

United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510-6225

February 28, 2018

The Honorable Rex Tillerson
Secretary of State
U.S. Department of State
2201 C St, NW
Washington, DC 20520

The Honorable Steven Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Secretaries Tillerson and Mnuchin:

The Countering America's Adversaries Through Sanctions Act (CAATSA), Public Law 115-44, requires the President to impose sanctions for actions related to Iran, Russia, and North Korea, as well as deliver a series of reports. Public Law 115-44 passed overwhelmingly in both chambers of Congress last year, yet the Administration has failed to implement numerous provisions in CAATSA and may be in violation of the law.

This letter details a list of concerns and questions related to sanctions implementation, required reports, and Trump Administration policy towards Iran, Russia, and North Korea.

Iran

With respect to Iran-related CAATSA sanctions, the Administration failed to meet Congressionally mandated deadlines for delivery of reports and a strategy including:

- Section 103 required delivery of a Regional Strategy for Countering Conventional and Asymmetric Iranian Threats in the Middle East and North Africa by January 29, 2018.
- Section 106 required delivery of a list of persons responsible for human rights abuses by October 29, 2017.
- Section 109 required a report on Coordination of Sanctions Between the United States and the European Union by January 29, 2018.

On what date did the appropriate Departments of the U.S. Government begin work on these reports? When can Congress expect the Administration to deliver the reports required in these sections?

I am also concerned that the Administration has failed to impose Iran-related sanctions under the mandatory provisions of the law including:

- Section 104 - Imposition of additional sanctions in response to Iran's ballistic missile program. In particular, Section 104(b)(6) provides the authority to impose sanctions on any person who knowingly provides or attempts to provide financial, material, technological, or other support for goods or services related to Iran's ballistic missile program.
- Section 107- Enforcement of arms embargos, which provides the authority to impose sanctions on persons who have knowingly engaged in activities that violate the arms embargo against Iran.

Since the enactment of CAATSA, how has the Administration specifically used these new authorities and what new designations have been imposed?

Russia

With respect to the Russia-related CAATSA sanctions, I remain extremely disappointed with the Administration's unwillingness to impose sanctions as required under the mandatory provisions of the law. President Trump continues to deny that Russia interfered in the 2016 Presidential election. I am even more alarmed by his refusal to mobilize the U.S. Government to ensure that our electoral process is protected from future attacks. This gross abdication of responsibility for our national defense is inexcusable. President Trump signed this law over six months ago, yet your administration has not imposed one mandatory CAATSA sanction against Russia.

Specifically, your administration failed to impose any sanctions against Russia for its cyber activity, even though Section 224 of CAATSA requires sanctions against anyone who knowingly undermines the cyber security of an individual or a democratic institution on behalf of the Russian government. Given what we know about Russian government interference in European elections over the last year alone, it is impossible to believe that the Administration could not identify one sanctionable offense. On February 15, the White House acknowledged that the Russian government orchestrated the 'NotPetya' cyber-attack on Ukraine. Clearly, this attack falls within the parameters of Section 224, and the administration must therefore impose the legally mandated sanctions.

I request that you provide the State Department's assessment as to whether the cyber security of an individual or democratic institution has been undermined by someone acting on behalf of the Russian Federation since August 2, 2017.

The Administration also failed to articulate a clear baseline for assessing the nature of individual countries' business relationship with Russia's defense and intelligence sectors, as required under Section 241. Without this information, policymakers cannot measure whether countries have substantially reduced these purchases over time, which was the intent of the legislation. I find it impossible to believe that no significant transaction has taken place with the Russian defense and intelligence sectors since August 2nd.

Have you established a clear baseline of commerce between the Russian defense and intelligence sectors and consumers around the world? If so, can you please share that baseline assessment with the Senate Foreign Relations Committee? Is it your assessment that not one significant transaction has taken place with the Russian defense and intelligence sectors since August 2, 2017?

In addition, we have seen no action on the following mandatory sections of the law:

- Sec. 225: Sanctions related to special Russian crude oil products;
- Sec. 226: Sanctions with respect to Russian and other foreign financial institutions;
- Sec. 227. Sanctions with respect to significant corruption in the Russian Federation;
- Sec. 228: Sanctions with respect to certain transactions with foreign sanctions evaders and serious human rights abusers in the Russian Federation;
- Sec. 233: Sanctions with respect to investment in or facilitation of privatization of state-owned assets by the Russian Federation; and
- Sec. 234: Sanctions with respect to the transfer of arms and related materiel to Syria.

Can you please provide a status update on each of these provisions?

Section 341 of CAATSA required a report on Russian oligarchs and parastatal entities. The public version of that report was an embarrassment, given that the list of oligarchs was clearly copied from Forbes magazine. By issuing this public report, I am concerned the Administration may have lost any leverage that could have been created by a serious list. Such a product also calls into the question the commitment of the administration to fully implement the law.

North Korea

With respect to North Korea-related sanctions, your administration has not provided a number of additional classified and unclassified reports called for by CAATSA including:

- Section 273 Report on terrorist financing, money laundering, proliferation financing.
- Section 313 Report on compliance of foreign countries to curtail arms trafficking involving North Korea.
- Section 314 Report on foreign sea ports and airports that fail to implement U.N. Security Council resolutions.
- Section 315 Report identifying certain foreign vessels that do not comply with relevant UNSCR.
- Section 316 Reports on North Korea-Iran cooperation on ballistic missiles, chemical or biological weapons, or conventional weapons programs.
- Section 317 Report on efforts to comply with DPRK-related UNSCRs.
- Section 318 Briefing on international use of specialized financial messaging services available to DPRK financial institutions.

On what date did the appropriate Departments of the U.S. Government begin work on these reports? When can Congress expect the Administration to deliver the reports required in these sections, and the briefing mandated by Section 318?

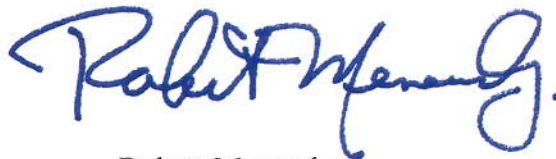
In addition, your Administration has not provided the proposed regulations related to the North Korea title to the appropriate congressional committees, as required by Section 333. With the ongoing threat of a nuclear crisis with North Korea, your Administration must keep the Congress updated and informed on the latest developments with North Korea and the implementation of sanctions against the regime.

On what date did the appropriate Departments of the U.S. Government begin work on these regulations? When can Congress expect the Administration to deliver the reports required in this section?

In summary, your Administration's failure to impose mandatory sanctions or report to Congress on criminal and terrorist activities by some of the most dangerous regimes in the world – Russia, Iran, and North Korea – puts America's national security at risk. If your Administration continues to ignore the law, Congress will act by using other levers at our disposal, including the appropriations and confirmation process. Congress wrote this law, which passed with overwhelming bipartisan support in the House and Senate, to protect the national security interests of the United States and I expect your Administration to fully implement the law and immediately impose the required mandatory sanctions.

I look forward to your prompt responses to all of the questions in this letter.

Sincerely,

A handwritten signature in blue ink that reads "Robert Menendez". The signature is written in a cursive, flowing style with a prominent initial "R" and a long, sweeping underline.

Robert Menendez
Ranking Member