



Putin's lobbyists escape sanctions

By Kevin Bogardus - 03/23/14 06:00 AM EDT



Lobbyists working for Russian President Vladimir Putin have thus far escaped the dragnet of sanctions imposed by the United States.

President Obama has targeted Russian President Vladimir Putin's inner circle of senior aides and advisers in retaliation for his move to annex Crimea. Those sanctions did not touch Putin's public relations and lobby machine in Washington, which has raked in millions of dollars in fees for its work representing Russia.

But if the White House widens its sanctions, the public relations giant Ketchum and the law and lobby firm Alston & Bird might be forced to seek a special Treasury Department license to lobby for Russia — something other firms have had to do when working for rogue governments.

Bart Fisher, who is a managing partner at his own firm, told The Hill that U.S. sanctions against Russia could expand, dragging the country's paid advocates into the international crisis.

"Those big oil and gas companies over there must be concerned that the sanctions will be expanded," Fisher said. "If I was representing Russia, Gazprom or any of these big state-owned enterprises, I would be very careful that my clients not undertake anything that benefits directly or indirectly any individual who is now a 'Specially Designated National.'"

Specially Designated Nationals, or SDNs, are individuals who have their financial assets targeted by the Treasury Department's Office of Foreign Assets Control (OFAC) for terrorism, drug trafficking or working with sanctioned countries.

Fisher has an OFAC license to represent the Republic of Sudan in Washington, which the State Department has listed as a state sponsor of terrorism since 1993.

"I always err on the side of caution and apply for licenses with OFAC," Fisher said. "As a lawyer, you have an obligation to represent clients who are unpopular, and zealously represent them. I'm not trying to win a popularity contest here."

The White House has laid out round after round of sanctions against Russia for its military incursion into Crimea. The sanctions have tried to put pressure on Putin by targeting senior Russian government officials and his allies in the private sector.

Putin's lobbyists, however, seem safe for now.

A Treasury spokesperson wouldn't comment on specific companies but did say that the Russian government has not been sanctioned, so U.S. individuals and entities are not prohibited from doing business with the country's government.

Ketchum has handled public relations for Russia since 2006, **earning more than \$26 million** in fees, according to Justice records. Alston & Bird, through a Ketchum subcontract, also represents Russia.

In addition, Ketchum, along with Venable through a subcontract, represent Gazprom, the Russian state-owned oil and gas company.

Treasury has sanctioned Russian billionaires and vast companies, including Gennady Timchenko and Bank Rossiya. Seemingly in anticipation of the looming U.S. sanctions, Timchenko **sold his shares** in commodity trading firm Gunvor a day before they were announced.

Fisher said sanctions targeted at those private companies and oligarchs could prove problematic for Russia's K Street team since they could have ties to them too.

"Gunvor is very, very big. It has tentacles throughout the energy and trading sector," Fisher said.

Representatives for Ketchum, Alston & Bird and Venable didn't respond to requests for comment.

Joe Sandler, a member of Sandler Reiff Young & Lamb, said firms tied to Russia would have to monitor U.S. sanctions since it may someday affect their client work.

"Should they worry about a further expansion? Yeah, you bet," said Sandler, who is well-versed in campaign finance and lobbying law. "If the sanctions are extended to these private or state-owned companies that these people are lobbying for, that would be a problem. You cannot be paid, you cannot even volunteer as a lobbyist for those clients then."

Other experts agreed that U.S. sanctions, if widened, could ensnare Russia's influence operation on K Street.

"If the sanctions against Russia are expanded in the future, at some point they could in fact bar lobbying firms and PR firms from performing work for the Russian government, but we're not there yet," said Rob Kelner, chairman of Covington & Burling's election and political law practice group.

Lobbyists and representatives for controversial foreign clients have had to worry about the long reach of federal investigators in the past.

The Mujahedin-e Khalq (MEK) — otherwise known as the People's Mujahedin of Iran — fought for years to be removed from the State Department's list of terrorist groups. So long as MEK was on that list, lobbying for the group in the U.S. was illegal.

Consequently, high-profile former government officials, who had received speaking fees for remarks in support of MEK, **reportedly received** federal subpoenas for their work. But once MEK was removed from the terrorist list, the National Council of Resistance of Iran, which has been linked to the group, reopened its Washington office and **registered a lobbyist**, former Sen. Robert Torricelli (D-N.J.).

Fisher was criticized from the House floor by Rep. Frank Wolf (R-Va.) for his work for Sudan. Wolf and Rep. Mike Capuano (D-Mass.) said Fisher's OFAC license should be revoked because of war crimes committed by the country's leaders.

The lawyer also **had a phone conversation** with a Justice official and received a letter from the head of Justice's Foreign Agents Registration Unit to discuss his work on behalf of the country.

Fisher said those firms now working with Russia would have to proceed with caution.

"This thing is not going backwards. These sanctions are expanding. OFAC will be in the middle of this," Fisher said. "They have to be very careful."

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