact OFAC for further guidance on handling of the inventory. [7-16-2014]

391. Can U.S. persons issue and deal in new depositary receipts that are based on the equity of an entity subject to the Sectoral Sanctions Identification List (an SSI entity)?

In certain circumstances, yes. U.S. persons, including U.S. financial institutions, may issue and deal in depositary receipts that are based on equity issued by a person determined to be subject to Directive 1 prior to the date the person was determined to be subject to Directive 1. U.S. persons may not, however, deal in or issue depositary receipts that are based on equity issued by a person subject to Directive 1 on or after the sanctions effective date. Such transactions would constitute prohibited transactions or dealings in new equity under Directive 1. There are no equity-related prohibitions contained within Directives 2, 3, or 4, and thus U.S. persons are not prohibited from issuing or dealing in depositary receipts that are based on equity issued by persons subject only to those Directives. [9-12-2014]

392. How are banks expected to distinguish between transactions involving new versus old equity under Directive 1 if entities subject to Directive 1 issue new equity that utilizes the same International Securities Identification Number (ISIN) or other identifier as equity issued prior to the sanctions effective date?

Directive 1 prohibits U.S. persons from transacting in, providing financing for, or otherwise dealing in new equity for named persons, their property, or their interests in property. Directive 1 also prohibits such transactions from occurring in the United States. If a U.S. person decides to transact or otherwise deal in equity issued by an SSI entity prior to the sanctions effective date, the U.S. person should ensure that it is not transacting in, providing financing for, or otherwise dealing in the newly issued equity. To the extent that a U.S. person does in fact transact in, provide financing for, or otherwise deal in newly issued equity, such activity would constitute a violation of the prohibition set forth in Directive 1. [7-28-2014]

393. Does OFAC consider counterparty credit risk associated with derivatives transactions that are authorized pursuant to General License 1A to Executive Order 13662 to constitute new debt?

OFAC does not consider normal counterparty credit exposure encountered by a U.S. person to be an extension of credit when the U.S. person enters into an otherwise permissible derivatives transaction. U.S. persons engaging in such transactions should ensure that they do not hold, purchase, or sell the underlying asset in such transactions as described in Paragraph (b) of General License 1A. [7-28-2014]

394. If a U.S. person entered into a revolving credit facility or long-term loan arrangement for a person determined to be subject to Directives 1, 2, or 3 prior to the sanctions effective date, what are the restrictions on drawdowns from that facility? Do all drawdowns and disbursements pursuant to the parent agreement need to carry repayment terms of 30 days or less (for persons subject to Directives 1 and 3) or 90 days or less (for persons subject to Directive 2)?

Note: On September 29, 2017, OFAC amended and reissued Directives 1 and 2 in accordance with Sections 223(b) and (c) of CRIIEEA. While the Directives are effective immediately, both Directives contain certain new prohibitions that will not come into effect until November 28, 2017, pursuant to CRIIEEA. In addition to these new prohibitions, the Directives continue to prohibit conduct that was prohibited by prior versions of the Directives. OFAC plans to issue further guidance regarding the implementation of the new prohibitions in the Directives at a later date, including updating relevant FAQs to account for the new prohibitions that will come into effect on November 28, 2017. For additional information regarding what the amended Directives prohibit, see FAQ 370.

If a U.S. person entered into a long-term credit facility or loan agreement prior to the sanctions effective date, drawdowns and disbursements with repayment terms of 30 days or less (for persons subject to Directives 1 and 3) or 90 days or less (for persons subject to Directive 2) are permitted. Drawdowns and disbursements whose repayment terms exceed the applicable authorized tenor are not prohibited if the terms of such drawdowns and disbursements (including the length of the repayment period, the interest rate applied to the drawdown, and the maximum drawdown amount) were contractually agreed to prior to the sanctions effective date and are not modified on or after the sanctions effective date. U.S. persons may not deal in a drawdown or disbursement initiated after the sanctions effective date with a repayment term of longer than 30 days (for persons subject to Directives 1 and 3) or 90 days (for persons subject to Directive 2), if the terms of the drawdown or disbursement were negotiated on or after the sanctions effective date. Such a newly negotiated drawdown or disbursement would constitute a prohibited extension of credit. [9-29-2017]

395. Do Directives 1, 2, and 3 prohibit U.S. persons from dealing in or processing transactions under a letter of credit that was issued on or after the sanctions effective date and that carries a term of longer than 30 days maturity (for Directives 1 and 3) or 90 days maturity (for Directive 2) when the beneficiary or the issuing bank of that letter of credit is one of the entities identified as subject to the Directives?

Note: On September 29, 2017, OFAC amended and reissued Directives 1 and 2 in accordance with Sections 223(b) and (c) of CRIIEEA. While the Directives are effective immediately, both Directives contain certain new prohibitions that will not come into effect until November 28, 2017, pursuant to CRIIEEA. In addition to these new prohibitions, the Directives continue to prohibit conduct that was prohibited by prior versions of the Directives. OFAC plans to issue further guidance regarding the implementation of the new prohibitions in the Directives at a later date, including updating relevant FAQs to account for the new prohibitions that will come into effect on November 28, 2017. For additional information regarding what the amended Directives prohibit, see FAQ 370.

U.S. persons may deal in (including act as the advising or confirming bank or as the applicant (i.e., the purchaser of the underlying goods or services)) or process transactions under a letter of credit in which an entity subject to Directive 1, 2, or 3 is the beneficiary (i.e., the exporter or seller of the underlying goods or services) because the subject letter of credit does not represent an extension of credit to the SSI entity. U.S. persons may deal in (including act as the advising or confirming bank or as the applicant or beneficiary) or process transactions under a letter of credit where the issuing bank is an SSI entity provided that the terms of all payment obligations under the letter of credit conform with the debt prohibitions under the applicable Directives. For example, a U.S. bank acting as the negotiating bank for a letter of credit issued by an SSI entity subject to Directive 1 should ensure that it receives reimbursement from the SSI entity within the allowable 30-day debt limit.

U.S. persons may not deal in (including act as the advising or confirming bank or as the beneficiary) or process transactions under a letter of credit if all of the following three conditions are met: (1) the letter of credit was issued on or after the sanctions effective date, (2) the letter of credit carries a term of longer than 30 days maturity (for persons subject to Directives 1 and 3) or 90 days maturity (for persons subject to Directive 2), and (3) an SSI entity is the

applicant of the letter of credit. This would constitute prohibited activity because the subject letter of credit would represent an extension of credit to the SSI entity. [9-29-2017]

396. How do I know when a name has been added, changed, or removed on the Sectoral Sanctions Identifications (SSI) List?

The [SSI List](#) available on OFAC's website is the latest version of the list and contains the most updated information on entities determined to be subject to one or more of the Directives. OFAC also maintains "changes files" that record all significant changes to the SSI List. Any addition, alteration, or removal of an SSI record is considered a significant change and will appear in these files along with the date that such an action occurred. These files are offered in two formats and are called [SSINEW14.PDF](#) and [SSINEW14.TXT](#). The changes files are produced by year, thus future file names will be SSINEW15.PDF and SSINEW15.TXT and so on. [9-12-2014]

404. Is the term "new equity" in Directive 1 limited to equity that is issued by an SSI entity after the sanctions effective date or would equity purchased or acquired by an SSI entity from a third party after the sanctions effective date be considered new equity?

The equity prohibitions in Directive 1 pertain to equity issued directly or indirectly, by an SSI entity on or after the sanctions effective date. Directive 1 does not prohibit U.S. persons from dealing with an SSI entity as counterparty to transactions involving equity issued by a non-sanctioned party. [9-12-2014]

405. Does the prohibition on "otherwise dealing in new debt" of longer than 30 days maturity (for persons subject to Directives 1 and 3) or 90 days (for persons subject to Directive 2) of SSI entities, their property, or their interests in property prohibit dealing in debt with maturity that exceeds the applicable authorized tenor in which the SSI entity is not directly or indirectly the borrower?

Note: On September 29, 2017, OFAC amended and reissued Directives 1 and 2 in accordance with Sections 223(b) and (c) of CRIIEEA. While the Directives are effective immediately, both Directives contain certain new prohibitions that will not come into effect until November 28, 2017, pursuant to CRIIEEA. In addition to these new prohibitions, the Directives continue to prohibit conduct that was prohibited by prior versions of the Directives. OFAC plans to issue further guidance regarding the implementation of the new prohibitions in the Directives at a later date, including updating relevant FAQs to account for the new prohibitions that will come into effect on November 28, 2017. For additional information regarding what the amended Directives prohibit, see FAQ 370.

Directives 1 and 3 prohibit U.S. persons from dealing in debt of longer than 30 days maturity and Directive 2 prohibits U.S. persons from dealing in debt of longer than 90 days maturity issued on or after the sanctions effective date in cases where the new debt is issued by an SSI entity subject to these Directives. Directives 1, 2, and 3 do not prohibit U.S. persons from dealing with an SSI entity as counterparty to transactions involving debt issued on or after the sanctions effective date by a non-sanctioned party. For example, U.S. persons are not prohibited from dealing in a loan exceeding the applicable authorized tenor that is issued after the sanctions effective date of sanctions provided by an SSI entity to a non-sanctioned third-party, dealing with an SSI entity who is the underwriter on new debt of a non-sanctioned third party exceeding the applicable authorized tenor, or accepting payment under a letter of credit with terms exceeding the applicable authorized tenor that is issued, advised, or confirmed by an SSI entity, so long as the SSI entity is not the borrower. [9-29-2017]

406. Does the prohibition on dealing in new equity of entities subject to Directive 1 apply to transactions in which those entities are not the issuer of the equity?

U.S. persons are not prohibited from dealing in new equity with an entity subject to Directive 1 if the entity is not the issuer of the equity. For instance, U.S. persons are not prohibited from transacting with an entity subject to Directive 1 in support of new equity where the entity subject to Directive 1 is the underwriter of the equity and not the issuer. [8-27-2014]

407. May a U.S. person consent to a replacement of its participation by a non-U.S. person in a long-term loan facility that was extended to a person subject to Directives 1, 2, or 3 prior to the sanctions effective date?

A U.S. person is not prohibited by Directives 1, 2, or 3 from engaging in transactions necessary to exit or replace its participation in a long-term loan facility that was extended to an SSI entity prior to the sanctions effective date. This would not constitute dealing in new debt. U.S. persons involved in such facilities should ensure that all newly negotiated drawdowns or disbursements from the facility utilize repayment terms that are not prohibited by the applicable sanctions effective date. See [FAQ 394](#) for additional information on what constitutes a permitted drawdown or disbursement from an existing long-term loan obligation. [9-12-2014]

408. Is a U.S. person permitted under Directives 1, 2, or 3 to extend credit for greater than 30 days (for persons subject to Directives 1 or 3) or 90 days (for persons subject to Directive 2) to a non-sanctioned party for the purpose of purchasing goods or services from a person subject to Directives 1, 2, or 3?

Note: On September 29, 2017, OFAC amended and reissued Directives 1 and 2 in accordance with Sections 223(b) and (c) of CRIIEA. While the Directives are effective immediately, both Directives contain certain new prohibitions that will not come into effect until November 28, 2017, pursuant to CRIIEA. In addition to these new prohibitions, the Directives continue to prohibit conduct that was prohibited by prior versions of the Directives. OFAC plans to issue further guidance regarding the implementation of the new prohibitions in the Directives at a later date, including updating relevant FAQs to account for the new prohibitions that will come into effect on November 28, 2017. For additional information regarding what the amended Directives prohibit, see [FAQ 370](#).

Directives 1, 2, and 3 do not prohibit U.S. persons from extending credit for longer than 30 days (for persons subject to Directives 1 or 3) or 90 days (for persons subject to Directive 2) to non-sanctioned parties for the purpose of purchasing goods or services from an SSI entity, so long as the SSI entity is not the indirect borrower. [9-29-2017]

409. If a person determined to be subject to Directives 1, 2, or 3 makes successive draws under a short-term facility created after the sanctions effective date (e.g., it borrows \$100 million with a 15-day maturity, then at the end of the 15 days, the debt “rolls over”), does the facility become prohibited if the SSI borrower makes successive short-term borrowings that cumulatively add up to more than 30 days (for persons subject to Directives 1 or 3) or 90 days (for persons subject to Directive 2)?

Note: On September 29, 2017, OFAC amended and reissued Directives 1 and 2 in accordance with Sections 223(b) and (c) of CRIIEA. While the Directives are effective immediately, both Directives contain certain new prohibitions that will not come into effect until November 28, 2017, pursuant to CRIIEA. In addition to these new prohibitions, the

Directives continue to prohibit conduct that was prohibited by prior versions of the Directives. OFAC plans to issue further guidance regarding the implementation of the new prohibitions in the Directives at a later date, including updating relevant FAQs to account for the new prohibitions that will come into effect on November 28, 2017. For additional information regarding what the amended Directives prohibit, see FAQ 370.

Two conditions must be met for short-term facilities created after the sanctions effective date to be permissible. As long as (1) each individual disbursement has a maturity of 30 or 90 days or less (depending on the applicable Directive) and the disbursement *is paid back in full* before the next disbursement and (2) the lender is not contractually required to roll over the balance for a cumulative period of longer than 30 or 90 days (depending on the applicable Directive) at the borrower's request (i.e., it has the option to refuse the request for a new short-term loan and terminate the facility), the loan is not prohibited, even though the same borrower may obtain a series of short-term loans from the same lender over a cumulative period exceeding 30 or 90 days (depending on the applicable Directive). U.S. persons may not deal in a drawdown or disbursement initiated after the sanctions effective date with a repayment term of longer than the applicable authorized tenor if the terms of the drawdown or disbursement are negotiated or re-negotiated on or after the sanctions effective date. Such a newly negotiated drawdown or disbursement would constitute a prohibited extension of credit. [9-29-2017]

410. Are U.S. persons prohibited from entering into new contracts after the sanctions effective date with persons subject to Directives 1, 2, or 3 that provide payment terms to the SSI entities of greater than 30 days (for persons subject to Directives 1 or 3) or 90 days (for persons subject to Directive 2)? For instance, if a U.S. person agrees to sell shares or assets to an SSI entity in a corporate transaction that becomes effective on or after the sanctions effective date, is the U.S. person prohibited from agreeing to deferred purchase payments, even if no interest is involved, that may be paid more than the permissible number of days later by the SSI entity?

Note: On September 29, 2017, OFAC amended and reissued Directives 1 and 2 in accordance with Sections 223(b) and (c) of CRIIEA. While the Directives are effective immediately, both Directives contain certain new prohibitions that will not come into effect until November 28, 2017, pursuant to CRIIEA. In addition to these new prohibitions, the Directives continue to prohibit conduct that was prohibited by prior versions of the Directives. OFAC plans to issue further guidance regarding the implementation of the new prohibitions in the Directives at a later date, including updating relevant FAQs to account for the new prohibitions that will come into effect on November 28, 2017. For additional information regarding what the amended Directives prohibit, see FAQ 370.

Directives 1 and 3 prohibit new extensions of credit to SSI entities of greater than 30 days maturity and Directive 2 prohibits new extensions of credit to SSI entities of greater than 90 days maturity, and these prohibitions include deferred purchase agreements extending payment terms of longer than 30 days or 90 days (depending on the applicable Directive) to an SSI entity. Such agreements would constitute a prohibited extension of credit to an SSI entity if the terms were longer than the permissible number of days and the agreement was entered into on or after the sanctions effective date. OFAC does not consider the inclusion of an interest rate to be a necessary condition for establishing whether a transaction represents new debt. [9-29-2017]

411. What does the prohibition contained in Directive 3 under Executive Order 13662 mean? What is the scope of prohibited services?

OFAC issued Directive 3, introducing new prohibitions on all transactions in, provision of financing for, and other dealings in new debt of longer than 30 days maturity of persons determined to be subject to the Directive, their property, or their interests in property. Transactions by U.S. persons or within the United States involving derivative

products whose value is linked to an underlying asset that constitutes new debt with maturity of longer than 30 days issued by a person subject to Directive 3 are authorized by General License 1A pursuant to Executive Order 13662. [9-12-2014]

412. What does the prohibition contained in Directive 4 mean? What is the scope of prohibited services?

OFAC issued Directive 4, introducing new prohibitions on the provision of goods, services (except for financial services), and technology for certain activities involving certain persons operating in the energy sector of the Russian Federation. Directive 4 prohibits the direct or indirect provision, exportation, or reexportation of goods, services (except for financial services), or technology in support of exploration or production for deepwater, Arctic offshore, or shale projects that have the potential to produce oil in the Russian Federation, or in maritime area claimed by the Russian Federation and extending from its territory, and involve any person determined to be subject to Directive 4 or that person's property or interests in property. The prohibition on the exportation of services includes, for example, drilling services, geophysical services, geological services, logistical services, management services, modeling capabilities, and mapping technologies. The prohibition **does not** apply to the provision of financial services, e.g., clearing transactions or providing insurance related to such activities.

On September 12, 2014, OFAC issued General License 2, authorizing for 14 days all services and activities prohibited by Directive 4 that are ordinarily incident and necessary to the wind down of operations, contracts, or other agreements involving persons determined to be subject to Directive 4. In order to qualify under this General License, a transaction must (1) occur prior to 12:01 am E.D.T. September 26, 2014, and (2) relate to operations, contracts, or agreements that were in effect prior to September 12, 2014. General License 2 does not authorize any new provision, exportation, or re-exportation of goods, services, or technology except as needed to cease operations, contracts, or other agreements involving affected projects.

Please see [this page](#) for the Department of Commerce's related license requirement on exports of certain goods for deepwater, Arctic offshore, or shale projects that have the potential to produce oil or gas. [9-12-2014]

413. For the purposes of Directive 4, how does OFAC define "deepwater" projects that have the potential to produce oil?

A project is considered to be a deepwater project if the project involves underwater activities at depths of more than 500 feet. [9-12-2014]

414. Does Directive 4 apply to projects that have the potential to produce gas?

If a deepwater, Arctic offshore, or shale project in the Russian Federation, or in maritime area claimed by the Russian Federation and extending from its territory, and involving a person named under Directive 4 has the potential to produce oil, then the prohibition applies, irrespective of whether the project also has the potential to produce gas. If the project has the potential to produce gas only, then the prohibition does not apply. [9-12-2014]

415. For persons determined to be subject to multiple Directives, how do the prohibitions and exemptions listed under one Directive affect prohibitions and exemptions under the other Directives?

Note: On September 29, 2017, OFAC amended and reissued Directives 1 and 2 in accordance with Sections 223(b) and (c) of CRIIEEA. While the Directives are effective immediately, both Directives contain certain new prohibitions that will not come into effect until November 28, 2017, pursuant to CRIIEEA. In addition to these new prohibitions, the Directives continue to prohibit conduct that was prohibited by prior versions of the Directives. OFAC plans to issue further guidance regarding the implementation of the new prohibitions in the Directives at a later date, including updating relevant FAQs to account for the new prohibitions that will come into effect on November 28, 2017. For additional information regarding what the amended Directives prohibit, see FAQ 370.

Each Directive operates independently of the others. If a transaction involves a person subject to two Directives, for example, a U.S. person engaging in that transaction must comply with the requirements of both Directives. Exemptions in one Directive apply only to the prohibitions contained in that Directive and do not carry over to another Directive. For example, if a person is subject to both Directive 2 and Directive 4, the exemption for the provision of financial services by U.S. persons or in the United States under Directive 4 does not supersede the prohibition in Directive 2 on dealing in debt of longer than 90 days maturity of such a person. For these reasons, when OFAC references a prohibition involving an "SSI entity" in these FAQs or in other guidance, it is referring to an entity subject to the Directive(s) at issue in a particular FAQ or piece of guidance. [9-29-2017]

416. What does the "sanctions effective date" mean in the context of sectoral sanctions pursuant to E.O. 13662?

For purposes of the sectoral sanctions, "sanctions effective date" means the date a person is determined to be subject to the prohibition(s) of the relevant Directive. When a person has been previously determined to be subject to a Directive and the prohibition in the Directive is subsequently amended, (1) the sanctions effective date for the prohibitions of the original Directive remains the date on which the person was identified as subject to the prohibitions of that Directive, and (2) the sanctions effective date for the amended Directive is the date of the amendment (or other date specified in the amended Directive). [9-12-2014]

418. How does OFAC interpret the term "shale projects" with respect to the prohibitions in Directive 4 under Executive Order 13662?

The prohibitions in Directive 4 under Executive Order 13662 apply to deepwater, Arctic offshore, or shale projects with the potential to produce oil in the Russian Federation, or in maritime area claimed by the Russian Federation and extending from its territory. The term "shale projects" applies to projects that have the potential to produce oil from resources located in shale formations. Therefore, as long as the projects in question are neither deepwater nor Arctic offshore projects, the prohibitions in Directive 4 do not apply to exploration or production through shale to locate or extract crude oil (or gas) in reservoirs. [11-18-2014]

419. How should U.S. persons account for the 30- and 90-day debt prohibitions under Directives 1, 2, and 3 as they relate to payment terms for the following types of transactions: (1) the sale of goods to an SSI entity, (2) the provision of services to and subscription arrangements involving SSI entities, and (3) progress payments for long-term projects?

Note: On September 29, 2017, OFAC amended and reissued Directives 1 and 2 in accordance with Sections 223(b) and (c) of CRIIEEA. While the Directives are effective immediately, both Directives contain certain new prohibitions that will not come into effect until November 28, 2017, pursuant to CRIIEEA. In addition to these new prohibitions, the

Directives continue to prohibit conduct that was prohibited by prior versions of the Directives. OFAC plans to issue further guidance regarding the implementation of the new prohibitions in the Directives at a later date, including updating relevant FAQs to account for the new prohibitions that will come into effect on November 28, 2017. For additional information regarding what the amended Directives prohibit, see FAQ 370.

U.S. persons may engage in commercial transactions with SSI entities provided that any such transactions do not represent a direct or indirect dealing in prohibited debt or equity. Because offering payment terms of longer than 30 or 90 days to an SSI entity generally constitutes a prohibited dealing in debt of the SSI entity, U.S. persons should ensure that payment terms conform with the applicable debt prohibitions. For sales of goods to an SSI entity, U.S. persons may extend payment terms of up to 30 or 90 days from the point at which title or ownership of the goods transfers to the SSI entity. For the provision of services to, subscription arrangements involving, and progress payments for long-term projects involving SSI entities, U.S. persons may extend payment terms of up to 30 or 90 days from the point at which a final invoice (or each final invoice) is issued. Payments made under these types of payment terms should utilize a value date of not later than 30 or 90 days from either the point at which title or ownership has transferred (for payments relating to sales of goods) or the date of each final invoice (for payments relating to services, subscription arrangements, and progress payments). In the event that a U.S. person believes that it may not receive payment in full by the end of the 30- or 90-day period, the U.S. person should contact OFAC to determine whether a license or other authorization is required. [9-29-2017]

420. Under Directive 4, does the term "production" encompass activities such as transportation, refining, or other dealings in oil extracted from deepwater, Arctic offshore, or shale projects?

For the purposes of Directive 4, the term "production" refers to the lifting of oil to the surface and the gathering, treating, field processing, and field storage of such oil. The production stage of a project ends when extracted oil is transported out of a field production storage tank or otherwise off of a field production site. Directive 4 does not prohibit the provision by U.S. persons or within the United States of goods, technology, or services to SSI entities when such transactions relate only to the transportation, refining, or other dealings involving oil that has already been extracted from a deepwater, Arctic offshore, or shale project and transported out of a field production storage tank or otherwise off of a field production site. [12-11-2014]

421. How does OFAC interpret the term "Arctic offshore projects" with respect to the prohibitions in Directive 4 under Executive Order 13662?

The prohibitions in Directive 4 under Executive Order 13662 apply to deepwater, Arctic offshore, or shale projects with the potential to produce oil in the Russian Federation, or in maritime area claimed by the Russian Federation and extending from its territory. The term "Arctic offshore projects" applies to projects that have the potential to produce oil in areas that (1) involve drilling operations originating offshore, and (2) are located above the Arctic Circle. The prohibitions do not apply to horizontal drilling operations originating onshore where such drilling operations extend under the seabed to areas above the Arctic Circle. [12-11-2014]

453. Pursuant to General License 6 under the Ukraine-Related Sanctions Program, are U.S. financial institutions authorized to process noncommercial, personal remittances to or from Crimea (or to or from individuals ordinarily resident in Crimea) when there is no individual who is a U.S. person as either the remitter or beneficiary in the transaction?

Yes. U.S. depository institutions, U.S.-registered brokers or dealers in securities, and U.S.-registered money transmitters are authorized to process noncommercial, personal remittances pursuant to [General License 6](#) regardless of whether the originator or beneficiary is an individual who is a U.S. person. For example, General License 6 authorizes a U.S. depository institution to act as the intermediary financial institution and sole U.S. party in a payment representing a personal remittance originated by a non-U.S. person located outside of the United States for the benefit of an individual located in or ordinarily resident in Crimea. [5-7-2015]

454. Does General License No. 9 authorize U.S. persons to export or reexport services or software with knowledge or reason to know that such services or software are intended for an individual or entity identified on the Sectoral Sanctions Identification List (SSI List)?

General License No. 9 authorizes the exportation or reexportation, directly or indirectly, of certain services and software to persons in the Crimea region of Ukraine, including to individuals and entities identified on the SSI List or who are otherwise subject to directives under Executive Order 13662. However, General License No. 9 does not authorize the exportation or reexportation, directly or indirectly, of services or software with knowledge or reason to know that such services or software are intended for any person whose property and interests in property are blocked. Accordingly, U.S. persons engaging in transactions pursuant to General License No. 9 should conduct due diligence to ensure that such transactions do not involve individuals or entities identified on OFAC's List of Specially Designated Nationals and Blocked Persons or whose property and interests in property are otherwise blocked. [5-21-2015]