

United States Senate

May 9, 2022

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Yellen:

Following my visit to Ukraine last month, it is abundantly clear to me that the U.S. needs to take additional steps to stop Putin's atrocious war crimes. I appreciate the Administration's announcement of new sanctions on executives from Gazprombank and Sberbank, but believe further action is necessary. We must act to end this war expeditiously, and that means immediately ratcheting up sanctions on Russia and Vladimir Putin himself.

First, the U.S. Department of the Treasury's (Treasury) Financial Crimes Enforcement Network has an opportunity to support Ukraine's fight for freedom by using Section 311 of the USA PATRIOT Act to designate Bank Rossiya as a "primary money-laundering concern."¹ Bank Rossiya is an "institution that has been crucial to helping Russian elites store their wealth overseas"² and has been linked to "individuals under sanctions...including Rossiya chair Yuri Kovalchuk"³. Bank Rossiya has been used to fund Putin's war and must be designated under Section 311 without delay. Although it remains under sanctions first imposed in 2014, those have proven largely ineffective, as Bank Rossiya remains in business. Related entities such as Cyprus-based Telcrest Investments Limited and its Dutch sister company ABR Investment should also be designated under Section 311, as these companies appear to act as funnels for Russia's money laundering and investment activities.

Secondly, Treasury's Office of Foreign Assets Control (OFAC)'s guidance on entities owned by persons whose property and interest in property are blocked, otherwise known as the 50 percent rule, must be revised to provide OFAC more flexibility. Entities such as Bank Rossiya have used OFAC's 50 percent rule to shield themselves from the impact of financial pressure. If the U.S. wants to sharpen our financial war fighting capabilities, we must revise OFAC's archaic 50 percent rule as it relates to Russia.

¹ USA PATRIOT Act of 2001; Sec. 311

² Lutz, Eric. "U.S. Sanctions Mean Bad News for Putin's Adult Daughters." *Vanity Fair*, 6 Apr. 2022, <https://www.vanityfair.com/news/2022/04/us-sanctions-mean-bad-news-for-putins-adult-daughters>.

³ Asher, David. "The US Needs to Aim Its Financial Punishment at Putin Himself." *Financial Times*, 7 Apr. 2022, https://www.ft.com/content/c9a3605e-b9b5-46f3-ad72-f68a929c2ba0?accessToken=zWAAAYBmsZRWkdPJo2BeubVG89OtcvaKkpwroA.MEUCIQDcA_Y_tnQhOKlyMa51fkDnHONL1r8tUD86UUXjqcXTNAIgdVP6pZ9E3EmWEQhMOE5QeMr6HdSyAQ8rPEhC5xd_f-U&sharetype=gif%3Ftoken.

³ Asher, David. "The US Needs to Aim Its Financial Punishment at Putin Himself." *Financial Times*, 7 Apr. 2022, https://www.ft.com/content/c9a3605e-b9b5-46f3-ad72-f68a929c2ba0?accessToken=zWAAAYBmsZRWkdPJo2BeubVG89OtcvaKkpwroA.MEUCIQDcA_Y_tnQhOKlyMa51fkDnHONL1r8tUD86UUXjqcXTNAIgdVP6pZ9E3EmWEQhMOE5QeMr6HdSyAQ8rPEhC5xd_f-U&sharetype=gif%3Ftoken.

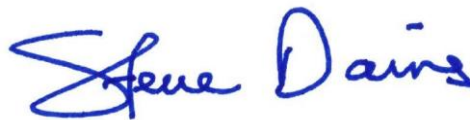
United States Senate

Finally, Treasury must levy new sanctions against Putin's largest money makers: Gazprom, Gazprombank, and Rosneft. These institutions have evaded financial consequences for too long and are not only financing Putin's invasion of Ukraine, they are profiting off of rising oil & natural gas prices as a result of Putin's war. This is counter to U.S. and European foreign policy and security interests, and OFAC should impose economic sanctions and add these entities to the Specially Designated Nationals List.

I would like to see these actions taken immediately. Accordingly, I respectfully request that you respond to this letter promptly in order to provide time for any needed new authorities to be included in the next Ukraine aid package considered by Congress.

Thank you in advance for your consideration. My staff and I are available to discuss this request at any point.

Sincerely,



STEVE DAINES
United States Senator