



United States Department of State

Washington, D.C. 20520

September 15, 2020

The Honorable
Carolyn B. Maloney, Chairwoman
Committee on Oversight and Reform
House of Representatives
Washington, DC 20515

Dear Madam Chairwoman:

Thank you for your letter dated May 28 conveying your concerns regarding the April 1 shipment of ventilators and other medical supplies from the Russian Federation to the United States.

The Department of State understands that at the time of the April 1 delivery of medical supplies to New York City, the Federal Emergency Management Agency (FEMA) assessed the items would meet immediate needs – particularly in New York City and the surrounding area, where high infection rates of COVID-19 were straining the healthcare system. FEMA took delivery based on the perceived, urgent need to protect medical care providers and other first responders on the front lines of this pandemic.

As you noted in your letter, the final invoice amount was \$659,283. FEMA requested the assistance of the Department of State in transmitting payment to the Russian authorities for the shipment. The Russian Embassy subsequently informed the State Department that payment for the April 1 shipment was no longer expected in light of the delivery of U.S.-made ventilators to Russia. The Administration has not transferred and will not transfer any funds to the Russian Federation or companies for the April 1 shipment.

In addition, the Department would like to provide further clarification regarding potential sanctions nexuses to these activities to address concerns raised in your letter. Ural Instrument Engineering Plant (UPZ), which manufactured some of the ventilators, is not sanctioned by the Department of the Treasury's Office of Foreign Assets Control (OFAC). While UPZ is part of the conglomerate known as Radio-Electronic Technologies (KRET), which is a Specially Designated National (SDN), UPZ is not itself an SDN and is not blocked. Based on information available to the Department, we believe KRET owns less than 50 percent of UPZ. Additionally, the Russian Direct Investment Fund (RDIF), which was involved in coordinating the April 1 shipment, is subject to sectoral sanctions pursuant to Directive 3 of Executive Order 13662 (restrictions on provisions of financing or dealings in debt of certain tenors), but is not a SDN or a blocked person. For additional information regarding sanctions concerns, we encourage you to contact OFAC at the Department of the Treasury.

We hope this information is helpful to you. Please let us know if we may be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "R M Kaldahl". The signature is written in a cursive style with a large initial "R" and "M".

Ryan M. Kaldahl
Acting Assistant Secretary
Bureau of Legislative Affairs