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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

February 24, 2021

VIA ELECTRONIC MAIL (Angel.Nigaglioni@treasury.gov)

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Yellen:

We write to applaud recent Administration actions to impose financial penalties for individuals and entities linked to the military coup in Burma earlier this month. By adding ten current or former military officials and three military-linked companies to the Specially Designated Nationals and Blocked Persons (“SDN”) List, and updating designations for two prominent coup leaders, the Administration has demonstrated its commitment to democracy and accountability in Burma.

We are pleased to see that under Executive Order 14014, the Treasury Department can target the spouses and adult children of sanctioned Burmese individuals. As we explained in a July 2020 report from the Permanent Subcommittee on Investigations titled, “The Art Industry and U.S. Policies that Undermine Sanctions,” gaps between U.S. sanctions against Arkady and Boris Rotenberg following the Russian annexation of Crimea in 2014 and sanctions against their family members years later allowed the Rotenbergs to evade sanctions by transferring certain financial interests to their children. For example, when the Treasury Department imposed sanctions on Igor Rotenberg, son of Arkady Rotenberg, in 2018, it did so because he had “acquired significant assets from his father... after [the Office of Foreign Assets Control] designated [Arkady] in March 2014.” Given this known practice of transferring assets to family members to evade sanctions, we urge the Treasury Department to swiftly consider additional sanctions against the relatives of designated Burmese officials.

Our July 2020 report also demonstrated the dangers associated with delays between the general announcement of sanctions and naming specific individuals and entities to the SDN List. In the case of sanctions imposed following the Crimean annexation, President Obama announced sanctions on March 16, 2014, but the Treasury Department did not name specific individuals to be sanctioned, including Arkady and Boris Rotenberg, until March 20, 2014. Our report documented how the Rotenbergs took advantage of this window. During those four days, bank accounts linked to the Rotenbergs transferred over \$120 million to Russia through the U.S.

financial system. Since the Rotenbergs were not sanctioned during this four-day window, U.S. banks were unable to block the transactions allowing the Rotenbergs to transfer significant assets to accounts safe in Moscow.

In the case of the recent Burma-related sanctions, the Treasury Department did not name the first set of specific individuals and entities until February 11, 2021—one day after President Biden announced his intention to impose sanctions. While brief, this 24-hour window raises the possibility that newly-designated Burmese individuals and entities could have transferred significant assets from or through the United States immediately prior to their inclusion on the SDN List. This risk is even more pronounced for the two individuals the Treasury Department added to the SDN List on February 22, 2021.

As the Administration considers other sanctions to punish anti-democratic actions and human rights violations around the world, we urge you and other officials to announce such measures and designate individuals simultaneously to avoid creating a window of opportunity for sanctions evasion. Our July 2020 report demonstrates that even small delays can blunt the impact of U.S. actions.

We look forward to working with you and the Treasury Department to strengthen the U.S. sanctions regime. Thank you for your attention to this matter.

Sincerely,



Rob Portman
Ranking Member
Homeland Security and Governmental
Affairs Committee



Tom Carper
U.S. Senator