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Experts, Former Government Officials Praise Treasury Deal with En+/RUSAL to Wrest Control from Oligarch

***“This is a good policy outcome”; “This is absolutely a winning strategy”;
“I think that Treasury made the right call”***

Warn That Any Effort to Slow, Derail Deal Could Have Disastrous Consequences for Economy and Seriously Undermine U.S. Sanctions Policy

Amid a last-minute effort to politicize the U.S. Treasury’s successful deal to wrest control of En+ Group Plc and United Co. Rusal Plc from Russian oligarch Oleg Deripaska, a wide range of former top Treasury officials and sanctions experts are warning any attempt to derail the agreement could have dire worldwide economic consequences and undermine future attempts by the U.S. to level sanctions against foreign actors. Describing the “smart sanctions” approach by Treasury as a “good policy outcome,” these experts say the playbook OFAC deployed with EN+/RUSAL “should frighten other Russian oligarchs who cooperate with Russian President Vladimir Putin’s misadventures abroad or are part of his corrupt circle.”

What the Experts Are Saying About the Tough Approach Taken by Treasury ...

“This is a good policy outcome, since the target (Deripaska) has felt significant impact from the sanctions, but disruption to the US and global economies has been minimized” – Brian O’ Toole, former senior advisor to the director of OFAC at the U.S. Treasury, nonresident senior fellow at the Atlantic Council.

“This is absolutely a winning strategy ... It sends the message that if you are targeted by the U.S. government, you ultimately may have to give up ownership and control of your most powerful and profitable assets” – John Smith, former director of OFAC when the sanctions against En+/RUSAL were leveled, as quoted by Bloomberg News.

“It may surprise you to hear this, given my reputation as a Putin hawk, but I think that Treasury made the right call in this deal” – Dan Fried, State Department coordinator for sanctions against policy and the architect of U.S. sanctions against Russia during the Obama administration, as quoted by The Daily Beast.

The success of this deal **“could make [the Treasury] more willing to go after wealthy individuals with vast holdings in the future.” Treasury now has a playbook for imposing sanctions on a person with vast holdings and then negotiating that person’s exit from the holdings while minimizing the effects of sanctions on those holdings.** Company boards can also use this as a blueprint to seek to remove sanctions and continuing to operate while separating itself from targeted individuals. – David Murray, former director of the U.S. Treasury’s office of illicit finance and senior advisor to the Under Secretary for Terrorism and Financial Intelligence, as paraphrased and quoted by the Wall Street Journal.

“This is not a case of the Trump Administration loosening sanctions for no good reason” – Fried, as quoted by Bloomberg News.

“Sanctions targeting RUSAL’s founder and now indirect minority shareholder, Oleg Deripaska, worked exactly the way they are supposed to and that Deripaska’s fate should frighten other Russian oligarchs who cooperate with Russian President Vladimir Putin’s misadventures abroad or are part of his corrupt circle” – O’Toole.

The intent to delist the companies is consistent with U.S. law and general sanctions policy, which is to compel a change in behavior. Cutting Mr. Deripaska’s stakes in the companies removes the reason for their designations – Erich Ferrari, founder of the boutique sanctions firm Ferrari & Associates PC, as cited by the Wall Street Journal.

On the Risk Posed by Congress Derailing the Deal ...

“Failure to act here would undermine both the credibility and effectiveness of U.S. sanctions” – Ferrari.

“Deripaska has been ousted from a control of the company that has defined him for the better part of a quarter century, and he won’t see a cent from that ousting ... Congress should defer to OFAC rather than letting delisting decisions become political footballs” – O’Toole.

“For Congress to come in and make what should be a straightforward administrative process into something political undermines the credibility of U.S. sanctions” – Michael Dobson, former OFAC senior sanctions policy adviser, as quoted by the The Daily Beast.

“Moreover, a denial of this action by Congress is legally risky. If EN+, RUSAL, and ESE can convince a US court that Deripaska no longer “owns or controls” either company, it is possible they could win a lawsuit in US courts challenging any continued sanctions against the companies. A single such loss would undermine the efficacy of US sanctions altogether” – O’Toole.

Key articles:

The Atlantic Council: [The RUSAL Deal: A Good Outcome?](#)

The Wall Street Journal: [Experts Point to Longstanding Policy in En+, Rusal Sanctions Removal Plan](#)

The Daily Beast: [Dems Move to Block Trump From Lifting Sanctions on Russian Oligarch](#)

Bloomberg: [Trump’s RUSAL Relief Tests Whether Deripaska is in the Driver’s Seat](#)

From: Deirdre Stach
Sent: Monday, January 7, 2019 4:51:47 PM
To:
Subject: En+ and Rusal --Smart Sanctions policy

Elected Official,

I wanted to follow up on my call before Christmas about the OFAC Notice of Intended Removal on En+ and Rusal. If you may remember, I am working with the Independent Chairman of the Board of En+, Lord Gregory Barker. This is a case study for smart sanctions against Oleg Deripaska. This will end Mr. Deripaska's control of his companies, keep him under full sanctions, and will cost him over \$2 billion, the largest actual (not paper) financial loss every suffered by an individual oligarch.

As Senators Schumer and Menendez are speaking out on this, I wanted to reach out to you again and see if you had a few moments to connect? In the meantime, I wanted to pass along a compilation of supportive quotes from former government officials and experts for your review.

When would be convenient?

Thank you so much.

Deirdre

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