

US cites reports Oleg Deripaska helped Vladimir Putin launder cash

Oligarch reportedly helped Russian president hide money, Treasury agency says to justify sanctions

Henry Foy in Moscow

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127 Print this page

The US Treasury has justified sanctions against Oleg Deripaska by citing reports that the Russian tycoon helped President Vladimir Putin launder money.

In a letter [sent to Mr Deripaska's lawyers](#) and seen by the Financial Times, the Office of Foreign Assets Control, the agency overseeing US sanctions policy, writes that Mr Deripaska was in 2016 "reportedly identified as one of the individuals holding assets and laundering funds on behalf of Russian President Vladimir Putin".

The Russian businessman also reportedly cancelled the listing of a company to hide Mr Putin's money laundering, Ofac said.

The sanctions, which hit Mr Deripaska and 23 other prominent Russian oligarchs and government officials in April 2018, were the [most crippling measures](#) imposed by Washington in response to Moscow's 2014 invasion of Crimea and alleged meddling in the 2016 US election.

Mr Deripaska [has sued](#) Ofac in Washington, forcing the agency to elaborate on the reasons for its decision. The agency however said in the letter, sent last month, that the list only included "unclassified" and "releasable" justifications.

In response to the allegations that Mr Deripaska had laundered money for Mr Putin and made investments on his orders, Dmitry Peskov, Mr Putin's spokesman told the FT: "That's not true. As simple as that."

Mr Deripaska once reportedly cancelled an initial public offering of automaker Gaz "to hide Russian president Vladimir Putin's money laundering through the company, as recently as September 2017," the letter reads. Gaz is also under US sanctions.

"In or before July 2011, Deripaska's business activity was reportedly used, on at least one occasion, as a cover to facilitate the transfer of funds for the personal use of then Russian prime minister Vladimir Putin," Ofac also says.

"They don't provide any facts. Just guesses, rumours and balderdash," Mr Deripaska told the FT in an interview after sharing the letter. "These are unsupported allegations. This is nonsense, instead of the presumption of innocence until presented with facts that should be proven in a court."

All the justifications included the word "reportedly" or "reported". It provided no further details or sources for these reports.

Nor does the summary include information supporting a statement made by Ofac in April 2018 that there were allegations that Mr Deripaska "ordered the murder of a businessman, and had links to a Russian organised crime group".

The US Treasury declined to comment on both the letter and Mr Deripaska's response.

Eliot Engel, the Democratic chairman of the House foreign affairs committee, called on the US Treasury department to “follow through with additional sanctions and punishments” after accusing Mr Deripaska of money laundering on Mr Putin’s behalf, arguing that the Trump administration had been dragging its feet.

“Congress has been waiting for months for the administration to level new sanctions targeting people and entities linked to Deripaska,” he said. “Since the [Rusal debacle](#) in 2018, the administration has kept quiet. I’d like an explanation for the hold-up and I’m deeply concerned about how decisions at Treasury are being made.”

Mark Warner, a senior Democrat on the Senate intelligence committee, told the FT that the letter provided “further evidence (if any was needed) that the US needs to keep sanctions on Oleg Deripaska to make it harder for him to engage in criminal activities meant to further his and Putin’s schemes.”

Mr Deripaska built an aluminium, energy and industrial empire from previously state-owned assets privatised after the collapse of the Soviet Union that made him Russia’s richest man before the 2008 financial crisis.

He was previously married to the step-granddaughter of former president Boris Yeltsin, a relationship that saw him referred to as a member of “The Family”, an informal group of people seen as close to Mr Yeltsin at the time he stepped down as president to be succeeded by Mr Putin.

The Ofac letter also alleges that Mr Deripaska made an \$800m investment into “projects associated with” the 2014 Winter Olympics in the Russian city of Sochi, after Mr Putin “reportedly compelled Russian oligarchs” to do so.

Mr Deripaska admitted that companies he controlled invested in Sochi’s airport before the Games and funded construction projects related to the event, but insisted that they had not responded to Mr Putin’s orders.

Another justification alleges that Mr Deripaska in late 2004 “reportedly acted on verbal instructions from president Vladimir Putin in a high-level bilateral meeting between Russian and Kyrgyz representatives”.

Mr Deripaska said that the detail refers to an investment his former aluminium company Rusal considered in Kyrgyzstan in late 2003, which never materialised.

“Some lucky US diplomat hears some rumours . . . and they put this down [in a diplomatic cable],” he said. “If someone brought something like this to a court in London . . . the judge would just tell them: ‘Please get lost’,” Mr Deripaska said.

Mr Deripaska’s lawyers and Ofac officials will now exchange a series of counterarguments before the judge may rule on the case, a process that Mr Deripaska said could take about 18 months.