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# *Trump Administration to Lift Sanctions on Russian Oligarch's Companies*

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WASHINGTON — The Trump administration announced on Wednesday that it intends to lift sanctions against the business empire of Oleg V. Deripaska, one of Russia's most influential oligarchs, after an aggressive lobbying campaign by Mr. Deripaska's companies.

The decision by the Treasury Department, which had been postponed for months, was both politically and economically sensitive, and drew criticism from some Democrats and foreign policy analysts that the administration was sending the wrong signal to Moscow about its conduct toward its neighbors and the United States.

The companies are among the biggest in the aluminum industry, and questions about their fate had roiled global metals markets. And Mr. Deripaska's stature in Russia made any decision seen to be in his favor tricky for the administration at a time when President Trump is under investigation by the special counsel in connection with Russian interference in the 2016 election.

Mr. Deripaska and his businesses — including the world's second-largest aluminum company, Rusal — were hit with sanctions in April in retaliation for Russian interference in the election and other hostile acts by Moscow.

The companies responded with a sophisticated multimillion-dollar lobbying and legal campaign seeking to delay and ultimately remove the sanctions in exchange for promises from Mr. Deripaska to give up majority ownership and control of EN+, the holding company that controls Rusal.

The lobbying effort had cast the sanctions as having unintended ripple effects on companies in the United States, Ireland, Sweden, Jamaica, Guinea and elsewhere, with potential job losses and other negative economic impacts.



Andrea M. Gacki, the director of the Treasury's Office of Foreign Assets Control, cited those economic effects in a letter notifying congressional leaders of the administration's intent to lift the sanctions against EN+, Rusal and a third Deripaska company, JSC EuroSibEnergo.

Ms. Gacki said Mr. Deripaska himself would remain on the sanctions list. As long as that was the case, she said, Mr. Deripaska would be unable to gain access to the proceeds from selling off his shares to reduce his stake.

Ms. Gacki said Mr. Deripaska and his companies "have agreed to undertake significant restructuring and corporate governance changes to address the circumstances that led to their designation." The changes would include reducing his stake in the companies to below 50 percent and overhauling their boards, including ensuring that half of EN+'s directors will be United States or British citizens.

Unless Congress tries to block the move by passing a joint resolution of disapproval within 30 days — an unlikely outcome given the impending end of the congressional session and the swearing-in of a new Congress next month — the sanctions will automatically be lifted.

Representative Lloyd Doggett, a Texas Democrat who has criticized the administration for being soft on Rusal, said the move to lift sanctions amounted to Mr. Trump "sliding another big gift under Vladimir Putin's Christmas tree," referring to the Russian president.

Saying that the plan "appears to be a shell game brokered by a sanctioned Russian bank, VTB Bank, involving one of Putin's closest buddies, Oleg Deripaska," Mr. Doggett said it "only encourages Putin to pursue his destabilizing activities around the world."

He called for a rigorous congressional review of the deal, and said that if it "is what it appears — a Rusal ruse — then we should reject this latest Trump scam."

The administration appeared to take pains to head off criticism that it was letting up on Moscow or Mr. Deripaska.

The decision was disclosed on the same day that the Treasury Department announced new sanctions against a former Russian military intelligence officer who it said works for Mr. Deripaska, as well as several Russian intelligence officers and entities linked to Russian meddling in the 2016 presidential election.

Regardless of the concessions from Mr. Deripaska and the new sanctions, David Merkel, who worked on Russia-related issues in President George W. Bush's White House and State Department, said lifting sanctions against Mr. Deripaska's companies "sends the wrong signal."

Noting that the moves came less than a month after Russia seized three small Ukrainian naval vessels and 23 sailors in a shared waterway, Mr. Merkel said that "the timing is unfortunate, because this will be seen as walking back sanctions on someone who is close to Putin."

In a statement justifying the move, Steven Mnuchin, the Treasury secretary, said that the companies had been punished because of Mr. Deripaska's ownership and control, "not for the conduct of the companies themselves."

The Treasury Department said it had reached a "binding agreement" with Mr. Deripaska's companies after eight months of "detailed negotiations" with lawyers and other representatives from the companies.

The team was led by Gregory Barker, a British lord who was appointed last year as chairman of EN+. He retained lobbyists with ties to the Trump administration as well as law firms and public relations experts to make the case that Mr. Deripaska was truly committed to giving up control of his companies, and was not merely staging a sham divestiture, as some critics suspected.

Under the deal, which is subject to continued monitoring, Mr. Deripaska will reduce his stake in EN+ to less than 45 percent from approximately 70 percent. Any proceeds from stock sales or future dividends from his remaining stock "will be placed into a blocked account," to which Mr. Deripaska will not have access, according to Ms. Gacki's letter.

Ms. Gacki indicated that Mr. Deripaska's stake in EN+ would be further reduced through a donation of some shares to an unspecified charitable foundation and by allowing some shares to be controlled by VTB Bank, which is controlled by the Kremlin and subject to United States sanctions — raising red flags for skeptics.

“I’m uncomfortable that this leaves open the possibility of ownership being moved to Russia at some point,” Mr. Merkel said.

Peter Harrell, who worked on sanctions issues in the State Department during the Obama administration, said the agreement looked like a “classic compromise.”

But he said it might have been born out of the initial approach by the Treasury’s Office of Foreign Assets Control, which oversees sanctions.

“I think OFAC had not understood that sanctioning Rusal was going to increase global aluminum prices by 20 percent over two weeks, and that put them very much in a mood to make a deal to keep Deripaska sanctioned while getting Rusal out from sanctions,” he said.

During the negotiations, Mr. Mnuchin had signaled a willingness to make such a deal in the interests of stabilizing the aluminum market, and Mr. Harrell said “that gave Deripaska some leverage.”

Mr. Harrell said Mr. Deripaska was “playing the long game” and may ultimately recoup some of his short-term losses.

“On the one hand, he has lost some cash as a result of these transactions, and he has to reduce his holdings in his companies,” Mr. Harrell said. “On the other hand, he gets to hold on to 45 percent of the companies, and he’ll be able to get good value for that stake and those dividends in three years or five years or whenever Deripaska is able to get off the sanctions list himself.”

Mr. Deripaska’s representatives are planning to mount a push to get the sanctions lifted on him, according to people familiar with his plans.

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