

RE: RWC Group summary for licensing meeting

From: "Blackborow, Davin" (b)(6)
To: (b)(6)
Cc: (b)(6)
Date: Thu, 15 Oct 2015 18:29:43 -0400

Looks good – thank you!

From: (b)(6)
Sent: Thursday, October 15, 2015 5:11 PM
To: Blackborow, Davin; (b)(6)
Cc: (b)(6)
Subject: RE: RWC Group summary for licensing meeting

Hi Davin:

This is (b)(6) summary of the RWC reconsideration request for John and Andrea in preparation for tomorrow's meeting. Please let us know if you have any questions.

Thank you,

(b)(6)

RWC Group, LLC Ukraine-EO13661-2015-318183-1

Summary

RWC Group (RWC) is a U.S. company that imports products, (b)(4) from Russian weapons manufacturer Baikal for sale on the U.S. civilian market. On July 30, 2014, after Kalashnikov Concern (KC) was designated on July 16, 2014, RWC submitted a request to OFAC for an advisory opinion on whether Baikal would be considered a blocked person due to its relationship with KC, which RWC stated was strictly a marketing relationship. RWC sought this guidance (b)(4)

(b)(4) RWC wanted to sell once it had received confirmation from OFAC on Baikal's status. OFAC obtained additional information that indicated that Baikal was majority-owned by KC and that KC would have an interest in (b)(4). Therefore, in March of 2015, under Case No. Ukraine-EO13661-2014-311648-1 (attached), Licensing denied the request to sell the (b)(4)

In April of this year, RWC submitted a reconsideration request claiming that Baikal had no ownership interest in (b)(4) at the time KC was designated in July of 2014 because (b)(4) was fully paid for prior to KC's designation and thus, the (b)(4) belonged entirely to RWC; however, RWC paid Baikal for (b)(4) (b)(4) (see December 17, 2014 email from RWC attached). Therefore, according to RWC, if OFAC were to argue that RWC did not entirely own the (b)(4) (b)(4) at the time KC was designated because it remitted a certain amount towards the total purchase price for (b)(4) (b)(4) to be evenly applied to (b)(4), RWC asserts that it still owned (b)(4) prior to KC's designation. *See Pages 3-4 of Application*

Payment Details

1. The total value of (b)(4) is (b)(4)
2. The total value of (b)(4) is (b)(4)
3. RWC remitted (b)(4) towards (b)(4)
4. RWC remitted (b)(4) towards (b)(4)
5. RWC argues that since (b)(4) never left Russia, the (b)(4) that was remitted prior to KC's designation should be applied to (b)(4) which would be an overpayment of (b)(4)
6. If OFAC argues that RWC did not entirely own the (b)(4) when KC was designated because it only remitted (b)(4) towards the total (b)(4) for (b)(4) RWC asserts that (b)(4) (b)(4) were owned by RWC prior to KC's designation.

Despite Baikal's designation on July 30, 2015, RWC would still like to receive a response from OFAC, including a copy of the administrative record regarding OFAC's determination that Baikal was majority-owned by KC. (b)(5)

(b)(5)

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(b)(6)

Sanctions Licensing Officer
Licensing Division
Office of Foreign Assets Control
U.S. Department of the Treasury

FW: RWC Group summary for licensing meeting

From: (b)(6)
To: "Smith, John" (b)(6) "Gacki, Andrea" (b)(6)
Cc: (b)(6) Blackborow, Davin" (b)(6)
Date: Fri, 16 Oct 2015 09:04:02 -0400
Attachments: Ukraine-EO13661-2014-311648-1 Denial.pdf (78.58 kB); Ukraine-EO13661-2015-318183-1.pdf (12.68 MB); Re_RWC - Case Number Ukraine-EO13661-2014-311648-1.msg (163.84 kB)

Hi John and Andrea,

Please find below a summary of an application that is on the agenda for the licensing meeting today.

Thanks,

(b)(6)

RWC Group, LLC Ukraine-EO13661-2015-318183-1

Summary

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(b)(5)

(b)(6)

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