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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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October 24, 2016

The Honorable Jacob Lew
Secretary of Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Lew:

I am writing to request more information about the Syria sanctions regime to better understand the breadth and effectiveness of this program. Particularly in light of the administration's decision to suspend bilateral contacts with Russia over the Syrian crisis, we want to ensure that our sanctions are being implemented as effectively as possible.

Like many in this country, I am deeply concerned by the ongoing conflict in Syria. The horrific violence continues to undermine regional security and stability. As you know, the Senate Finance Committee has historically conducted oversight of programs under The Office of Foreign Assets Control supervision ("OFAC"). While achieving a sustainable cease-fire will require the efforts of many branches of government, I believe it is critical for the Committee and Treasury to work together to assess the effectiveness of the Syrian sanctions program.

OFAC began implementing a Syria sanctions program in 2004, in response to the Assad regime's support of terrorism. The U.S. imposed additional sanctions following the regime's 2011 crackdown on peaceful protests and human rights abuses. These sanctions mean that U.S. persons are not permitted to do business with individuals or entities on OFAC's Specially Designated Nationals and Blocked Persons List ("SDN List") including the Syrian government, Central Bank of Syria, senior Syrian government officials, and individuals and entities responsible for human rights abuses in Syria.¹

I am requesting more information about the Syria sanctions regime to better understand the breadth and effectiveness of this program. To assist my review of this matter, please provide the following information:

- 1) Since the Syrian conflict began in 2011, how many sanctions designations has OFAC issued each year? Please provide the date of each round of designations, the name of each designated individual or entity, and the authority relied upon for the designation.
 - a) Since the Syria sanctions program began in 2004, how many total persons and entities have been placed on the SDN List? How many persons that at one time were on the SDN List have been delisted? Please identify each individual or entity and the year delisted.

¹ https://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq_other.aspx#syria_whole

- b) How many licenses have been granted to engage in prohibited transactions in each year since 2011? How many total licenses have been granted since 2004?
- 2) OFAC also maintains a list of individuals and entities who engage in transactions intended to circumvent U.S. sanctions, including those related to Syria, known as the Foreign Sanctions Evaders (FSE) list. Please identify each person or entity on the Foreign Sanctions Evaders list related to Syria and the year listed.
- a) The Syria sanctions program broadly prohibits transactions between U.S. persons and the Syrian government, and a similar regime is in place in the European Union. However, Syria's economy is highly dependent on investment from nations in the Gulf Region.² Furthermore, since the initiation of sanctions, Syria has reportedly been dependent on Russian banks for financial services.³ OFAC's decision this summer to list entities in China and the United Arab Emirates highlight these relationships. Please describe in further detail OFAC's efforts to target business between Syria and the rest of the world.
- b) How many persons and entities residing outside of Syria are on the SDN List?
- c) How many persons and entities residing outside of Syria have been added to the SDN List each year since 2011?
- 3) I am particularly concerned about the use of shell companies to evade sanctions, and several sanctioned entities are incorporated in jurisdictions such as St. Kitts and Nevis and Panama which are known to facilitate anonymous shell companies. U.S. persons are not permitted to do business with individuals or entities 50 percent or more owned or controlled, directly or indirectly, by an SDN, regardless of whether the entity itself is listed on the SDN List. How did OFAC determine that 50% was the appropriate threshold to classify an entity as owned by a blocked person?
- a) How does OFAC define "control" for the purposes of these restrictions?
- b) How does OFAC monitor for compliance with these restrictions when the owned or controlled entities are not listed on the SDN list?
- c) The Treasury Department's Financial Crimes Enforcement Network recently published regulations requiring financial institutions to identify all persons with a greater than 25 percent ownership interest in a legal entity, and to identify an individual having significant management responsibility over the legal entity. Now that financial institutions will be regularly collecting standardized information about the entities they do business with, does OFAC have any plans to make corresponding changes to strengthen its ownership and control definitions?

² <https://www.washingtonpost.com/blogs/monkey-cage/wp/2015/08/03/why-havent-syrian-banks-collapsed-under-sanctions-and-war/> and <https://ojs.st-andrews.ac.uk/index.php/syria/article/view/1175>

³ <http://www.reuters.com/article/usa-sanctions-syria-idUSL2N0NU1AP20140508>

I appreciate your prompt attention to these important questions, and request a response by November 14, 2016. If you have any questions, please have your staff contact Dan Goshorn at (202) 224-4515.

Sincerely,



Ron Wyden
Ranking Member