

PRESS RELEASES

Senate Intel Vice Chair Warner Presses Mnuchin on Deripaska Sanctions (/public/index.cfm/pressreleases? ID=22E3E0C4-3E06-4F23-AF5D- 2A3D50F14CA1)

Jan 29 2019

WASHINGTON – U.S. Sen. Mark R. Warner (D-VA), Vice Chairman of the Senate Select Committee on Intelligence and Ranking Member of the Senate Banking Subcommittee on National Security and International Trade and Finance, requested ongoing briefings from the Trump Administration regarding the deal it reached to remove sanctions on several companies owned by the Russian oligarch Oleg Deripaska.

In a letter to Treasury Secretary Steven Mnuchin, Sen. Warner wrote, “I write today to express my concern that the agreement the U.S. Treasury Department’s Office of Foreign Asset Control (OFAC) reached with Oleg Deripaska does not remove Deripaska’s ability to control EN+, Rusal, and EuroSibEnerg, and I ask that you timely provide the Senate Intelligence Committee with the same information OFAC requests or receives under the agreement and the results of any audits performed at OFAC’s request under the agreement so that Congress can continue its ongoing oversight of the sanctions imposed on Deripaska and his companies.”

On Sunday, the Trump Administration formally lifted sanctions on the three firms linked to Deripaska, including a company that is the world’s second-largest aluminum producer.

Added Sen. Warner, “I am deeply concerned by the reports that there were details of the agreement not disclosed in your December 19, 2018 letter to Majority Leader McConnell regarding the agreement with Deripaska. The additional information strengthens my conviction that Deripaska will continue to exert control over EN+, Rusal, and EuroSibEnergo. Based on those reports and the letter, I understand that Deripaska’s equity stake in EN+ will decrease to 44.95 percent. But when combined with the holdings of the family and close associates of Deripaska—including his personal foundation, his ex-wife, her father, and a firm with links to her family—means that Mr. Deripaska will continue to be closely associated with nearly 57 percent of the equity of EN+ after the restructurings contemplated by the agreement.”

Earlier this month, the Republican-controlled Senate voted 57-42 in favor of a resolution that would stop the lifting of sanctions – short of the 60 votes needed to move the resolution forward. The House of Representatives approved the resolution 362-53, with a majority of members from both parties voting in favor of retaining the sanctions.

“Bipartisan majorities in the House and Senate signaled their concern with this agreement. These recent reports strengthen my determination that the agreement Treasury has struck with Deripaska needs to be overseen strictly not only by OFAC but also by Congress,” **Sen. Warner added**. “Your letter describes the ongoing auditing, certification and reporting and other information rights that OFAC will receive with respect to these companies under the agreement. I ask that you provide the Senate Intelligence Committee with the same information OFAC requests or receives regarding the companies and the results of any audits performed at OFAC’s request under the agreement so that Congress can continue its ongoing oversight of the sanctions imposed on Deripaska and his companies.”

The full text of the letter appears below. A copy of the letter is available here (<https://www.scribd.com/document/398493748/1-28-19-Deripaska-Letter-to-Mnuchin>).

Dear Secretary Mnuchin,

I write today to express my concern that the agreement the U.S. Treasury Department’s Office of Foreign Asset Control (OFAC) reached with Oleg Deripaska does not remove Deripaska’s ability to control EN+, Rusal, and EuroSibEnergo, and I ask that you timely provide the Senate Intelligence

Committee with the same information OFAC requests or receives under the agreement and the results of any audits performed at OFAC's request under the agreement so that Congress can continue its ongoing oversight of the sanctions imposed on Deripaska and his companies.

I am deeply concerned by the reports that there were details of the agreement not disclosed in your December 19, 2018 letter to Majority Leader McConnell regarding the agreement with Deripaska. The additional information strengthens my conviction that Deripaska will continue to exert control over EN+, Rusal, and EuroSibEnergo. Based on those reports and the letter, I understand that Deripaska's equity stake in EN+ will decrease to 44.95 percent. But when combined with the holdings of the family and close associates of Deripaska—including his personal foundation, his ex-wife, her father, and a firm with links to her family—means that Mr. Deripaska will continue to be closely associated with nearly 57 percent of the equity of EN+ after the restructurings contemplated by the agreement. You stated in your letter that Mr. Deripaska himself will not be permitted to vote more than 35 percent of his EN+ shares. And you also implied that the votes of these individuals close to Deripaska will be assigned to an independent third party. Nevertheless, the combination of a nearly 57 percent equity stake and the ability to vote 35 percent of EN+ shares suggests that Deripaska and his close associates will continue to have the largest stake—by far—in EN+.

This nearly 57 percent stake alone is sufficient to determine that Deripaska will continue to have the ability to control EN+, Rusal and EuroSibEnergo. But additional factors strengthen this conclusion. For example, Deripaska is the founder of EN+, and was responsible for the hiring of many Rusal employees—another avenue for him to exert controlling influence. Another sanctioned Russian oligarch, Viktor Vekselberg, will continue to have a stake through SUAL Partners Limited, which owns 22.5 percent of Rusal. And VTB, a Russian government-owned bank that is subject to some U.S. sanctions and that has ties to Deripaska, will own about 24 percent. Taken together, these additional facts mean that Deripaska and companies and individuals connected to him, will continue to have the ability to exert significant control over EN+, Rusal and EuroSibEnergo after the restructuring.

Bipartisan majorities in the House and Senate signaled their concern with this agreement. These recent reports strengthen my determination that the agreement Treasury has struck with Deripaska needs to be overseen strictly not only by OFAC but also by Congress.

Your letter describes the ongoing auditing, certification and reporting and other information rights that OFAC will receive with respect to these companies under the agreement. I ask that you provide the Senate Intelligence Committee with the same information OFAC requests or receives regarding the companies and the results of any audits performed at OFAC's request under the agreement so that Congress can continue its ongoing oversight of the sanctions imposed on Deripaska and his companies.

Thank you for your attention to this important matter. I would appreciate a response by February 3, 2019.

Sincerely,

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