

From: (b)(6), (b)(7)(C)
To: (b)(6), (b)(7)(C)
Subject: 1238440_Subpoena_Memo
Date: Wednesday, August 8, 2018 3:40:32 PM
Attachments: [1238440_Subpoena_Memo.docx](#)

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

(b)(5), (b)(7)(A)

Thanks

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

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

CASE SUMMARY SUPPORTING SUBPOENA

ENF NO: 51673

SUBJECT PERSON: GUNBROKER.COM LLC

REGULATIONS: UKRAINE SANCTION REGULATIONS

SOURCES: (b)(7)(E)

ENFORCEMENT OFFICER: (b)(6), (b)(7)(C)

DATE: JULY 31, 2018

BACKGROUND: (b)(5), (b)(7)(E)
(b)(5), (b)(7)(E)

Gunbroker.com LLC¹, an organization that advertises itself as an internet facilitator bringing together sellers and purchasers of firearms, firearm components, knives, and outdoorsman clothing.

Gunbroker.com is a company located in Georgia. According to the media releases, Gunbroker.com is the largest third-party internet facilitator of firearms in the United States. Open sources also report that Gunbroker.com is the third busiest website in the “Shopping and Classifieds—Auctions” category overall.²

(b)(5)

¹ See www.gunbroker.com.

² See www.prweb.com/releases/2009/03/prweb2245564.htm

³ See in OASIS Evidence,

(b)(7)(E)

⁴ See in OASIS Evidence,

(b)(7)(E)

From: (b)(6), (b)(7)(C)
To: [REDACTED]
Subject: Interesting websites regarding Kalashnikov weapons
Date: Tuesday, August 7, 2018 3:28:50 PM

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

Here are some websites with interesting information about Kalashnikov/Izhmash weapons.

(b)(7)(E) with portion withheld pursuant to (b)(6) and (b)(7)(C)



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

Enforcement Officer (Detailee)

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

Phone: (b)(6), (b)(7)(C)

From:

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

To:

Subject:

Document for your project

Date:

Friday, July 27, 2018 1:05:27 PM

Attachments:

[RWC Group LLC Appoints New Reps For Concern Kalashnikov Product Sales SGB Online.pdf](#)

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SGB MAGAZINE

Product Sales

Posted by SGB Media | Apr 17, 2014 | Apparel
Supplier, Apparel Updates, Apparel Vendor,
Footwear, Footwear Supplier, Footwear
Vendor, Sports/Fitness, Sports/Fitness
Supplier, Sports/Fitness Vendor,
Uncategorized, Update | 0  | ★★★★★

RWC Group, the exclusive US importer of Saiga and Baikal rifles and shotguns, has appointed three new sales rep groups to handle product sales. The rep groups will be a key part in growing the Concern Kalashnikov line of rifles and shotguns to distributors, dealers

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and retailers across the United States.

The three sales groups and their territories are:

Sportco Marketing TALO States, Ohio,
Indiana, Michigan and Illinois
Don Coffey Company Eastern U.S.,
Minnesota, Nebraska and Kansas
Western Frontier Sales Western U.S.

“RWC is thrilled to be represented by Sportco, Don Coffey Company and Western Frontier Sales,” said VP of Sales of Concern Kalashnikov Jay Pitassi. “Combined they have decades of experience and success in the firearms industry and we look forward to working with them in the future and growing the sales of the Concern Kalashnikov line of firearms.”

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Terry Rozier**
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Wisconsin** July
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**NSGA
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House For
Passing
Legislation
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Hit** July 26, 2018

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Microstamping Suit

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26, 2018

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Tops Guidance
In Q1** July 26,
2018

**Americas
Region,
Chunkier
Styles Drive
Puma's Q2
Growth** July 26,
2018

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Adjusted Sales
Climb 6
Percent** July 26,
2018

**Hanes Brands
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From: (b)(6), (b)(7)(C)
To: (b)(6), (b)(7)(C)
Subject: FW:
Date: Wednesday, July 25, 2018 9:51:30 AM
Attachments: [Rare Russian Izhqgmash Railed Handguard Set - AK47 Parts at GunBroker.com 778397520.pdf](#)

From: (b)(6), (b)(7)(C)
Sent: Tuesday, July 24, 2018 8:36 PM
To: (b)(6), (b)(7)(C)
Subject:





Rare Russian Izhmash Railed Handguard Set
Arsenal Bulgarian SLR Saiga SGL AK100 AK103 AK104

glockworkorange A+(97)

Factory New Condition
FFL is not required

| | |
|--|----------------|
| Current Bid | Starting Bid |
| \$0.00 | \$125.00 |
| Sign In/Register to Bid or Buy Now | |
| Enter your maximum bid. ⓘ | |
| <div>\$</div> <div>Enter Amount</div> <div>⬆ ⬇ ⬆</div> | <div>Bid</div> |
| Minimum bid: \$125.00 | |
| Buy Now Price | Buy Now |
| \$125.00 | |

No Reserve!

0 Bids Bid History

Time Left 15 min rule

29m 6s +

Ending Time

7/6/2018 10:46 PM**Item**

778397520

Location

Chesapeake, VA 23320

Shipping

1st Class: \$10.00

Priority Mail: \$10.00

See Item Description / Additional Terms of Sale

No international shipments

Payment

PayPal, USPS Money Order

Checkout

Yes

Sales Tax

Seller does not collect sales tax

Inspection/ Return Policy

AS IS No refund or exchange

The seller of this item assumes all responsibility for this listing. You must contact the seller to resolve any questions or concerns before placing a bid. Payment must be made using U.S. dollars (\$) unless otherwise stated in the listing. Firearms may only be shipped to a licensed dealer (FFL Holder). Some listed items may not be legal in every state. Complete your purchase within the law.

GunBroker.com Sales Reports

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with our Selling/Buying reports



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Save time preparing taxes
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Item Description

Additional Terms of Sale

Item Characteristics

^ Item Description

HG Sets for sale off GB as well for \$125 shipped. Please feel free to contact me via email for details.

Information above was added on 6/12/2018 6:38:26 PM

Factory New Russian railed upper & lower hand guards.*** These items are part of Kalashnikov Concerns / Izhmash modernization of the AK.*** The uppers are a brand new production item from Izhmash which were released within the last 1 2 months.*** The lowers are commonly referred to as AK9 or AK12, but these lowers are seen on a variety of Russian weapons from the AK100 series to the Vityaz and so on which were produced between 2015 2016. Lowers are complete with factory heat shield as well.*** These items are for a stamped AK, they will work on any SGL, SLR type platform as well as any other type of AK that uses standard stamped AK HG's.*** Payment expected

2018-08-116: 009587

within 7 days of auction close if using USPS M/O. Online forms of payment plus fee can be made sooner which will result in quicker shipping. All items ship out within 24hrs of receiving funds and will be securely packaged and fully insured.*** The set shown in the detailed pictures is an accurate representation of the set you will receive as there are more than 1 available and all are factory new, never installed items.***

✕ Additional Terms of Sale

Seller provided no "Additional Terms of Sale"

✕ Item Characteristics

UPC

SKU

Mfg Part Number

Weight

^ Item Description

✕ Additional Terms of Sale

✕ Item Characteristics

From: (b)(6), (b)(7)(C)
To: [REDACTED]
Subject: FW: Fw:
Date: Wednesday, July 25, 2018 9:32:01 AM
Attachments: [Rare Russian Izhgqmash Railed Handguard Set - AK47 Parts at GunBroker.com 778397520.pdf](#)

Could you please provide a status update on this 602? Did it go out while I was out of the office?

From: (b)(6), (b)(7)(C)
Sent: Monday, July 09, 2018 10:25 PM
To: (b)(6), (b)(7)(C)
Subject: Fw:

For a 602. I think (b)(6), (b)(7)(C) could try to find more of these on her own.

From: (b)(6), (b)(7)(C)
Date: July 9, 2018 at 9:00:36 PM EDT
To: (b)(6), (b)(7)(C)
Subject: (No subject)

Bates Nos. 2018-08-116:
009590 – 009595

Duplicate Bates Nos.
2018-08-116: 009583-009588

From: (b)(6), (b)(7)(C)
To:
Cc:
Subject: RE: Question on (b)(7)(A)
Date: Monday, July 9, 2018 3:41:29 PM
Attachments:

(b)(7)(A)

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

It just was a matter of time before we connected on a work question! Attached is the email chain related to the (b)(7)(A) I've cc'd (b)(6), (b)(7)(C)

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

OGT's spring interns handled the due diligence research you'll find in the email chain, so unfortunately we can't follow up with them about it... but if you need additional information, let me know and I can track it down.

Best,

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

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

Sanctions Investigator
Office of Foreign Assets Control

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

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

From: (b)(6), (b)(7)(C)
Sent: Monday, July 09, 2018 3:17 PM
To: (b)(6), (b)(7)(C)
Subject: Question on (b)(7)(A)

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

It's been too long!

I had a question about (b)(7)(A) that I was hoping you may have some insight on. I think you (or someone on your team) may be (b)(5), (b)(7)(A)

(b)(5), (b)(7)(A)
(b)(5), (b)(7)(A)
(b)(5), (b)(7)(A) Do you happen to have any information on that?

Thanks!

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

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

Enforcement Officer
Office of Foreign Assets Control
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

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

Bates No. 2018-08-116: 009598
Submitter Notice Process
Initiated

From: (b)(6), (b)(7)(C)
To: [REDACTED]
Subject: Fw:
Date: Monday, July 9, 2018 10:25:05 PM
Attachments: [Rare Russian Izhqgmash Railed Handguard Set - AK47 Parts at GunBroker.com 778397520.pdf](#)

For a 602. I think (b)(6), (b)(7)(C) could try to find more of these on her own.

From: (b)(6), (b)(7)(C)
Date: July 9, 2018 at 9:00:36 PM EDT
To: (b)(6), (b)(7)(C)
Subject: (No subject)

Bates Nos. 2018-08-116:
009600 – 009605

Duplicate Bates Nos.
2018-08-116: 009583-009588

Bates Nos. 2018-08-116:
009606 - 009608

Pending Consultation with
Other Government Agencies

From: (b)(6), (b)(7)(C)
To: [REDACTED]
Subject: RE: Question
Date: Wednesday, May 9, 2018 2:34:00 PM

Maybe (b)(5)
[REDACTED] (b)(5) I also have a handful of cases
that appear to be possible cautionary letters. I will try to think of some other matters as well.

From: (b)(6), (b)(7)(C)
Sent: Wednesday, May 09, 2018 2:22 PM
To: [REDACTED] (b)(6), (b)(7)(C)
Subject: RE: Question

Do you have projects that you'd like the employee to work on?

From: [REDACTED] (b)(6), (b)(7)(C)
Date: May 9, 2018 at 1:56:41 PM EDT
To: [REDACTED] (b)(6), (b)(7)(C)
Subject: RE: Question

Hi

Sorry I did not respond earlier. I intended to respond prior to COB. I am very much interested in assisting with this project.

From: (b)(6), (b)(7)(C)
Sent: Wednesday, May 09, 2018 1:54 PM
To: [REDACTED] (b)(6), (b)(7)(C)
Subject: Question

Would you be interested in supervising a temporary (detailed) employee? I would give them very easy CLs or NALs and you could then research projects. You would need to be their primary POC for questions and would probably review their work before it came to me.

From: (b)(6)
To: (b)(6)
Subject: RE: FOR CLEARANCE - COB Today - OFAC and Kalashnikov Concern
Date: Friday, April 20, 2018 1:40:43 PM

Good suggestion (b)(6). I am going to separately email (b)(6) to (b)(5)

From: (b)(6)
Sent: Friday, April 20, 2018 12:38 PM
To: (b)(6)
Cc: (b)(6)
Subject: FW: FOR CLEARANCE - COB Today - OFAC and Kalashnikov Concern

(b)(6),

(b)(5) I do not know if I am on the Ukraine/Russia portfolio still (I was told I am moving off to CT but not sure when), but I reviewed the letter anyway.

The letter seems fine, although I do not love the language used about (b)(5) (b)(5). In my opinion, (b)(5). I defer to you and (b)(6), however.

(b)(6)

From: (b)(6)
Sent: Friday, April 20, 2018 12:18 PM
To: _DL_OFAC Russia <DL_OFACRussia@do.treas.gov>; _DL_TFI_Ukraine_Russia <DL_TFI_Ukraine_Russia@do.treas.gov>
Subject: FOR CLEARANCE - COB Today - OFAC and Kalashnikov Concern

Good afternoon all:

ExecSec has flagged the attached letter from Rep. Deutch for a quick turnaround. Apologies in advance, but please provide component clearance by COB Today so we can keep this one moving. It's a short one and shouldn't be a heavy lift. Appreciate your quick review.

V/r,

(b)(6)

(b)(6)
Senior Sanctions Policy Advisor
Office of Foreign Assets Control
U.S. Department of the Treasury
(b)(6) (Office)
(b)(6) (Unclassified)
(b)(6) (TSDN)

From: (b)(6)
To: (b)(6)
Subject: RE: FOR CLEARANCE - COB Today - OFAC and Kalashnikov Concern
Date: Friday, April 20, 2018 1:38:50 PM

Thanks, (b)(6).

From: (b)(6)
Sent: Friday, April 20, 2018 12:38 PM
To: (b)(6)
Cc: (b)(6)
Subject: FW: FOR CLEARANCE - COB Today - OFAC and Kalashnikov Concern

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V/r,

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(b)(6)
Senior Sanctions Policy Advisor
Office of Foreign Assets Control
U.S. Department of the Treasury
(b)(6) (Office)
(b)(6) (Unclassified)
(b)(6) (TSDN)

From: (b)(6)
To:
Cc:
Subject: FW: FOR CLEARANCE - COB Today - OFAC and Kalashnikov Concern
Date: Friday, April 20, 2018 12:37:43 PM
Attachments: [\[Non-STM Smith\] Deutch on OFAC re Kalashnikov.pdf](#)
[Rep Deutch Kalashnikov Concern v1.docx](#)

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V/r,

(b)(6)

(b)(6)

Senior Sanctions Policy Advisor
Office of Foreign Assets Control
U.S. Department of the Treasury

(b)(6) (Office)

(b)(6) (Unclassified)
(b)(6) (TSDN)

THEODORE E. DEUTCH
22ND DISTRICT, FLORIDA
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FACEBOOK.COM/CONGRESSMANTEDDEUTCH
TWITTER: @RepTedDeutch

COMMITTEE ON FOREIGN AFFAIRS
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SUBCOMMITTEE ON ASIA
AND THE PACIFIC

COMMITTEE ON THE JUDICIARY
SUBCOMMITTEE ON CRIME, TERRORISM,
HOMELAND SECURITY, AND INVESTIGATIONS
SUBCOMMITTEE ON COURTS,
INTELLECTUAL PROPERTY, AND THE INTERNET

COMMITTEE ON ETHICS
RANKING MEMBER



Congress of the United States
House of Representatives
Washington, DC 20515

April 11, 2018

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1300 CORAL SPRINGS DR.
CORAL SPRINGS, FL 33071

MARGATE CITY HALL
5790 MARGATE BLVD.
MARGATE, FL 33063

(561) 470-5440
(954) 255-8336

John E. Smith
Director
Office of Foreign Assets Control
United States Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Director Smith,

Kalashnikov USA is a firearms manufacturer and seller located in my congressional district. Recent media reports have raised questions as to whether Kalashnikov USA, or its parent company RWC Group LLC, may have violated federal sanctions law through illicit business relations with the Russian-owned Kalashnikov Concern JSC ("Kalashnikov Russia").

According to a statement released by Kalashnikov USA, it relocated to South Florida in 2015. Reports indicate that Kalashnikov USA may have been offered tax incentives as part of Florida Governor Rick Scott's push to lure weapons manufacturers to Florida. According to Kalashnikov USA's own 2015 application for \$162,000 in tax incentives, which was approved by Governor Scott's administration, the company planned to assemble its weapons with parts and components imported from Kalashnikov Russia's factory located in Russia.

As you know, Kalashnikov Russia was sanctioned in 2014 as part of the U.S. response to Vladimir Putin's illegal actions in Ukraine. Given reports of Russia's attempts to illegally fund the National Rifle Association, connections between a US weapons manufacturer and a sanctioned Russian company are even more alarming.

Reports detail that in 2012, RWC Group LLC, which owns Kalashnikov USA, became the sole distributor of Kalashnikov Russian weapons in the United States with the intention to pump 200,000 assault weapons into the market each year.

These reports further indicate that Kalashnikov USA may have used shell companies to hide its

continued relationship with Kalashnikov Russia, a company partly owned by the Russian government. According to these public reports, executives of Kalashnikov USA share business interests with the CEO of Kalashnikov Russia. Of particular concern is the relationship between RWC Group manager and Kalashnikov USA Senior Vice President Michael Tiraturian and Kalashnikov Russia CEO and majority shareholder Alexey Krivoruchko. Mr. Krivoruchko, the CEO of a company sanctioned by the United States, has extensive and well-documented ties to the inner circle of Russian President Vladimir Putin.

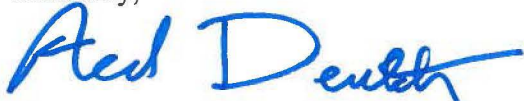
If these reports are accurate and Kalashnikov USA is using Russian parts from a sanctioned Russian company to assemble weapons of war, and Kalashnikov Russia is using Florida shell companies to generate profits in Russia, then a determination must be made into whether any violations of sanctions occurred or continue to occur.

In particular, I request timely answers to the following questions:

- 1) Would the importation of parts and components from a designated entity, i.e. a sanctioned company, violate Executive Order 13362 imposing sanctions on Russia?
- 2) Has Kalashnikov USA imported parts and components for its products from Kalashnikov Russia?
- 3) Has the Office of Foreign Assets Control initiated an investigation into the nature of the business relationship between Kalashnikov USA and Kalashnikov Russia, including any connections between the executives, directors, and employees of Kalashnikov USA and its parent, RWC Group, LLC, and Kalashnikov Russia?

I appreciate your attention to this serious national security matter, and I look forward to a prompt response.

Sincerely,



Ted Deutch

MEMBER OF CONGRESS

Bates Nos. 2018-08-116:

009615 - 009618

Pending Consultation with Other
Components of Treasury and
Other Government Agencies

Bates Nos. 2018-08-116:

009619 - 009624

Pending Consultation with Other
Components of Treasury

THEODORE E. DEUTCH
22ND DISTRICT, FLORIDA
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TWITTER: @RepTedDeutch

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Congress of the United States
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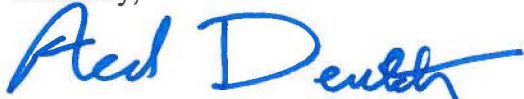
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- 2) Has Kalashnikov USA imported parts and components for its products from Kalashnikov Russia?
- 3) Has the Office of Foreign Assets Control initiated an investigation into the nature of the business relationship between Kalashnikov USA and Kalashnikov Russia, including any connections between the executives, directors, and employees of Kalashnikov USA and its parent, RWC Group, LLC, and Kalashnikov Russia?

I appreciate your attention to this serious national security matter, and I look forward to a prompt response.

Sincerely,



Ted Deutch

MEMBER OF CONGRESS

Bates Nos. 2018-08-116:

009627 - 009629

Pending Consultation with Other
Components of Treasury

From: (b)(6), (b)(7)(C)
To:
Subject: RE: ENF Spreadsheet
Date: Tuesday, March 20, 2018 3:09:00 PM

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

Please see below.

(b)(5)

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

From: (b)(6), (b)(7)(C)
Sent: Tuesday, March 20, 2018 9:40 AM
To: _DL_OFAC OCE-(ENF) Enforcement - Section B <_DL_OFACEnforcement-SectionB@do.treas.gov>
Subject: FW: ENF Spreadsheet

Could you email today with a status update on any cases listed below? Thanks!

From: Dondarski, Michael
Sent: Monday, March 19, 2018 1:36 PM
To: (b)(6), (b)(7)(C)
(b)(6), (b)(7)(C)
Subject: RE: ENF Spreadsheet

And sorry for spamming you all, but I had previously (may weeks ago) identified the cases below as ones that indicated we had tolling agreements and wasn't sure if they were ripe for discussion yet. Again, no worries if not, and please do this exercise just off the top of your head and don't spend more than a few minutes on it.

(b)(5), with portions withheld pursuant to (b)(6), (b)(7)(A), and (b)(7)(C)

Bates No. 2018-08-116: 009631

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

Bates Nos. 2018-08-116:

009632 - 009637

Pending Consultation with
Other Government Agencies

From: (b)(6), (b)(7)(C)
To: [REDACTED]
Subject: Re: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs
Date: Friday, March 9, 2018 9:01:03 AM

I did not write this. Haven't looked in the leads folder since Tuesday.

From: (b)(6), (b)(7)(C)
Date: March 9, 2018 at 8:56:36 AM EST
To: (b)(6), (b)(7)(C)
Subject: Fwd: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs

Hi (b)(6), (b)(7)(C), did you write this? Just so you know, the leads duty ends on Tuesdays. So you don't have to handle anything in the inbox after 10:30 am this past Tuesday.

From: ENF_leads
Date: March 9, 2018 at 8:05:19 AM EST
To: (b)(6), (b)(7)(C), ENF_leads
Cc: (b)(6), (b)(7)(C)
Subject: RE: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs

Thanks, (b)(6), (b)(7)(C) (b)(5)
(b)(5)

From: (b)(6), (b)(7)(C)
Sent: Thursday, March 08, 2018 5:05 PM
To: ENF_leads
Subject: RE: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs
HI ENF:
(b)(6), (b)(7)(C) sent me an article of interest about the activities of the Russian Weapons Company in Florida. They have a history with us in Licensing. Let me know if you want to discuss.

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

From: (b)(6), (b)(7)(C)
Sent: Thursday, March 08, 2018 3:02 PM
To: (b)(6), (b)(7)(C)
Subject: FW: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs

From: (b)(6), (b)(7)(C)
Sent: Thursday, March 08, 2018 11:01 AM

To: _DL_TFI_Alerts <_DL_TFI_Alerts@do.treas.gov>

Subject: Bloomberg - This Florida Warehouse Is Producing ‘Made in America’ Kalashnikovs
[This Florida Warehouse Is Producing ‘Made in America’ Kalashnikovs](#)
[Sanctions prevent the sale of Russian AK-47s in the U.S. One company found a workaround.](#)

By Michael Smith and Stephanie Baker

March 08, 2018 12:01 AM

Bloomberg Businessweek

Weeks before he killed 17 students and staff at Marjory Stoneman Douglas High School in Parkland, Fla., Nikolas Cruz bought an AK-47-style rifle at a gun shop. While he didn’t use it during his killing spree on Feb. 14, his purchase drew attention to civilian versions of one of the most famous Russian inventions of the 20th century, the AK-47.

In late February, shortly after the shooting, a small group of protesters gathered at a large, nondescript warehouse in Pompano Beach, about 13 miles from Marjory Stoneman Douglas. Although it bears no signs or corporate markings, this 40,000-square-foot factory is the headquarters of Kalashnikov USA, which sells semi-automatic shotguns based on the iconic AK-47 design of Kalashnikov Concern JSC, the state-owned Russian arms maker that the U.S. Department of the Treasury slapped with sanctions in July 2014. According to the U.S. company’s website, you can get one of these hybrid shotgun-AK-47 assault rifles from one of three dozen gun dealers across America. The price: \$999.

Kalashnikov USA says it’s not violating sanctions because it’s cut ties to Russia and now sells guns of its own creation, assembled from parts made in the U.S. A closer look reveals an intricate web of interlocking shell companies, some set up since sanctions began, that connects Kalashnikov USA executives to top allies of Russian President Vladimir Putin. One effective result of this could be that Kalashnikov Concern keeps access to the lucrative U.S. gun market while staying on the right side of sanctions. Before sanctions, the U.S. accounted for 90 percent of the company’s civilian firearms exports.

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“Everything we are doing is by the book, and clearly we are not doing anything wrong”

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The trail begins with RWC Group LLC, a company set up in Pennsylvania in 2011 and managed by Eldad Oz, whose brother Moshe is an Israeli commando-turned-arms manufacturer. RWC—the initials stand for Russian Weapons Co.—owns the Kalashnikov USA plant in Florida, its only known business. Michael Tiraturian, who’s listed as manager of RWC and senior vice president of Kalashnikov USA, is a longtime business associate and friend of Alexey Krivoruchko, the chief executive officer and majority shareholder of Kalashnikov Concern in Russia. A second RWC manager, Peter Viskovatykh, has had business ties in Florida to an associate of billionaire rail car, transport, and mining magnates Andrei Bokarev and Iskander Makhmudov, two oligarchs close to Putin. Both men invested in Kalashnikov Concern when Putin’s government started privatizing it four years ago. Late last year, Krivoruchko agreed to buy them out and purchase more shares from the government, leaving him 75 percent of the company. (Viskovatykh, Bokarev, and Makhmudov didn’t respond to requests for comment.)

Krivoruchko wasn’t personally targeted by the U.S. sanctions, which were imposed to punish Putin’s government for supporting separatists in Ukraine. But as he’s majority shareholder and CEO of Kalashnikov Concern, even indirect ties to the Florida plant could raise red flags, says Daniel Fried, a former U.S. Department of State diplomat who crafted Russia sanctions during the Obama

administration. "If it appears a company has altered arrangements to avoid sanctions, then OFAC might take a dim view," says Fried, referring to the Office of Foreign Assets, the arm of the Treasury Department that executes and polices sanctions.

In a phone interview, Tiraturian, whose surname is spelled Tiraturyan in some corporate records, says he's been friends with Krivoruchko for years but insists they don't have a business relationship. Once sanctions were imposed, he says, "We were very, very, very careful about what we do." He says they spent "a fortune" on lawyers to show the U.S. government that they were complying. "Everything we are doing is by the book, and clearly we are not doing anything wrong," he says. Krivoruchko, a career executive in Russian state companies, has enjoyed steady support from top members of Putin's government, including Sergey Chemezov, head of the Rostec State Corp. conglomerate, who was targeted by U.S. sanctions. In February 2014, Dmitry Rogozin, deputy prime minister in charge of the defense industry, approved Krivoruchko as CEO of Kalashnikov Concern and allowed him to buy a 49 percent stake with Bokarev and Makhmudov. Two years later, Krivoruchko gave Putin a tour of Kalashnikov's factory.

In 2012, two years before the Ukraine sanctions hit, RWC, then based in Tullytown, Pa., was set to be Kalashnikov Concern's conduit into the U.S. gun market, having made a deal to be its sole U.S. distributor. By January 2014, Kalashnikov had plans to export 200,000 guns a year to the U.S. via RWC. That all changed when President Obama announced the sanctions six months later.

In 2015, RWC began to move to South Florida. Krivoruchko has roots in Miami dating to 2011. He'd created a web of companies there and used them to buy a \$1.3 million condo on Fisher Island in Miami, a 50-foot yacht named Atlantis, and a \$200,000 Mercedes-Benz SLS AMG sports car, Florida court and real estate records show.

Just as Putin pushed into Crimea in early 2014, Krivoruchko made Tiraturian manager of the Florida companies that owned his condo and yacht. Krivoruchko's name disappeared from corporate documents, and there's no public record of any money changing hands. Ownership of the 2,700-square-foot condo was transferred to a company in Nevada for \$100 before a Florida company managed by Tiraturian bought it less than a year later for \$2.4 million, property records show. In 2015, Tiraturian became a director of CAA Industries Ltd., an Israeli arms company founded by Moshe Oz, whose brother Eldad set up RWC. In January 2017, he first appeared as manager on RWC's corporate filings. Despite all this, Tiraturian says that he and Krivoruchko have never done business together. "I have never bought anything from him; he has never bought anything from me," he says.

Shuffling ownership of companies is a tactic some Russian businessmen have used to hide stakes in properties, says Mark Galeotti, director of Mayak Intelligence, a Prague-based research firm focused on Russia and transnational organized crime. "They choose a trusted lieutenant—technically it's now yours, but in practice you know who's in charge," says Galeotti, who specializes in untangling ownership structures of Russian businesses.

Kalashnikov USA insists that none of its parts are sourced from Russia, yet documents filed almost a year after sanctions were imposed suggest otherwise. In April 2015, documents submitted as part of an application for \$162,000 in state, county, and local tax breaks stated that RWC planned to assemble guns at the plant in Pompano Beach using parts imported from Kalashnikov's factory in Russia. If true, that would violate sanctions. Although the plans were approved by local authorities, RWC failed to fulfill a commitment to create 54 jobs with an average salary of \$51,266, so it never got the money.

Just how many guns Kalashnikov USA is making at its Florida plant is a mystery; the company won't

say. Last May it started selling its first and only model, the KS-12 semi-automatic shotgun that mimics the AK-47 design, complete with its iconic curved magazine. Kalashnikov Concern denies any ties to the U.S. entity. "Today Kalashnikov Concern does not have any business and does not cooperate either with Kalashnikov USA, or with any other U.S. or Israeli companies," the company said in response to emailed questions. "Since the introduction of sanctions, none of company's shareholders and top-managers are affiliated with the above-mentioned foreign companies."

Krivoruchko didn't respond to requests for comment.

After sanctions were imposed, Kalashnikov USA hired Brian Skinner as its CEO. Inside the Pompano Beach plant on the afternoon of March 5, Skinner exchanged pleasantries but declined to comment. In a statement sent the next day, Kalashnikov USA said it complies with all laws and sanctions programs: "Kalashnikov USA does not conduct business with the Russian company Kalashnikov Concern." The company declined to comment on ties its employees or executives might have with Krivoruchko or anyone else at Kalashnikov in Russia.

The protest in February was the first clue most people in Pompano Beach had that the gleaming white facility was making Russian-inspired weapons. On a recent afternoon, Louis Pierre, a 50-year-old immigrant from the West Indies, was taken aback when asked about the gun plant down the street from his small home. He'd seen trucks coming in and out loaded with furniture, steel, and food, but no guns. "They make that there, man?" he said, as he paused from working on the V-8 engine of his Ford F-350 pickup. "I had no idea they do that, nobody did. And what does it matter, anyway? In America, anyone can have a gun." —With Alexander Sazonov and Alisa Odenheimer

BOTTOM LINE - A complicated web of shell companies connects Kalashnikov USA to allies of Russian President Vladimir Putin and appears designed to avoid U.S. sanctions.

RE: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs

From: (b)(6)
To: "Blackborow, Davin" (b)(6), "Miller, Jeanette" (b)(6)
Bcc: (b)(6)
Date: Thu, 08 Mar 2018 17:19:13 -0500

(b)(6) sent me an article of interest about the activities of the Russian Weapons Company in Florida. I passed it on to ENF in case they hadn't seen it yet.

(b)(6)

From: (b)(6)
Sent: Thursday, March 08, 2018 3:02 PM
To: (b)(6)
Subject: FW: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs

From: (b)(6)
Sent: Thursday, March 08, 2018 11:01 AM
To: DL_TFI_Alerts <DL_TFI_Alerts@do.treas.gov>
Subject: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs

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March 08, 2018 12:01 AM
Bloomberg Businessweek

Weeks before he killed 17 students and staff at Marjory Stoneman Douglas High School in Parkland, Fla., Nikolas Cruz bought an AK-47-style rifle at a gun shop. While he didn't use it during his killing spree on Feb. 14, his purchase drew attention to civilian versions of one of the most famous Russian inventions of the 20th century, the AK-47.

In late February, shortly after the shooting, a small group of protesters gathered at a large, nondescript warehouse in Pompano Beach, about 13 miles from Marjory Stoneman Douglas. Although it bears no signs or corporate markings, this 40,000-square-foot factory is the headquarters of Kalashnikov USA, which sells semi-automatic shotguns based on the iconic AK-47 design of Kalashnikov Concern JSC, the state-owned Russian arms maker that the U.S. Department of the Treasury slapped with sanctions in July 2014. According to the U.S. company's website, you can get one of these hybrid shotgun-AK-47 assault rifles from one of three dozen gun dealers across America. The price: \$999.

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The trail begins with RWC Group LLC, a company set up in Pennsylvania in 2011 and managed by Eldad Oz, whose brother Moshe is an Israeli commando-turned-arms manufacturer. RWC—the initials stand for Russian Weapons Co.—owns the Kalashnikov USA plant in Florida, its only known business. Michael Tiraturian, who's listed as manager of RWC and senior vice president of Kalashnikov USA, is a longtime business associate and friend of Alexey Krivoruchko, the chief executive officer and majority shareholder of Kalashnikov Concern in Russia. A second RWC manager, Peter Viskovatykh, has had business ties in Florida to an associate of billionaire rail car, transport, and mining magnates Andrei Bokarev and Iskander Makhmudov, two oligarchs close to Putin. Both men invested in Kalashnikov Concern when Putin's government started privatizing it four years ago. Late last year, Krivoruchko agreed to buy them out and purchase more shares from the government, leaving him 75 percent of the company. (Viskovatykh, Bokarev, and Makhmudov didn't respond to requests for comment.)

Krivoruchko wasn't personally targeted by the U.S. sanctions, which were imposed to punish Putin's government for supporting separatists in Ukraine. But as he's majority shareholder and CEO of Kalashnikov Concern, even indirect ties to the Florida plant could raise red flags, says Daniel Fried, a former U.S. Department of State diplomat who crafted Russia sanctions during the Obama administration. "If it appears a company has altered arrangements to avoid sanctions, then OFAC might take a dim view," says Fried, referring to the Office of Foreign Assets, the arm of the Treasury Department that executes and polices sanctions.

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Just as Putin pushed into Crimea in early 2014, Krivoruchko made Tiraturian manager of the Florida companies that owned his condo and yacht. Krivoruchko's name disappeared from corporate documents, and there's no public record of any money changing hands. Ownership of the 2,700-square-foot condo was transferred to a company in Nevada for \$100 before a Florida company managed by Tiraturian bought it less than a year later for \$2.4 million, property records show.

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Ka ashnikov USA insists that none of its parts are sourced from Russia, yet documents filed a month a year after sanctions were imposed suggest otherwise. In April 2015, documents submitted as part of an application for \$162,000 in state, county, and local tax breaks stated that RWC planned to assemble guns at the plant in Pompano Beach using parts imported from Ka ashnikov's factory in Russia. If true, that would violate sanctions. Although the plans were approved by local authorities, RWC failed to fulfill a commitment to create 54 jobs with an average salary of \$51,266, so it never got the money.

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RE: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs

From: (b)(6)
To: (b)(6)
Date: Thu, 08 Mar 2018 16:07:05 -0500

I was assuming they already had it, but sure, why not?!

From: (b)(6)
Sent: Thursday, March 08, 2018 4:07 PM
To: (b)(6)
Subject: RE: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs

(b)(5) (b)(6). Thank you for sending this to me. If you don't mind, I'll pass it on to ENF.

From: (b)(6)
Sent: Thursday, March 08, 2018 3:02 PM
To: (b)(6)
Subject: FW: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs

(b)(5)

From: (b)(6)
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After sanctions were imposed, Ka ashnikov USA hired Brian Skinner as its CEO. Inside the Pompano Beach plant on the afternoon of March 5, Skinner exchanged pleasantries but declined to comment. In a statement sent the next day, Ka ashnikov USA said it complies with laws and sanctions programs: “Ka ashnikov USA does not conduct business with the Russian company Ka ashnikov Concern.” The company declined to comment on ties its employees or executives might have with Krivoruchko or anyone else at Ka ashnikov in Russia.

The protest in February was the first clue most people in Pompano Beach had that the gleaming white facility was making Russian-inspired weapons. On a recent afternoon, Louis Pierre, a 50-year-old immigrant from the West Indies, was taken aback when asked about the gun plant down the street from his small home. He’d seen trucks coming in and out loaded with furniture, steel, and food, but no guns. “They make that there, man?” he said, as he paused from working on the V-8 engine of his Ford F-350 pickup. “I had no idea they do that, nobody did. And what does it matter, anyway? In America, anyone can have a gun.” —With Alexander Sazonov and Alisa Odenheimer

BOTTOM LINE - A complicated web of shell companies connects Ka ashnikov USA to allies of Russian President Vladimir Putin and appears designed to avoid U.S. sanctions.

Bates Nos. 2018-08-116:

009646 - 009661

Pending Consultation with
Other Government Agencies

From: (b)(6), (b)(7)(C)
To: [REDACTED]
Subject: Fwd: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs
Date: Thursday, March 8, 2018 1:11:51 PM

Could you write back and briefly walk through what steps you've taken?

From: (b)(6), (b)(7)(C)
Date: March 8, 2018 at 1:05:42 PM EST
To: Mosier, Michael , Dondarski, Michael
Cc: (b)(6), (b)(7)(C)
Subject: RE: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs

Looping a few others.

From: Mosier, Michael
Sent: Thursday, March 08, 2018 12:54 PM
To: (b)(6), (b)(7)(C) Dondarski, Michael
Subject: Fwd: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs

Here's the article: (b)(5)
(b)(5)

From: (b)(6), (b)(7)(C)
Date: March 8, 2018 at 11:00:47 AM EST
To: _DL_TFI_Alerts <DL_TFI_Alerts@do.treas.gov>
Subject: Bloomberg - This Florida Warehouse Is Producing 'Made in America' Kalashnikovs
[This Florida Warehouse Is Producing 'Made in America' Kalashnikovs](#)
[Sanctions prevent the sale of Russian AK-47s in the U.S. One company found a workaround.](#)

By Michael Smith and Stephanie Baker

March 08, 2018 12:01 AM

Bloomberg Businessweek

Weeks before he killed 17 students and staff at Marjory Stoneman Douglas High School in Parkland, Fla., Nikolas Cruz bought an AK-47-style rifle at a gun shop. While he didn't use it during his killing spree on Feb. 14, his purchase drew attention to civilian versions of one of the most famous Russian inventions of the 20th century, the AK-47.

In late February, shortly after the shooting, a small group of protesters gathered at a large, nondescript warehouse in Pompano Beach, about 13 miles from Marjory Stoneman Douglas. Although it bears no signs or corporate markings, this 40,000-square-foot factory is the headquarters of Kalashnikov USA, which sells semi-automatic shotguns based on the iconic AK-47 design of Kalashnikov Concern JSC, the state-owned Russian arms maker that the U.S. Department of the Treasury slapped with sanctions in July 2014. According to the U.S. company's website, you can

get one of these hybrid shotgun-AK-47 assault rifles from one of three dozen gun dealers across America. The price: \$999.

Kalashnikov USA says it's not violating sanctions because it's cut ties to Russia and now sells guns of its own creation, assembled from parts made in the U.S. A closer look reveals an intricate web of interlocking shell companies, some set up since sanctions began, that connects Kalashnikov USA executives to top allies of Russian President Vladimir Putin. One effective result of this could be that Kalashnikov Concern keeps access to the lucrative U.S. gun market while staying on the right side of sanctions. Before sanctions, the U.S. accounted for 90 percent of the company's civilian firearms exports.

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"Everything we are doing is by the book, and clearly we are not doing anything wrong"

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The trail begins with RWC Group LLC, a company set up in Pennsylvania in 2011 and managed by Eldad Oz, whose brother Moshe is an Israeli commando-turned-arms manufacturer. RWC—the initials stand for Russian Weapons Co.—owns the Kalashnikov USA plant in Florida, its only known business. Michael Tiraturian, who's listed as manager of RWC and senior vice president of Kalashnikov USA, is a longtime business associate and friend of Alexey Krivoruchko, the chief executive officer and majority shareholder of Kalashnikov Concern in Russia. A second RWC manager, Peter Viskovatykh, has had business ties in Florida to an associate of billionaire rail car, transport, and mining magnates Andrei Bokarev and Iskander Makhmudov, two oligarchs close to Putin. Both men invested in Kalashnikov Concern when Putin's government started privatizing it four years ago. Late last year, Krivoruchko agreed to buy them out and purchase more shares from the government, leaving him 75 percent of the company. (Viskovatykh, Bokarev, and Makhmudov didn't respond to requests for comment.)

Krivoruchko wasn't personally targeted by the U.S. sanctions, which were imposed to punish Putin's government for supporting separatists in Ukraine. But as he's majority shareholder and CEO of Kalashnikov Concern, even indirect ties to the Florida plant could raise red flags, says Daniel Fried, a former U.S. Department of State diplomat who crafted Russia sanctions during the Obama administration. "If it appears a company has altered arrangements to avoid sanctions, then OFAC might take a dim view," says Fried, referring to the Office of Foreign Assets, the arm of the Treasury Department that executes and polices sanctions.

In a phone interview, Tiraturian, whose surname is spelled Tiraturyan in some corporate records, says he's been friends with Krivoruchko for years but insists they don't have a business relationship. Once sanctions were imposed, he says, "We were very, very, very careful about what we do." He says they spent "a fortune" on lawyers to show the U.S. government that they were complying. "Everything we are doing is by the book, and clearly we are not doing anything wrong," he says. Krivoruchko, a career executive in Russian state companies, has enjoyed steady support from top members of Putin's government, including Sergey Chemezov, head of the Rostec State Corp. conglomerate, who was targeted by U.S. sanctions. In February 2014, Dmitry Rogozin, deputy prime minister in charge of the defense industry, approved Krivoruchko as CEO of Kalashnikov Concern and allowed him to buy a 49 percent stake with Bokarev and Makhmudov. Two years later, Krivoruchko gave Putin a tour of Kalashnikov's factory.

In 2012, two years before the Ukraine sanctions hit, RWC, then based in Tullytown, Pa., was set to be Kalashnikov Concern's conduit into the U.S. gun market, having made a deal to be its sole U.S. distributor. By January 2014, Kalashnikov had plans to export 200,000 guns a year to the U.S. via

RWC. That all changed when President Obama announced the sanctions six months later. In 2015, RWC began to move to South Florida. Krivoruchko has roots in Miami dating to 2011. He'd created a web of companies there and used them to buy a \$1.3 million condo on Fisher Island in Miami, a 50-foot yacht named Atlantis, and a \$200,000 Mercedes-Benz SLS AMG sports car, Florida court and real estate records show.

Just as Putin pushed into Crimea in early 2014, Krivoruchko made Tiraturian manager of the Florida companies that owned his condo and yacht. Krivoruchko's name disappeared from corporate documents, and there's no public record of any money changing hands. Ownership of the 2,700-square-foot condo was transferred to a company in Nevada for \$100 before a Florida company managed by Tiraturian bought it less than a year later for \$2.4 million, property records show. In 2015, Tiraturian became a director of CAA Industries Ltd., an Israeli arms company founded by Moshe Oz, whose brother Eldad set up RWC. In January 2017, he first appeared as manager on RWC's corporate filings. Despite all this, Tiraturian says that he and Krivoruchko have never done business together. "I have never bought anything from him; he has never bought anything from me," he says.

Shuffling ownership of companies is a tactic some Russian businessmen have used to hide stakes in properties, says Mark Galeotti, director of Mayak Intelligence, a Prague-based research firm focused on Russia and transnational organized crime. "They choose a trusted lieutenant—technically it's now yours, but in practice you know who's in charge," says Galeotti, who specializes in untangling ownership structures of Russian businesses.

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Bates Nos. 2018-08-116:

009666 - 009669

Pending Consultation with
Other Government Agencies

From: (b)(6), (b)(7)(C)
To: (b)(6), (b)(7)(C)
Subject: Case reviewed - ENF 49462
Date: Tuesday, February 6, 2018 5:20:02 PM

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

I just reviewed the UK→Russia truck export case you shared with me this afternoon (ENF 49462). I think you can keep this one, if that's alright.

It seems like.

(b)(5)
(b)(5)

(b)(5) ... one day!

Respectfully,

(b)(6), (b)(7)(C)
Enforcement Officer
Office of Foreign Assets Control
U.S. Department of the Treasury
(b)(6), (b)(7)(C)
(b)(6), (b)(7)(C)

Bates Nos. 2018-08-116:

009671 - 009693

Pending Consultation with
Other Government Agencies