

Client Update

U.S. Treasury Delivers Report to Congress on Russian Political Figures, Oligarchs and Parastatal Entities

On January 29, 2018, the U.S. Treasury Department [announced](#) that it had delivered to Congress five reports required by the Countering America's Adversaries Through Sanctions Act, Pub. L. 115-44 ("[CAATSA](#)"). Many of the reports are classified, either in whole or in part.

The report that has received the most attention identifies senior political figures, oligarchs and parastatal entities of the Russian Federation. Section 241 of CAATSA required the report to assess, among other factors, the individuals' closeness to President Vladimir Putin and "other members of the Russian ruling elite," the estimated net worth and sources of income for those individuals and their family members, relevant indices of corruption and any non-Russian affiliations. For the parastatal entities, the report was to describe their role in the Russian economy, their leadership and beneficial ownership information and the scope of their non-Russian business affiliations. The public portion of the report is only two pages long, apart from a list of names, and it provides little of the detail required by Section 241, which presumably appears in the classified annex.

The report, a Treasury Department [press release](#) and a new [Frequently Asked Questions](#) published by the Office of Foreign Assets Control ("[OFAC](#)") all emphasize that inclusion in the report "does not and in no way should be interpreted to impose sanctions on those individuals or entities." The report and the OFAC FAQ also emphasize that inclusion in the report does not "indicate that the U.S. government has information about the individual's involvement in malign activities." In testimony to the Senate Banking Committee on January 30, 2018, however, Secretary Mnuchin stated, "There will be sanctions that come out of this report." This remark suggests that information gathered in preparing the report may serve as the basis for future sanctions, even if not all of the individuals listed in the report will be sanctions targets.

The final report defined the three relevant categories of persons as follows:

- *Senior political figures* identified in the public portion of the report are senior members of the Russian presidential administration; members of the Russian Cabinet, Cabinet-rank

ministers, and heads of other major executive agencies; and other senior political leaders, including the leadership of the State Duma and Federation Council, other members of the Russian Security Council and senior executives at state-owned enterprises. The report lists 114 such individuals. It also notes that additional individuals may be listed in the classified annex, including some who may not meet the criteria identified in the public part of the report.

- *Oligarchs* identified in the public portion of the report are Russian individuals with an estimated net worth of \$1 billion or more. The report lists 96 individuals as oligarchs, and again notes that additional individuals may be listed in the classified annex, including some who may not meet the criteria identified in the public part of the report. The public list is based entirely on wealth, as it includes Russian individuals who are not thought to have close ties to the Russian government or may even be antagonistic to it.
- *Parastatal entities* are legal persons that are at least 25% owned by the government of Russia and that had about \$2 billion or more in revenues in 2016. The detailed assessment of these entities called for by Section 241 was not included in the public portion of the report but only in the classified annex.

This report, as noted, does not impose new sanctions, and some members of Congress continue to push the Trump administration to do more. On January 30, Democratic Senators led by Ben Cardin (D-Md.), the ranking member of the Senate Foreign Relations Committee, and Sherrod Brown (D-Ohio), the ranking member of the Senate Banking Committee, wrote a [letter](#) expressing their dissatisfaction that the administration has not imposed new sanctions under CAATSA. The Senators stated that the failure to impose new sanctions six months after Congress overwhelmingly passed such measures against Russia is unacceptable. Additionally, several bills are pending in Congress that, if adopted, would require the Trump administration to impose new sanctions in the event of future interference of Russia in U.S. elections. For example, on January 16, 2018, Senators Chris Van Hollen (D-Md.) and Marco Rubio (R-Fla.) introduced [S. 2313](#), which would, if adopted, require the blocking of certain Russian energy companies, state-owned entities, the largest Russian state-owned banks and persons listed in the Section 241 report and ban trading in Russian sovereign debt, among other measures, in the event of future interference in U.S. elections.

For more information about CAATSA, please see our July 27, 2017 [Client Update](#).

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Please do not hesitate to contact us with any questions.

NEW YORK

Carl Micarelli
cmicarelli@debevoise.com

Zila R. Acosta-Grimes
zracosta@debevoise.com

MOSCOW

Alan Kartashkin
akartashkin@debevoise.com

WASHINGTON, D.C.

Satish M. Kini
smkini@debevoise.com

Robert T. Dura
rdura@debevoise.com