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US Treasury Department Issues Anticipated List of Russian Parties, Pursuant to Recent Legislation

Treasury Department Report identifies 114 senior political figures and 96 oligarchs, and confirms that the Report is not a sanctions list

On January 29, 2018, the Treasury Department submitted [a report](#) to the US Congress (the Report), as required by Section 241 of the Countering America's Adversaries Through Sanctions Act (CAATSA). President Trump signed CAATSA into law on August 2, 2017. Section 241 requires the US Treasury Secretary, in consultation with the Director of National Intelligence and the US Secretary of State, to submit a detailed report within 180 days of CAATSA's enactment to the appropriate congressional committees on senior political figures and oligarchs in the Russian Federation, as determined by their "closeness to the Russian regime" and their net worth, and on Russian parastatal entities.

The unclassified portion of the Report relies on publicly available sources to compile the list of Russian senior political figures and oligarchs. The list of senior political figures, identified on the basis of their official positions, includes senior members of the Russian Presidential Administration, members of the Russian cabinet, heads of major Russian executive agencies, leadership of the State Duma and Federation Council, members of the Russian Security Council, and senior executives at state-owned enterprises.

The list of Russian oligarchs includes those with an estimated net worth of US\$1 billion or more and is drawn from [Forbes' 2017 list of the World's Billionaires](#). The Treasury Department has confirmed that the objective net worth of the listed oligarchs was the sole criterion for inclusion on the list, without consideration of any other factors, including their relative closeness to the Putin regime or any other indicia that might serve as a basis for the imposition of sanctions.

The Report includes a classified annex that was not released and, according to Section 241, may include details regarding political figures with positions below those identified in the unclassified portion and oligarchs with an estimated net worth below US\$1 billion.

The day after the Report's release, the Treasury Department's Office of Foreign Assets Control (OFAC) issued an [FAQ](#) stressing a point also made in the Report itself that the Report does not impose sanctions on any of the individuals or entities included in the Report (other than 20 individuals who were already the target of US sanctions):

This report has been prepared and provided exclusively in response to Section 241 of CAATSA. It is not a sanctions list, and the inclusion of individuals or entities in this report, its appendices, or its annex does not and in no way should be interpreted to impose sanctions on those individuals or entities. Inclusion in this report also does not constitute the determination by any agency that any of those individuals or entities meet the criteria for designation under any sanctions program.

Moreover, the inclusion of individuals or entities in this report, its appendices, or its classified annexes does not, in and of itself, imply, give rise to, or create any other restrictions, prohibitions, or limitations on dealings with such persons by either U.S. or foreign persons. Neither does inclusion on the unclassified list indicate that the U.S. Government has information about the individual's involvement in malign activities.

Notwithstanding this OFAC statement, which is consistent with the letter and intent of CAATSA Section 241, the Trump Administration will likely continue to face political and public pressure to implement CAATSA fully and to impose additional Russia-related sanctions. On January 30, Treasury Secretary Mnuchin [testified](#) before the US Senate that the US will impose new sanctions on Russia “in the near future.” Secretary Mnuchin was also [quoted](#) as saying that the classified portion of the Report is “hundreds of pages” and “there will be sanctions that come out of this report.” As recently as [January 26, 2018](#), OFAC added a number of Russian entities and individuals to its list of Specially Designated Nationals (SDNs). Treasury Department and OFAC officials have indicated that those designations should be taken as evidence that the Trump Administration is maintaining a tough sanctions posture towards Russia, independent of CAATSA.

The Report was one of five reports mandated by CAATSA and issued to various congressional committees on January 29, 2018, as outlined in a Treasury Department [press release](#). Section 242 requires a “Report on Effects of Expanding Sanctions to Include Sovereign Debt and Derivative Products,” which has been delivered to Congress but not yet released publicly.

Viewed in isolation, the issuance of the Report neither imposes nor triggers the imposition of any sanctions on any of the listed persons or entities. CAATSA Section 241 itself appears only to contemplate possible secondary sanctions, as opposed to SDN designations, on individual oligarchs, and only if those individuals are determined to be close to the Putin regime and analyzed through a sanctions impact assessment. While the issuance of the Report is giving rise to concerns that persons on the list of oligarchs could become targets of sanctions, the authors’ sense is that OFAC and other agencies will likely continue to take a targeted approach and almost certainly seek to avoid a wholesale expansion of sanctions based solely on the net worth of individuals.

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