

# United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510-6225

December 4, 2018

The Honorable Steven Mnuchin  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, N.W.  
Washington, D.C. 20220

Dear Secretary Mnuchin:

I am writing to share concerns about reports that the Treasury Department is considering waiving or removing sanctions related to Rusal and EN+. The Treasury Department sanctioned both entities on April 6, 2018 based on the determination that they are owned or controlled, directly or indirectly by Mr. Oleg Deripaska. I welcomed these designations in light of Mr. Deripaska's relationship with the companies and would strongly oppose any effort to remove the sanctions unless and until Mr. Deripaska divests from and relinquishes control of both companies.

As the Treasury Department noted on April 6<sup>th</sup>, upon sanctioning Mr. Deripaska (in addition to the sanctions levied against his companies), "Deripaska has said that he does not separate himself from the Russian state. He has also acknowledged possessing a Russian diplomatic passport, and claims to have represented the Russian government in other countries. Deripaska has been investigated for money laundering, and has been accused of threatening the lives of business rivals, illegally wiretapping a government official, and taking part in extortion and racketeering. There are also allegations that Deripaska bribed a government official, ordered the murder of a businessman, and had links to a Russian organized crime group."

Based on this assessment, I see no reason to remove sanctions against Mr. Deripaska, and until he divests from and relinquishes control of RUSAL and EN+, there is no justification to remove the sanctions on those companies.

During this period, I believe that it is critical for the Treasury Department use the following criteria as part of any determination to delist these entities:

- Mr. Deripaska must reduce his holdings in EN+ and Rusal such that he does not own 50% or more of or a controlling stake in either company. His family members and associates must also be prohibited from owning 50% or more of or a controlling stake in either company.
- Mr. Deripaska may not retain any authority, direct or indirect, to appoint any individual to the boards of directors or management structure of EN+ or Rusal.
- Mr. Deripaska may not retain any authority, direct or indirect, to exercise operational or management control of EN+ or RUSAL.

- Any temporary transfer of shares to Russian financial entities for resale into the market must be clearly time limited and scrutinized by the Treasury Department to ensure that it does not violate US sanctions, including section 228 of CAATSA. I would strongly recommend that such a temporary transfer not take place with entities currently sanctioned by the United States, including VTB Bank.
- Any proceeds garnered by Mr. Deripaska related to the sale of EN+ or Rusal shares should be placed in a blocked account in a U.S. bank, or foreign branch thereof, or in an escrow account at a non-US bank that can only be accessed by Mr. Deripaska in the event that he is removed from the U.S. sanctions list.
- The Treasury Department should make clear to EN+ and Rusal that sanctions will snap back into effect if Oleg Deripaska, his family members or associates increase their holdings in either entity beyond what is agreed to in the negotiations.

Any effort to delist Mr. Deripaska in a manner that is not consistent with the above criteria would likely meet strong opposition in Congress.

The goal is not to put EN+ or Rusal out of business given the global implications for the aluminum industry and the potential impact on our close allies in Europe. However, the Treasury Department must take all possible measures to ensure that Mr. Deripaska divests from and relinquishes his control of both entities and that he no longer benefits in any way from them.

Putin's aggression against us and our allies cannot go unchecked. I welcomed the April 6th designations and would encourage further targeting of those included on the Treasury Department's classified list of Russian oligarchs, issued on January 29, 2018. How the Treasury Department manages this delisting exercise will shape our perceptions about the Administration's seriousness in implementing the Russia sanctions regime. I look forward to continued dialogue on these issues.

Sincerely,



Robert Menendez  
Ranking Member