



United States Department of State

*Assistant Secretary of State
for Economic and Business Affairs*

Washington, D.C. 20520

JUL 21 2005

Dear Ms. Chebinou:

Thank you for your June 6 letter detailing the concerns of U.S. public pension systems. Your letter requests a list or report that identifies companies with business or financial ties to terrorist sponsoring countries. You further requested that the State Department publicly disclose the identity of companies that are acting contrary to U.S. foreign policy and humanitarian interests.

We appreciate and share your concern that public pension funds should have access to information that will allow them to invest in a manner they believe is consistent with our national interests.

The Department of State collaborates with other government agencies that are responsible for administering U.S. federal laws and statutes related to sanctions. For example, the Office of Foreign Asset Controls (OFAC) of the Department of Treasury administers and enforces economic and trade sanctions against terrorists and those who fund terrorists. Accordingly, OFAC can impose controls on transactions and freeze foreign assets under U.S. jurisdiction. OFAC has made public its list of Specially Designated Nationals (SDNs) and entities whose property is blocked in accordance with OFAC sanctions programs. You may access this list on OFAC's website at www.treas.gov/offices/enforcement/ofac/sdn. From this webpage, you can choose current, updated lists of blocked persons and entities.

The Department of Commerce has the authority to impose export restrictions on firms or individuals that violate certain U.S. laws, including those that restrict business dealings with certain terrorist-supporting states, or prohibit activities related to the development of weapons of mass destruction. The Department of Commerce maintains three lists that identify such firms or individuals, as well as firms or individuals that require additional due diligence before business can be conducted with them. These lists consist of

Cornelia Chebinou

Washington Director

NASACT

444 North Capitol Street, Suite 234

Washington, DC 20001

the Denied Parties List, the Entity List, and the Unverified List. The links to these lists may be found at <http://www.bis.doc.gov/ComplianceAndEnforcement/ListsToCheck.htm>.

The State Department also has the responsibility for listing entities and individuals who have been convicted of violating or conspiracy to violate the Arms Export Control Act (AECA). These persons are prohibited from participating directly or indirectly in the export of defense articles (including technical data) and defense services. The State Department's Directorate of Defense Trade Controls (DDTC) has previously published the names of these parties and their ineligibility for defense trade in the Federal Register. You may view the list of debarred individuals and entities from the DDTC website at <http://www.pmdtc.org/debar059intro.htm>. Similarly, foreign entities subject to sanctions due to their involvement in proliferation activities, pursuant to various legal authorities implemented by the State Department, are designated in the relevant Federal Register notices.

Regarding human rights concerns, the State Department's Bureau of Democracy, Human Rights, and Labor (DRL) publishes annual country reports on both human rights practices and international religious freedom. In the international religious freedom report, you can find countries that the State Department has designated as "countries of particular concern" regarding their record of religious freedom. You can access both of these reports from our public website at <http://www.state.gov/g/drl>.

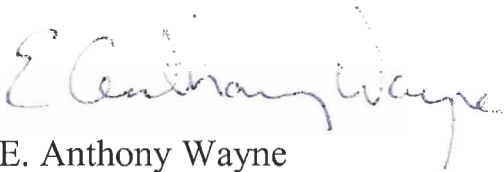
In addition, the General Services Administration maintains the "Excluded Parties List System" (EPLS). The EPLS is a multi-agency list of parties excluded throughout the U.S. Government from receiving Federal contracts or certain subcontracts and from certain types of financial and non-financial assistance and benefits. EPLS can be accessed at www.epls.gov.

Your letter also suggests recommendations to the SEC's Office of Global Security Risk, asking the office to work with other agencies to provide a publicly available database of publicly held companies with material business or operations in countries identified as supporting terrorism or subject to sanctions. It is our understanding that the Office of Global Security Risk in the SEC's Division of Corporate Finance works to monitor whether the documents that public companies file include disclosure of material information about contacts with countries that have been identified by the State Department as state sponsors of terrorism (you may access a list

of state sponsors of terrorism from our public website at <http://www.state.gov/s/ct/c14151.htm>). The SEC advises that such a publicly available database might be construed as investment advice or give the appearance of bias regarding the decision to invest in certain companies.

We hope that this letter is responsive to your inquiry. Please do not hesitate to contact us if we can be of any further assistance.

Sincerely,



E. Anthony Wayne