

## United States Senate

June 26, 2012

The President  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

Dear President Obama:

Last year, you issued Executive Order 13581, which states that the activities of significant transnational criminal organizations threaten the stability of international political and economic systems, and require the imposition of U.S. sanctions to combat the threat, including a travel ban, freezing assets, and related measures. I write to you today to request that you begin a process to determine whether to designate and impose sanctions, under the authority of Executive Order 13581, against a dangerous transnational criminal organization known as the “Klyuev Group,” which publicly available information suggests may have been involved in numerous international crimes. It is possible that one of those crimes was the murder of Sergei Magnitsky, a Russian lawyer killed in jail in retaliation for exposing the corruption of Russian officials who appear to have been aligned with the Klyuev Group.

Publicly available information, much of it uncovered by Mr. Magnitsky himself before his arrest in Russia in 2008, suggests that the Klyuev Group has colluded with senior Russian officials to engage in bribery, fraud, embezzlement, company thefts, and other serious financial crimes. This information also suggests that the Klyuev Group may have exerted influence over several Russian banks that have laundered illicit funds, including the proceeds of corruption, through major international financial institutions, relying in part on shell companies located in historic bank secrecy havens. Elements of the money laundering mechanisms used by the Klyuev Group appear to be consistent with serious criminal activities of other dangerous transnational organizations, including narcotics trafficking involving Mexico’s Sinaloa cartel and weapons trafficking involving North Korea and Iran. Bank records uncovered by Mr. Magnitsky show that the illicit proceeds of the Klyuev Group have involved the laundering of illicit funds through significant international banks in Europe, Asia, Russia, and the United States. As a result, the activities of the Klyuev Group appear to put the U.S. and international financial systems at serious risk of abuse.

The information uncovered by Mr. Magnitsky also suggests that strong connections exist between members of the Klyuev Group and officials in the Russian government, including travel together for the potential purpose of planning international financial crimes. As the *Financial Times* reported on April 12, 2012, crimes committed by individuals associated with the Klyuev Group include the theft of more than \$800 million directly from the Russian Treasury, with the likely complicity and participation of Russian officials. Publicly available documents that Mr. Magnitsky brought to light seem to suggest that Russian participants in the criminal activities of the Klyuev Group may include tax, police, and intelligence officials. It was the exposure of these crimes and illicit connections that cost Mr. Magnitsky his life.

The information uncovered by Mr. Magnitsky suggests that there is strong reason to believe that the Klyuev Group meets all of the criteria established in Executive Order 13581. It seems to engage in sophisticated crimes, extortion, and bribery. It appears to have forged important operational links to officials in a foreign government, the Russia Federation. It has possibly inflicted severe damage on markets in Eastern Europe and Central Asia by colluding with corrupt government officials to perpetrate corporate raids and theft. And it seems to have exerted significant control over Russian banks to launder illicit proceeds to and through major international financial institutions, a number of which have branches or affiliates in the United States and correspondent relationships with U.S. banks. In light of these activities, members and affiliates of the Klyuev Group have reportedly been banned from travelling to the United Kingdom and have had their assets frozen by the government of Switzerland.

The United States should consider doing no less to safeguard the U.S. financial system from the serious international crimes and human rights abuses of the Klyuev Group. I therefore urge you to initiate a senior interagency process to consider the urgent designation of the members of the Klyuev Group under Executive Order 13581 and, where appropriate, to ban their ability to travel to the United States, to freeze and block their property, and to prohibit their financial transactions to the broadest extent possible under U.S. sanctions laws. As the Senate and the House of Representatives both move forward with their consideration of the Sergei Magnitsky Rule of Law Accountability Act (S.1039), the Administration could strike a powerful blow for U.S. national security, rule of law, and universal human rights by designating the Klyuev Group under Executive Order 13581. I urge you to consider doing so.

Sincerely,



John McCain  
United States Senator