

**From:** (b)(6), (b)(7)(C)  
**To:** Feddo, Thomas  
**Subject:** RE:  
**Date:** Thursday, July 17, 2014 8:28:00 AM

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(b)(6), (b)(7)(C) is assigned that case and its extension is (b)(6), (b)(7)(C). He usually arrives 9ish. I was out a bit this week, so I am a bit out of the loop, but the ship is still running. I saw that Kalashnikov got designated yesterday.

(b)(6), (b)(7)(C)  
Enforcement Officer  
Office of Foreign Assets Control  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 20220  
(b)(6), (b)(7)(C)

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

<http://www.treas.gov/ofac>

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

From: Feddo, Thomas  
Sent: Thursday, July 17, 2014 8:11 AM  
To: (b)(6), (b)(7)(C)  
Subject:

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

Can you please tell me who has (b)(5)  
How are things going for the team this week?  
Thanks  
Tom

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and research of John Greenewald, Jr., creator of:

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Bates Nos. 2018-08-116:  
000380 - 000412  
Submitter Notice Process  
Initiated

Bates No. 2018-08-116: 000413

Duplicates page marked Bates

No. 2018-08-116: 000388

Bates Nos. 2018-08-116:  
000414 - 000425  
Submitter Notice Process  
Initiated

Bates Nos. 2018-08-116:

000426 - 000428

Duplicate pages marked Bates

Nos. 2018-08-116: 000385-

000387

Bates Nos. 2018-08-116:

000429 - 000444

Duplicate pages marked Bates

Nos. 2018-08-116: 000391-

000406

Bates Nos. 2018-08-116:  
000445 - 000455  
Submitter Notice Process  
Initiated and/or Pending  
Consultation Responses



## Re: Additional Canadian Sanctions - including financing prohibitions

**From:** (b)(6)  
**To:** (b)(6) "Szubin, Adam"  
"Hammerle, Barbara"  
"Gatjanis, Gregory" "Smith, John"  
"Baheri, Leila"  
**Cc:** (b)(6)  
**Date:** Fri, 25 Jul 2014 10:05:44 -0400

+ Leila and (b)(6).

**From:** (b)(6)  
**Sent:** Friday, July 25, 2014 10:03 AM  
**To:** (b)(6); Szubin, Adam; Hammerle, Barbara; Smith, John; Gatjanis, Gregory  
**Cc:** (b)(6)  
**Subject:** FW: Additional Canadian Sanctions - including financing prohibitions

FYI on Canada taking very similar action to ours.

**From:** (b)(6)  
**Sent:** Friday, July 25, 2014 10:02 AM  
**To:** (b)(6)  
**Cc:** Gatjanis, Gregory; (b)(6)  
**Subject:** Additional Canadian Sanctions - including financing prohibitions

All,

Canada announced the below sanctions yesterday, to include financing prohibitions on two financial institutions (VEB and Gazprombank) and one energy company (Novatek, but not Rosneft). I will update the comparison chart on TSDN and circulate.

For those interested, the implementing regulations are here ([http://www.international.gc.ca/sanctions/russia\\_developments-developpements\\_russie10.aspx?lang=eng](http://www.international.gc.ca/sanctions/russia_developments-developpements_russie10.aspx?lang=eng)). The energy and financial institutions are listed in a separate schedule that limits the prohibition to new debt for the former and new debt and equity for the latter.

Ottawa, Ontario  
24 July 2014

Canada is imposing economic sanctions and travel bans against the following Ukrainian individuals, as well as prohibitions on dealings with the following Ukrainian entities; it is also imposing prohibitions on dealings with a broad range of Russian entities related to Russia's arms industry, as well as to its financial and energy sectors:

### Individuals (Ukrainian)

/Iladimir Antyufeyev , so called "Deputy Prime Minister" of the "Donetsk People's Republic."  
/Iarat Bashirov , so called "Prime Minister of the Council of Ministers" of the "Luhansk People's Republic."  
/Iexandr Yurivich Borodal , so called "Prime Minister" of the "Donetsk People's Republic."  
/Iuriy Ivakin , so called "Minister of Internal Affairs" of the "Luhansk People's Republic."  
/Iexandr Aleksandrovich Kalyusky , so called "Deputy Prime Minister for Social Affairs" of the "Donetsk People's Republic."  
/Ieksey Karyakin , so called "Supreme Council Chair" of the "Luhansk People's Republic."  
/Iexandr Khryakov , so called "Information and Mass Communications Minister" of the "Donetsk People's Republic."  
/IasyI Nikitin , so called "Vice Prime Minister of the Council of Ministers" of the "Luhansk People's Republic."

### Entities (Russian)

/Ialmaz-Antey  
/Iederal State Unitary Enterprise State Research and Production Enterprise Bazalt  
/Iazprombank OAO  
/IISC Concern Radio-Electronic Technologies  
/IISC Concern Sozvezdie  
/IISC MIC NPO Mashinostroyeniya  
/Ialashnikov Concern

GBP Instrument Design Bureau

lovatek

/nesheconombank

Entities (Ukrainian)

'Donetsk People's Republic'

'Luhansk People's Republic'

Bates Nos. 2018-08-116:  
000458 - 000460  
Submitter Notice Process  
Initiated

Bates No. 2018-08-116: 000461

Duplicate of page marked

Bates No. 2018-08-116: 000389

Bates Nos. 2018-08-116:  
000462 - 000468  
Submitter Notice Process  
Initiated and Pending  
Consultation Responses

## RE: Russian Sanctions Related to Firearms & Ammunition

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**From:** (b)(6)  
**To:** (b)(6) "Fisch, Eytan"  
"Feddo, Thomas"  
"Tuchband, Matthew" Smith, Bradley"  
**Cc:** (b)(6) Gacki, Andrea" "Smith, John"  
"Carson, Cheryl" <cheryl.carson@treasury.gov>  
**Date:** Mon, 28 Jul 2014 13:14:35 -0400

Including (b)(6), who will be representing OFAC at the roundtable.

---

**From:** (b)(6)  
**Sent:** Monday, July 28, 2014 1:13 PM  
**To:** (b)(6) Fisch, Eytan; (b)(6) Feddo, Thomas; (b)(6)  
(b)(6) Smith, Bradley; Tuchband, Matthew  
**Cc:** (b)(6) Gacki, Andrea; Smith, John; (b)(6) Carson, Cheryl  
**Subject:** RE: Russian Sanctions Related to Firearms & Ammunition

Hi all:

I'm going to get back to Kim this afternoon and recommend that she contact the hotline. Have we decided if we want to send someone to the roundtable?

Thank you,

(b)(6)

---

**From:** (b)(6)  
**Sent:** Wednesday, July 23, 2014 10:47 AM  
**To:** (b)(6) Fisch, Eytan; (b)(6) Feddo, Thomas; (b)(6)  
(b)(6) Smith, Bradley; Tuchband, Matthew  
**Cc:** (b)(6) Gacki, Andrea; Smith, John; (b)(6) Carson, Cheryl  
**Subject:** RE: Russian Sanctions Related to Firearms & Ammunition

Hi (b)(6), I had reached out to BIS to have them give my contact info to Kim—guess that didn't really happen. These look like rather specific questions to me that will depend largely on the facts and circumstances of the cases. I think we should provide some broad answers to her questions and direct her member companies to contact us formally in the event that they have specific cases they need guidance on. Since this is kind of a laundry list of questions, perhaps the best response is to direct her to the hotline, with the understanding that there may be several issues that are facts and circumstances dependent.

As for the conference in August, I leave it up to John as to the wisdom of sending someone.

(b)(6)

---

**From:** (b)(6)  
**Sent:** Wednesday, July 23, 2014 10:25 AM  
**To:** (b)(6) Fisch, Eytan; (b)(6) Feddo, Thomas;  
(b)(6) Smith, Bradley; Tuchband, Matthew  
**Cc:** (b)(6) Gacki, Andrea; Smith, John; (b)(6) Carson, Cheryl  
**Subject:** RE: Russian Sanctions Related to Firearms & Ammunition

Hi (b)(6):

Andrea said that she had connected you to Kim Pritula earlier this week. Have you spoken to her? Any comments or suggestions from you or the rest of the Ukraine team before I respond to her? Has ENF established a point of contact at CBP to work import cases with us? Can I share their name and number with Kim?

Thank you,

(b)(6)

---

**From:** Kim Pritula [mailto:(b)(6)]  
**Sent:** Wednesday, July 23, 2014 9:46 AM  
**To:** (b)(6)  
**Subject:** Russian Sanctions Related to Firearms & Ammunition

Dear Mr. (b)(6)

Your name was given to me by (b)(6), who made a presentation to the PECSEA a few months ago. I'm a member of the PECSEA (advisory group to BIS), and chair of the Import/Export Committee of the National Shooting Sports Foundation (NSSF), the trade association for the firearms industry. We have some questions about the new sanctions announced on July 16 which include the Russian entity Kalashnikov Concern. This sanction has a much greater impact on our industry than other sanctions, and we would like to inform our members about the implications for their businesses. Many of them have not encountered OFAC before, nor understand how the sanctions impact them.

We have the list of companies which are part of the Kalashnikov Concern (KC), and we understand that all property and interest in property of Kalashnikov Concern are now blocked or frozen. So what does this mean to a US importer of Russian firearms or ammunition? OFAC's FAQs provide guidance on US persons who own or have Kalashnikov firearms in inventory. They are advised to contact OFAC if they have any property in which KC has an interest. However, how do we handle import shipments which are en route, or at a US port for entry into the US? We have been told by a CBP contact that such imports would be held at the importers expense and can be sold. CBP would consult with OFAC on a case by case basis to determine the disposition of the goods. Can you provide information on what happens in these cases?

Should importers who have an ongoing relationship with a KC entity cease all activity? What are the reporting requirements to OFAC of such activity? What is the best way to contact OFAC with questions or reports of activity? What are the related penalties resulting from violations of the sanctions?

ATF has not been able to provide guidance on the validity of current approved import permits for KC products, so firearm importers have limited information. Also, exports are also impacted as BIS has added the KC entities to the EAR Denied Parties List.

Our annual NSSF Import/Export Conference is scheduled for August 5 & 6 at the Renaissance Hotel in Washington DC. We are having 3 roundtable sessions in the afternoon of August 5<sup>th</sup>. Would it be possible to have someone from OFAC available to provide information and guidance to our members? It would be very helpful to our members to be able to ask questions to an OFAC representative who can best explain the sanctions and how OFAC works.

If you would prefer, I can call you to discuss the above. I appreciate any additional guidance or information you could offer, and look forward to your earliest reply.

Thank you.

Kim Pritula  
President, KMP Global Consulting LLC  
Member, President's Export Council,  
Subcommittee on Export Administration (PECSEA)  
Member, Defense Trade Advisory Group (DTAG)  
Chair, NSSF Import/Export Committee  
Certified US Export Compliance Officer  
Certified ITAR Professional  
PO Box 75, Sunapee, NH 03782  
Tel: (b)(6)  
Email (b)(6)

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## Re: United Shipbuilding Q/A

---

From: (b)(6)  
To: (b)(6)  
Date: Tue, 29 Jul 2014 15:03:51 -0400

---

Thanks :)

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

From: (b)(6)  
Sent: Tuesday, July 29, 2014 03:03 PM Eastern Standard Time  
To: (b)(6)  
Subject: RE: United Shipbuilding Q/A

(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: United Shipbuilding Q/A**

**From:** (b)(6)  
**To:** (b)(6) "Smith, John"; (b)(6) "Fisch, Eytan"; (b)(6) "Baheri, Leila"  
**Cc:** (b)(6) "Bourassa, Elizabeth (Betsy)" <elizabeth.bourassa@treasury.gov>; "Esser, Victoria"  
**Date:** Tue, 29 Jul 2014 15:07:41 -0400

Great - thanks all!

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

**From:** (b)(6)  
**Sent:** Tuesday, July 29, 2014 03:07 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

(b)(5)

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

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

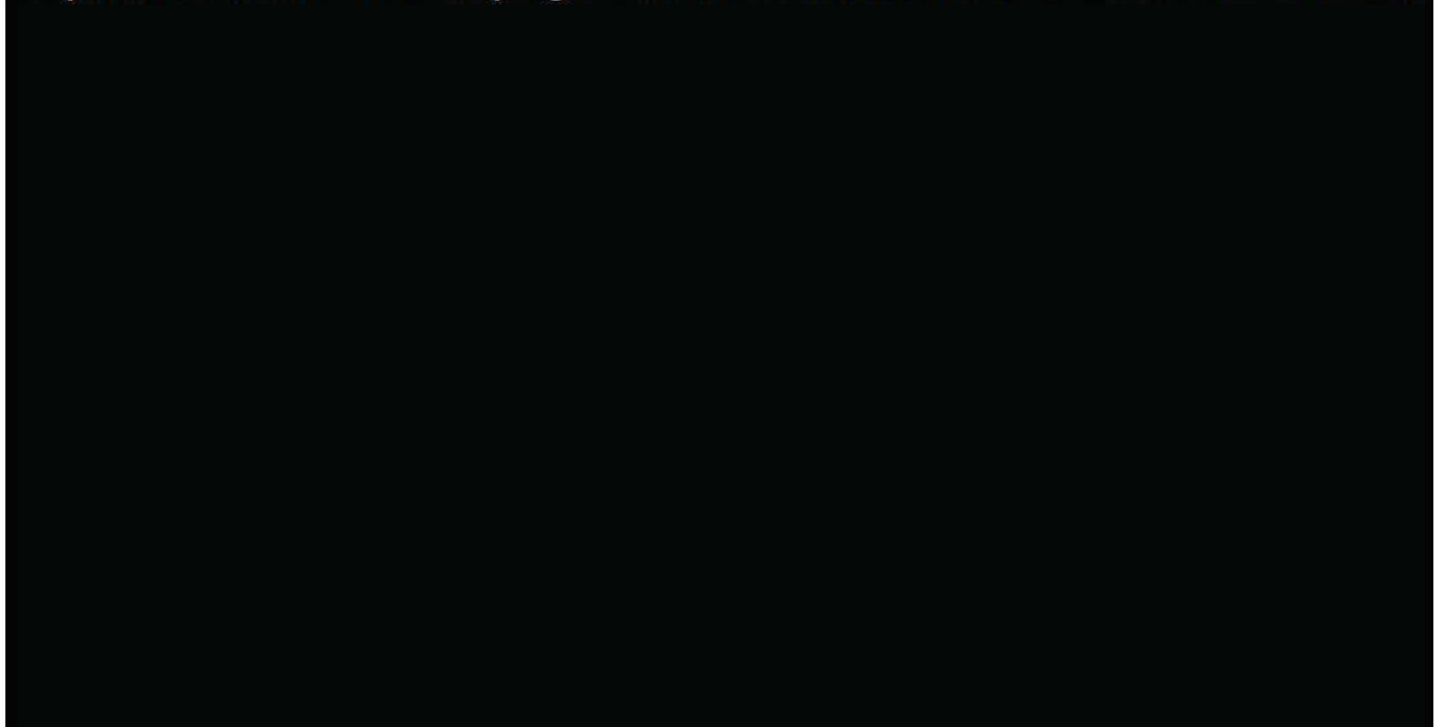
(b)(5)

(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

Duplicate of content on page marked Bates No. 2018-08-116: 000471





## Point on Shipbuilding

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**From:** (b)(6)  
**To:** "Szubin, Adam" (b)(6)  
**Cc:** "Fisch, Evtan" (b)(6) "Smith, John"  
**Date:** Tue, 29 Jul 2014 15:08:59 -0400

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This has been cleared by OGT, TFFC, and OCC:

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, prohibit only transactions by U.S. persons or within the United States involving United Shipbuilding.

Bates Nos. 2018-08-116:  
000475 - 000503  
Submitter Notice Process  
Initiated and/or Pending  
Consultation Responses

## RE: Call from Mark Barnes

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**From:** "Gacki, Andrea" [REDACTED]  
**To:** [REDACTED] (b)(6)  
**Date:** Tue, 05 Aug 2014 12:38:18 -0400

---

No problem! I just spoke to him, and will give you both a readout.

---

**From:** [REDACTED] (b)(6)  
**Sent:** Tuesday, August 05, 2014 12:35 PM  
**To:** Gacki, Andrea  
**Subject:** RE: Call from Mark Barnes

Hi Andrea,

I'm teleworking today because of the Africa Summit. Sorry to miss the call!

[REDACTED] (b)(6)

---

**From:** Gacki, Andrea  
**Sent:** Tuesday, August 05, 2014 12:34 PM  
**To:** [REDACTED] (b)(6)  
**Subject:** Call from Mark Barnes

I'm going to call him back—can you stop by?

## RE: Call from Mark Barnes

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**From:** "Gacki, Andrea" [REDACTED] (b)(6)

**To:** [REDACTED] (b)(6)

**Date:** Tue, 05 Aug 2014 12:43:53 -0400

---

Happy to supply you both with a readout at your convenience!

---

**From:** Gacki, Andrea

**Sent:** Tuesday, August 05, 2014 12:34 PM

**To:** [REDACTED] (b)(6)

**Subject:** Call from Mark Barnes

I'm going to call him back—can you stop by?

**FW: Confidential - Sanctioned Entities and Securities**

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**From:** (b)(6)  
**To:** (b)(6)  
**Cc:** (b)(6)  
**Date:** Fri, 08 Aug 2014 12:35:31 -0400  
**Attachments:** Russian Sanctions entites & Identified Subsidiaries\_Provisional\_20140805.xlsx (21.22 kB); Russian Institutions and ISINs Identified\_Provisional\_20140805.xlsm (5.76 MB)

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Fyi

**From:** Szubin, Adam  
**Sent:** Friday, August 08, 2014 12:16 PM  
**To:** (b)(6); Smith, John; Hammerle, Barbara  
**Subject:** Fw: Confidential - Sanctioned Entities and Securities

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**From :** (b)(6), (b)(7)(C), (b)(7)(D)  
**Sent:** Friday, August 08, 2014 10:25 AM  
**To:** Szubin, Adam; Hammerle, Barbara  
**Cc:** (b)(6)  
**Subject:** Confidential - Sanctioned Entities and Securities

Adam, as discussed, please find attached a working list, which we would appreciate you not attributing to us. We are continually seeking to update and have launched initiatives with major global market participants to further our understanding.

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



(b)(7)(D)



# See attached spreadsheet

See attached spreadsheet

Bates Nos. 2018-08-116:  
000510 - 000524  
Submitter Notice Process  
Initiated

Bates Nos. 2018-08-116:

000525 - 000531

Withheld in full pursuant to  
Exemptions (b)(6), (b)(7)(C),  
(b)(7)(D), (b)(7)(E)

## Re: List of defense firms sanctioned under Russia measures?

From: (b)(6)  
To: (b)(6)  
Cc: "Gatjanis, Gregory"; (b)(6); "Baheri, Leila"  
Date: Fri, 19 Sep 2014 13:45:29 -0400

Thanks!

From: (b)(6)  
Sent: Friday, September 19, 2014 01:43 PM Eastern Standard Time  
To: (b)(6)  
Cc: Gatjanis, Gregory; Baheri, Leila; (b)(6)  
Subject: RE: List of defense firms sanctioned under Russia measures?

The lists are below. Obviously, entities that are 50% or more owned by those listed below are also covered.

### Pursuant to EO 13661 (Blocking)

NAME	ADDRESS
FEDERAL STATE UNITARY ENTERPRISE STATE RESEARCH AND PRODUCTION ENTERPRISE BAZALT	32 Velyaminovskaya, Moscow, 105318, Russia
JOINT STOCK COMPANY ALMAZ-ANTEY AIR DEFENSE CONCERN MAIN SYSTEM DESIGN BUREAU NAMED BY ACADEMICIAN A.A. RASPLETIN	16-80, Leningradsky Prospect, Moscow, 125190, Russia
JOINT STOCK COMPANY CONCERN RADIO-ELECTRONIC TECHNOLOGIES	20/1 Korp. 1 ul. Goncharnaya, Moscow , 109240, Russia
JOINT STOCK COMPANY CONCERN SOZVEZDIE	14 Plekhanovskaya Street, Voronezh, Russia
JOINT STOCK COMPANY MILITARY- INDUSTRIAL CORPORATION NPO MASHINOSTROYENIA	33, Gagarina St., Reutov-town, Moscow Region, 143966, Russia
JOINT-STOCK COMPANY CONCERN ALMAZ-ANTEY	41 ul.Vereiskaya, Moscow , 121471, Russia
JSC V. TIKHOMIROV SCIENTIFIC RESEARCH INSTITUTE OF INSTRUMENT DESIGN	3 Ul. Gagarina, Zhukovski, Moskovskaya Obl, 140180, Russia
KALASHNIKOV CONCERN	3, Derjabin Pr., Izhevsk , Udmurt Republic, 426006, Russia
KALININ MACHINE PLANT JSC	18 prospekt Kosmonavtov, Ekaterinburg, Sverdlovskaya obl., 620017, Russia
KONSTRUKTORSKOE BYURO PRIBOROSTROENIYA OTKRYTOE AKTSIONERNOE OBSHCHESTVO	59 Shcheglovskaya Zaseka ul., Tula , 300001, Russia
MYTISHCHINSKI MASHINOSTROITELNY ZAVOD, OAO	4 ul. Kolontsova Mytishchi, Mytishchinski Raion, Moskovskayaobl, 141009, Russia
OAO DOLGOPRUDNY RESEARCH PRODUCTION ENTERPRISE	1 Pl. Sobina, Dolgoprudny, Moskovskaya obl., 141700, Russia
UNITED SHIPBUILDING CORPORATION	90, Marata ul., St. Petersburg, 191119, Russia
URALVAGONZAVOD	Vostochnoye Shosse, 28, Nizhny Tagil, 622007, Russia

Pursuant to EO 13662 (financing restrictions)

NAME	ADDRESS
ROSTEC	24 Usacheva ul., Moscow, 119048, Russia

---

**From:** (b)(6)  
**Sent:** Friday, September 19, 2014 1:35 PM  
**To:** (b)(6)  
**Subject:** List of defense firms sanctioned under Russia measures?

Can you send me the latest list of defense firms sanctioned (OSD Policy wants to make sure they have the latest...)

Thanks!

-----  
(b)(6)  
Senior Advisor  
Department of the Treasury

Desk: (b)(6)  
Cell: (b)(6)

**From:** (b)(6)  
**To:** (b)(6)  
**Subject:** FW: how dare you.  
**Date:** Wednesday, September 24, 2014 2:52:00 PM

---

I guess they haven't seen Hard to Kill. I crack me up.

(b)(6)  
Enforcement Officer  
Office of Foreign Assets Control  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 20220  
(b)(6)

(b)(6)

<http://www.treas.gov/ofac>

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**From:** (b)(6)  
**Sent:** Wednesday, September 24, 2014 2:32 PM  
**To:** Feddo, Thomas; (b)(6)  
**Subject:** FW: how dare you.

Wonder if he's still a US cit...

---

**From:** (b)(6)  
**Sent:** Wednesday, September 24, 2014 2:31 PM  
**To:** (b)(6)  
**Subject:** how dare you.

<http://www.themoscowtimes.com/news/article/kalashnikov-denies-dropping-stein-seagal-over-u-s-sanctions/507725.html>

## Kalashnikov Denies Dropping Steven Seagal Over U.S. Sanctions

The Moscow Times  
Sep. 24 2014 14:46  
Last edited 14:46



Kalashnikovconcern.com The actor Steven Seagal (R) during a visit to Kalashnikov Concern in Moscow in 2013.

Weapons maker Kalashnikov Concern has denied reports it will no longer work with U.S. actor Steven Seagal to promote its brand overseas.

The Izvestia newspaper said Tuesday that Seagal — who was reported to have opened negotiations with Kalashnikov in January — had been dropped from his future role as brand ambassador given the existing tensions between the U.S. and Russia over Ukraine.

The iconic Russian rifle maker, however, dismissed the report as hearsay, saying it had "no bearing on reality" in an online statement published Tuesday.

"The U.S. sanctions have in no way influenced our decision to cooperate with Steven Seagal," the statement said.

"We are revising the brand concept ... but we do not exclude the possibility of involving any brand ambassador in the future," the statement added.

The company did not say whether Seagal would be involved in promoting the brand after all.

(b)(6)  
Sanctions Policy Advisor | Office of Foreign Assets Control | Department of the Treasury  
(U) E (b)(6) | T (b)(6) | BB (b)(6)



**From:** (b)(6)  
**To:** (b)(6)  
**Subject:** RE: how dare you.  
**Date:** Wednesday, September 24, 2014 2:52:00 PM

---

I guess they haven't seen Hard to Kill.

(b)(6)  
Enforcement Officer  
Office of Foreign Assets Control  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 20220

(b)(6)

(b)(6)

<http://www.treas.gov/ofac>

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**From:** (b)(6)  
**Sent:** Wednesday, September 24, 2014 2:32 PM  
**To:** Feddo, Thomas; (b)(6)  
**Subject:** FW: how dare you.

Wonder if he's still a US cit...

---

**From:** (b)(6)  
**Sent:** Wednesday, September 24, 2014 2:31 PM  
**To:** (b)(6)  
**Subject:** how dare you.

<http://www.themoscowtimes.com/news/article/kalashnikov-denies-dropping-stein-seagal-over-u-s-sanctions/507725.html>

## Kalashnikov Denies Dropping Steven Seagal Over U.S. Sanctions

The Moscow Times  
Sep. 24 2014 14:46  
Last edited 14:46



Kalashnikovconcern.com The actor Steven Seagal (R) during a visit to Kalashnikov Concern in Moscow in 2013.

Weapons maker Kalashnikov Concern has denied reports it will no longer work with U.S. actor Steven Seagal to promote its brand overseas.

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"We are revising the brand concept ... but we do not exclude the possibility of involving any brand ambassador in the future," the statement added.

The company did not say whether Seagal would be involved in promoting the brand after all.

(b)(6)  
Sanctions Policy Advisor | Office of Foreign Assets Control | Department of the Treasury  
(U) E (b)(6) | T (b)(6) | BE (b)(6)

# Re: Reuters -Russian state arms maker to sell plant to bypass Western sanctions

**From:** (b)(6)  
**To:** (b)(6) "Baheri, Leila" (b)(6) "Gatjanis, Gregory"  
**Cc:** (b)(6)  
**Date:** Thu, 25 Sep 2014 18:09:29 -0400

(b)(5)

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**From:** (b)(6)  
**Sent:** Thursday, September 25, 2014 04:47 PM  
**To:** (b)(6) Baheri, Leila; Gatjanis, Gregory; (b)(6) (b)(6)  
**Cc:** (b)(6) (b)(6)  
**Subject:** Re: Reuters -Russian state arms maker to sell plant to bypass Western sanctions

(b)(5)

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**From:** (b)(6)  
**Sent:** Thursday, September 25, 2014 04:38 PM  
**To:** (b)(6) Baheri, Leila; Gatjanis, Gregory; (b)(6) (b)(6)  
**Subject:** FW: Reuters -Russian state arms maker to sell plant to bypass Western sanctions

Very interesting.

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**From:** (b)(6)  
**Sent:** Thursday, September 25, 2014 4:21 PM  
**To:** DL\_FYI; DL\_TFI\_Alerts  
**Subject:** Reuters -Russian state arms maker to sell plant to bypass Western sanctions

## Russian state arms maker to sell plant to bypass Western sanctions

3:55pm EDT

MOSCOW (Reuters) - Russia's Rostec, a state-owned conglomerate hit by Western sanctions over Ukraine, will sell a small arms factory to a businessman who is not blacklisted to allow further sales to Europe and the United States, officials and sources said.

The European Union and the United States targeted Rostec and its head Sergei Chemezov in sanctions over Russia's role in Ukraine where the West accuses Moscow of fanning separatist unrest and arming rebels.

Moscow denies the accusations and has hit back with its own trade curbs.

Rostec, which has stakes in some of Russia's largest industries and partnerships with foreign companies, unites more than 600 companies that make products including weapons and automobiles and employ close to a million Russians.

Created in 2007 by President Vladimir Putin, it owns Kalashnikov, the maker of the Ak-47 assault rifle used in conflicts around the world.

Parties to the deal told Reuters that businessman Andrei Bokarev will buy 75 percent of Rostec's Izhmekh plant, whose products include hunting rifles and sporting guns.

"The deal will take place in two stages, the first one in the first quarter of 2015, the second one a bit later," said a spokesman for Bokarev, declining to state the value of the deal.

Russia is the world's second-largest arms exporter after the United States. Izhmekh says its guns are shipped to more than 70 countries, including Germany, Cyprus and the United States.

"As a result of the sanctions, we were forced to review the strategy for a number of our holdings," Rostec said in emailed comments.

A source close to the company said the deal was aimed at "ensuring sales market for Izhmekh in Europe and the United States."

U.S. Treasury Department sanctions on Rostec include a ban on U.S. individuals or companies dealing with Rostec in debt transactions of more than 30 days maturity. The EU sanctions include a visa ban and asset freeze on Chemezov, a Putin ally.

Rostec has said its 2013 revenues stood at 1.04 trillion rubles (\$27 billion) with net profit at 40 billion rubles (\$1 billion).

(Reporting by Gleb Stolyarov; Writing by Gabriela Baczynska; Editing by Robin Pomeroy)

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(b)(6), (b)(7)(C), (b)(7)(D), (b)(7)(E)

Duplicative of content in pages marked Bates Nos. 2018-08-116: 000525-000531

Bates Nos. 2018-08-116:

000541 - 000546

Duplicate pages marked

Bates Nos. 000526-000531

**From:** (b)(6)  
**To:** (b)(6)  
**Cc:** (b)(6)  
**Date:** Monday, October 6, 2014 1:32:00 PM  
**Attachments:** [Ukraine FAQs.pdf](#)

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[Full Question List Page 1](#) | [Full Question List Page 2](#) | [Question Index](#)

## Questions Related to Sectoral Sanctions under Executive Order 13662

[Print This entire FAQ topic](#)

### **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, issued on July 16, 2014, prohibits transacting in, providing financing for, or otherwise dealing in debt with a maturity of longer than 90 days or equity if that debt or equity is issued on or after the 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. On September 12, 2014, OFAC amended Directive 1, reducing the tenor of prohibited debt from longer than 90 days to longer than 30 days.

Directive 2 separately prohibits transacting in, providing financing for, or otherwise dealing in new debt of greater than 90 days maturity if that debt is issued on or after the sanctions effective date 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.

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. [9-12-2014]

[Print This FAQ](#)

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### **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?**

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 90 days to 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.

[9-12-2014]

[Print This FAQ](#)

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### **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]

[Print This FAQ](#)

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**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]

[Print This FAQ](#)

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**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]

[Print This FAQ](#)

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**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]

[Print This FAQ](#)

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**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

depository 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 depository 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 depository receipts that are based on equity issued by persons subject only to those Directives. [9-12-2014]

[Print This FAQ](#)

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**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]

[Print This FAQ](#)

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**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]

[Print This FAQ](#)

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**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)?**

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. [9-12-2014]

[Print This FAQ](#)

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**395. Do Directives 1, 2, and 3 prohibit U.S. persons from advising or confirming 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 of that letter of credit is one of the entities identified as subject to the Directives?**

U.S. persons may advise or confirm a letter of credit issued on behalf of a non-sanctioned entity in which an entity subject to Directive 1, 2, or 3 is the beneficiary (i.e., the exporter or seller of the underlying goods) because the subject letter of credit does not represent an extension of credit to the SSI entity.

U.S. persons may not advise or confirm 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 (i.e., the importer or buyer of the underlying goods or services). This would constitute prohibited activity because the subject letter of credit would represent an extension of credit to the SSI entity. [9-12-2014]

[Print This FAQ](#)

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**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]

[Print This FAQ](#)

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**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]

[Print This FAQ](#)

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**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?**

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. [9-12-2014]

[Print This FAQ](#)

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**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]

[Print This FAQ](#)

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**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]

[Print This FAQ](#)

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**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?**

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. [9-12-2014]

[Print This FAQ](#)

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**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)?**

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. [9-12-2014]

[Print This FAQ](#)

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**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?**

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. [9-12-2014]

[Print This FAQ](#)

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**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]

[Print This FAQ](#)

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**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]

[Print This FAQ](#)

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**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]

[Print This FAQ](#)

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**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]

[Print This FAQ](#)

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**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?**

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.

[9-12-2014]

[Print This FAQ](#)

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**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]

[Print This FAQ](#)

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Bates Nos. 2018-08-116:  
000558 - 000566  
Submitter Notice Process  
Initiated

Bates Nos. 2018-08-116:

000567 - 000569

Duplicate pages marked

Bates Nos. 000385-000387

Bates Nos. 2018-08-116:  
000570 - 000609  
Submitter Notice Process  
Initiated and/or Pending  
Consultation Responses

## RE: Weekly Report

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**From:** (b)(6)  
**To:** (b)(6)  
**Date:** Thu, 04 Dec 2014 12:00:23 -0500  
**Attachments:** (b)(6) Weekly Report Dec. 4 2014.docx (23.47 kB)

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(b)(6),

Here you go. Please let me know if you have questions.

Thanks.

(b)(6)

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**From:** (b)(6)  
**Sent:** Thursday, Decem  
**To:** Blackborow, Davin: (b)(6)  
(b)(6) Smith, Bradley; Tuchband, Matthew  
**Subject:** Weekly Report

Good Morning,

Please don't forget to send in your weeklies by 12 pm today. Also please updated the active litigation log by COB. Thank you!!

(b)(6)

ment Specialist  
Office of Chief Counsel (Foreign Assets Control)  
1500 Pennsylvania Ave, NW  
Washington, DC 20220

(b)(6)

(b)(6)

Weekly Report for November 28 to December 4, 2014

**Upcoming Significant Matters**

[None]

**Activities for the Week Ending December 4, 2014 to be Reported to E&I**

Licensing & Enforcement:

**Ukraine.** We are assisting OFAC with consideration of a license request by

(b)(5)

. OFAC is considering which activities described in the license request fall within the scope of Directives and requesting policy guidance from the State Department regarding those activities.

In addition, we are assisting OFAC in its deliberations of how to respond to ongoing

(b)(5)

Legislation:

**Ukraine.** We have been hearing indications that the Senate may attempt to fast-track Ukraine legislation. Based on the most recent version that has been shared with OFAC (as of the morning of December 4), there have not been substantial changes to the proposed bill since November 24.

Regulations:

**Ukraine.** We are assisting OFAC with review and coordination regarding the draft Crimea Executive Order.

(b)(5)

**Other Activities for the Week Ending December 4, 2014**

Brad and I met with Alex Manfull and (b)(6) regarding the (b)(5) (b)(5) enforcement matter, and (b)(5) (b)(5)

I cleared two Ukraine wire transfer license denials.

I reviewed and discussed with (b)(6) and (b)(6) (b)(5) (b)(5). They ultimately requested that the license be returned for further consideration.

I reviewed materials related to and attended a call with Davin regarding (b)(5) (b)(5) guns manufactured by Kalashnikov and coordination with OFAC on the issue.

I attended "OFAC 101" training held by OFAC.

I attended the OFAC Awards ceremony and following happy hour.

Bates No. 2018-08-116: 000613  
Pending Consultation Response



## II

(Non-legislative acts)

## REGULATIONS

## COUNCIL REGULATION (EU) No 1290/2014

of 4 December 2014

**amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, and amending Regulation (EU) No 960/2014 amending Regulation (EU) No 833/2014**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 215 thereof,

Having regard to Council Decision 2014/872/CFSP of 4 December 2014 amending Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, and Decision 2014/659/CFSP amending Decision 2014/512/CFSP <sup>(1)</sup>,

Having regard to the joint proposal of the High Representative of the Union for Foreign Affairs and Security Policy and of the European Commission,

Whereas:

- (1) On 31 July 2014, the Council adopted Regulation (EU) No 833/2014 <sup>(2)</sup> concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine.
- (2) On 8 September 2014, the Council adopted Regulation (EU) No 960/2014 <sup>(3)</sup> amending Regulation (EU) No 833/2014.
- (3) On 4 December 2014 the Council adopted Decision 2014/872/CFSP.
- (4) These measures fall within the scope of the Treaty and, therefore, particularly with a view to ensuring its uniform application in all Member States, regulatory action at the level of the Union is necessary, following the adoption of Decision 2014/872/CFSP.
- (5) Regulations (EU) No 833/2014 and (EU) No 960/2014 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

*Article 1*

Regulation (EU) No 833/2014 is amended as follows:

- (1) in Article 2(2), the second subparagraph is replaced by the following:

'The competent authorities may, however, grant an authorisation where the export concerns the execution of an obligation arising from a contract concluded before 1 August 2014, or ancillary contracts necessary for the execution of such a contract.';

<sup>(1)</sup> See page 59 of this Official Journal.

<sup>(2)</sup> Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (OJ L 229, 31.7.2014, p. 1).

<sup>(3)</sup> Council Regulation (EU) No 960/2014 of 8 September 2014 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (OJ L 271, 12.9.2014, p. 3).

(2) in Article 2a, paragraph 3 is replaced by the following:

'3. The prohibitions in paragraphs 1 and 2 shall be without prejudice to the execution of contracts concluded before 12 September 2014, or ancillary contracts necessary for the execution of such contracts, and to the provision of assistance necessary for the maintenance and safety of existing capabilities within the EU.;

(3) in Article 3, paragraphs 1 to 5 are replaced by the following:

'1. A prior authorisation shall be required for the sale, supply, transfer or export, directly or indirectly, of items as listed in Annex II, whether or not originating in the Union, to any natural or legal person, entity or body in Russia, including its Exclusive Economic Zone and Continental Shelf or in any other State, if such items are for use in Russia, including its Exclusive Economic Zone and Continental Shelf.

2. For all sales, supplies, transfers or exports for which an authorisation is required under this Article, such authorisation shall be granted by the competent authorities of the Member State where the exporter is established and shall be in accordance with the detailed rules laid down in Article 11 of Regulation (EC) No 428/2009. The authorisation shall be valid throughout the Union.

3. Annex II shall include certain items suited to the following categories of exploration and production projects in Russia, including its Exclusive Economic Zone and Continental Shelf:

(a) oil exploration and production in waters deeper than 150 metres;

(b) oil exploration and production in the offshore area north of the Arctic Circle; or

(c) projects that have the potential to produce oil from resources located in shale formations by way of hydraulic fracturing; it does not apply to exploration and production through shale formations to locate or extract oil from non-shale reservoirs.

4. Exporters shall supply the competent authorities with all relevant information required for their application for an export authorisation.

5. The competent authorities shall not grant any authorisation for any sale, supply, transfer or export of the items included in Annex II, if they have reasonable grounds to determine that the sale, supply, transfer or export of the items are destined for any of the categories of exploration and production projects referred to in paragraph 3.

The competent authorities may, however, grant an authorisation where the sale, supply, transfer or export concerns the execution of an obligation arising from a contract concluded before 1 August 2014, or ancillary contracts necessary for the execution of such a contract.

The competent authorities may also grant an authorisation where the sale, supply, transfer or export of the items is necessary for the urgent prevention or mitigation of an event likely to have a serious and significant impact on human health and safety or the environment. In duly justified cases of emergency, the sale, supply, transfer or export may proceed without prior authorisation, provided that the exporter notifies the competent authority within five working days after the sale, supply, transfer or export has taken place, providing detail about the relevant justification for the sale, supply, transfer or export without prior authorisation.;

(4) in Article 3a, paragraphs 1, 2 and 3 are replaced by the following:

'1. It shall be prohibited to provide, directly or indirectly, associated services necessary for the following categories of exploration and production projects in Russia, including its Exclusive Economic Zone and Continental Shelf:

(a) oil exploration and production in waters deeper than 150 metres;

- (b) oil exploration and production in the offshore area north of the Arctic Circle; or
- (c) projects that have the potential to produce oil from resources located in shale formations by way of hydraulic fracturing; it does not apply to exploration and production through shale formations to locate or extract oil from non-shale reservoirs.

For the purpose of this paragraph, associated services shall mean:

- (i) drilling;
- (ii) well testing;
- (iii) logging and completion services;
- (iv) supply of specialised floating vessels.

2. The prohibitions in paragraph 1 shall be without prejudice to the execution of an obligation arising from a contract or a framework agreement concluded before 12 September 2014 or ancillary contracts necessary for the execution of such a contract.

3. The prohibitions in paragraph 1 shall not apply where the services in question are necessary for the urgent prevention or mitigation of an event likely to have a serious and significant impact on human health and safety or the environment.

The service provider shall notify the competent authority within five working days of any activity undertaken pursuant to this paragraph, providing detail about the relevant justification for the sale, supply, transfer or export.;

(5) in Article 4, paragraphs 2 and 3 are replaced by the following:

‘2. The prohibitions in paragraph 1 shall be without prejudice to the execution of contracts concluded before 1 August 2014, or ancillary contracts necessary for the execution of such contracts, and to the provision of assistance necessary for the maintenance and safety of existing capabilities within the EU.

3. The provision of the following shall be subject to an authorisation from the competent authority concerned:

- (a) technical assistance or brokering services related to items listed in Annex II and to the provision, manufacture, maintenance and use of those items, directly or indirectly, to any natural or legal person, entity or body in Russia, including its Exclusive Economic Zone and Continental Shelf or, if such assistance concerns items for use in Russia, including its Exclusive Economic Zone and Continental Shelf, to any person, entity or body in any other State;
- (b) financing or financial assistance related to items referred to in Annex II, including in particular grants, loans and export credit insurance, for any sale, supply, transfer or export of those items, or for any provision of related technical assistance, directly or indirectly, to any natural or legal person, entity or body in Russia, including its Exclusive Economic Zone and Continental Shelf or, if such assistance concerns items for use in Russia, including its Exclusive Economic Zone and Continental Shelf, to any person, entity or body in any other State.

In duly justified cases of emergency referred to in Article 3(5), the provision of services referred to in this paragraph may proceed without prior authorisation, on condition that the provider notifies the competent authority within five working days after the provision of services.;

(6) in Article 5, paragraph 3 is replaced by the following:

‘3. It shall be prohibited to directly or indirectly make or be part of any arrangement to make new loans or credit with a maturity exceeding 30 days to any legal person, entity or body referred to in paragraph 1 or 2, after 12 September 2014.

The prohibition shall not apply to:

- (a) loans or credit that have a specific and documented objective to provide financing for non-prohibited imports or exports of goods and non-financial services between the Union and any third State, including the expenditure for goods and services from another third State that is necessary for executing the export or import contracts; or
- (b) loans that have a specific and documented objective to provide emergency funding to meet solvency and liquidity criteria for legal persons established in the Union, whose proprietary rights are owned for more than 50 % by any entity referred to in Annex III.;

(7) in Article 5, the following paragraph is added:

'4. The prohibition in paragraph 3 shall not apply to drawdown or disbursements made under a contract concluded before 12 September 2014 provided that the following conditions are met:

- (a) all the terms and conditions of such drawdown or disbursements:
  - (i) were agreed before 12 September 2014; and
  - (ii) have not been modified on or after that date; and
- (b) before 12 September 2014 a contractual maturity date has been fixed for the repayment in full of all funds made available and for the cancellation of all the commitments, rights and obligations under the contract.

The terms and conditions of drawdowns and disbursements referred to in point (a) include provisions concerning the length of the repayment period for each drawdown or disbursement, the interest rate applied or the interest rate calculation method, and the maximum amount.;

(8) Annex II is amended as follows:

- (a) in the heading, the reference 'List of technologies referred to in Article 3' is replaced by 'List of items referred to in Article 3';
- (b) the entries for CN codes 8413 50, 8413 60, ex 8431 39 00, ex 8431 43 00, ex 8431 49 are replaced by the following:

'ex 8413 50	Reciprocating positive displacement pumps for liquids, power-driven with a maximum flow-rate greater than 18 m <sup>3</sup> /hour and a maximum outlet pressure greater than 40 bar, specially designed to pump drilling muds and/or cement into oil wells
ex 8413 60	Rotary positive displacement pumps for liquids, power-driven with a maximum flow-rate greater than 18 m <sup>3</sup> /hour and a maximum outlet pressure greater than 40 bar, specially designed to pump drilling muds and/or cement into oil wells
ex 8431 39 00	Parts suitable for use solely or principally with the oil field machinery of heading 8428
ex 8431 43 00	Parts suitable for use solely or principally with the oil field machinery of subheadings 8430 41 or 8430 49
ex 8431 49	Parts suitable for use solely or principally with the oil field machinery of heading 8426, 8429 and 8430';

(9) Annex IV is replaced by the Annex to this Regulation.

*Article 2*

Recital 6 of Regulation (EU) No 960/2014 is replaced by the following:

- (6) In order to put pressure on the Russian Government, it is also appropriate to apply further restrictions on access to the capital market for certain financial institutions, excluding Russia-based institutions with international status established by intergovernmental agreements with Russia as one of the shareholders; restrictions on legal persons, entities or bodies established in Russia in the defence sector, with the exception of those mainly active in the space and nuclear energy industry; and restrictions on legal persons, entities or bodies established in Russia whose main activities relate to the sale or transportation of crude oil or petroleum products. Financial services other than those referred to in Article 5 of Regulation (EU) No 833/2014, such as deposit services, payment services, insurance services, loans from the institutions referred to in Article 5(1) and (2) of that Regulation and derivatives used for hedging purposes in the energy market are not covered by these restrictions.

*Article 3*

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 4 December 2014.

*For the Council*  
*The President*  
S. GOZI

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ANNEX

ANNEX IV

**List of natural or legal persons, entities or bodies, referred to in Article 2a**

JSC Sirius  
OJSC Stankoinstrument  
OAO JSC Chemcomposite  
JSC Kalashnikov  
JSC Tula Arms Plant  
NPK Technologii Maschinostrojenija  
OAO Wysokototschnye Kompleksi  
OAO Almaz Antey  
OAO NPO Bazalt'

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Bates Nos. 2018-08-116:  
000619 - 000630  
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