

United States Senate

WASHINGTON, DC 20510

April 4, 2017

The Honorable Steven T. Mnuchin
Secretary
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Secretary Mnuchin:

We write to bring to your attention, as Chair of the Committee on Foreign Investment in the United States (CFIUS), a series of international transactions that could have significant national security implications for critical energy infrastructure in the United States.

As you are aware, Venezuelan state-owned oil company Petroleos de Venezuela S.A. (PdVSA) wholly owns Citgo Petroleum which operates energy infrastructure in the United States including three refineries, several pipelines, and terminals. Last year, facing extreme financial pressure due to Venezuela's economic crisis, PdVSA used 49.9 percent of Citgo shares as collateral for a loan from Rosneft, the Russian government-owned oil company run by Vladimir Putin's crony, Igor Sechin. Rosneft and Igor Sechin are in fact currently subject to economic sanctions due to Russia's belligerent behavior. It is our understanding that Rosneft acquired other PdVSA bonds on the open market that could bring their ownership potential to more than 50 percent.

A number of respected international market analysts predict that due to the ongoing economic crisis in Venezuela, PdVSA could default on its debt in the very near future.¹ In the case of default, Rosneft would then acquire at least a 49.9 ownership share in PdVSA and its subsidiary Citgo. This could leave Rosneft, a Russian company controlled by oligarchs with close ties to Vladimir Putin, in control of critical energy infrastructure in the United States.

Over the course of the last year, Russia has escalated its attacks on the United States in various ways including cyber campaigns intended to sow distrust of our democratic institutions and violating arms control agreements. Russia has also expressed strong opposition to existing sanctions. As such, we are extremely concerned that Rosneft's control of a major U.S. energy supplier could pose a grave threat to American energy security, impact the flow and price of gasoline for American consumers, and expose critical U.S. infrastructure to national security threats.

As the Chair of CFIUS, we ask that you proactively monitor the situation and that your staff keep our offices briefed on your efforts and any informal review process of Rosneft's

¹ See Barron's Emerging Markets Daily, *Venezuela: Pdvsas Default Risk Real, Outlook Negative, S&P Says* (February 28, 2017), <http://blogs.barrons.com/emergingmarketsdaily/2017/02/28/venezuela-pdvsas-default-risk-real-outlook-negative-sp-says/>.

potential acquisition of Citgo. We understand that formal actions are initiated by a formal notification by the parties to a merger, acquisition, or takeover, but we believe that you should be prepared for this eventuality in the case of an acquisition by default.


In the event Rosneft were to acquire Citgo, we would expect a thorough, conflict-free, and expedient review.

Please provide a response no later than April 28, 2017. Thank you for your attention to this important matter.

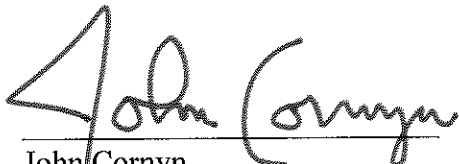
Sincerely,



Robert Menendez
United States Senator




Marco Rubio
United States Senator



John Cornyn
United States Senator



Bill Cassidy
United States Senator



Ted Cruz
United States Senator



Richard J. Durbin
United States Senator