

# United States Senate

WASHINGTON, DC 20510

December 18, 2019

Edward Heerema  
Chief Executive Officer, Allseas Group  
Route de Pra de Plan 18, Case Postale 411  
1618 Châtel-Saint-Denis  
Switzerland

Dear Mr. Heerema,

This week, President Trump will sign into law the National Defense Authorization Act (NDAA) for Fiscal Year 2020. Section 7503 of that Act mandates that the President impose broad sanctions on foreign persons or companies involved in providing vessels for the installation of deep-sea pipeline for the Nord Stream 2 project. As of his signature, those activities are instantaneously subject to the full force of those sanctions.

This letter is to put you, your employees, your company, and your shareholders on formal legal notice. This legislation was passed specifically to immediately halt your company's work on Nord Stream 2. The only responsible course of action is for Allseas Group S.A. and its employees to stop Nord Stream 2 activities immediately.

We understand that Russia is paying Allseas a very substantial amount of money to complete the Nord Stream 2 pipeline. However, the consequences of your company continuing to do the work—**for even a single day** after the President signs the sanctions legislation—would expose your company to crushing and potentially fatal legal and economic sanctions.

Your contract surely contains an avenue to withdraw in the event regulations or sanctions prevent completion of the pipeline; with the passage of the NDAA, you have no reasonable choice but to exercise that avenue and immediately halt installing deep-sea pipeline for the Nord Stream 2 project.

Section 7503 was the product of almost a year of bipartisan, bicameral, and interbranch efforts aimed at immediately stopping the construction of the Nord Stream 2 pipeline. It *requires* the President to report on and impose sanctions against individuals and companies that have “sold, leased, or provided” vessels that “engaged in pipe-laying at depths of 100 feet or more below sea level for the construction of the Nord Stream 2 pipeline project.” There is no discretion. It also *mandates* sanctions against foreign persons or companies that seek to circumvent those prohibitions by “facilitat[ing] deceptive or structured transactions to provide those vessels for the construction” of the pipeline.

The prohibitions are immediate, and the sanctions are mandatory. Prohibited activities became sanctionable “*beginning on the date of the enactment of this Act,*” i.e. when the President signs the NDAA, and the “the President *shall*” designate violators.

Under the sanctions in Sec. 7503, violators will be fully cut off from the United States and have any and all assets within the U.S. blocked for 5 years. Any individual designated will be denied the issuance of a visa required for admission to the U.S. and will have any current visa or entry documentation revoked. Moreover, for both individuals and companies, the President is *required* to exercise all powers granted to him by the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) “to block and prohibit *all* transactions in all property and interests in property” to the extent they “are in the United States, come within the United States, or come within the possession or control of a United States person.”

Allseas has several vessels that, according to materials published by the Nord Stream 2 project, are engaged in the project: the construction vessel *Pioneering Spirit* (IMO: 9593505, MMSI: 249110000, Call Sign: 9HA4112), the pipelay vessel *Solitaire* (IMO: 7129049, MMSI: 249118000, Call Sign: 9HA4114), and the pipelay vessel *Audacia* (IMO: 9305130, MMSI: 249117000, Call Sign: 9HA4111). The *Pioneering Spirit* and *Solitaire* are currently in the Baltic Sea, and at least the *Pioneering Spirit* is engaged in deep-sea pipe-laying activities that are now sanctionable.

If you violate the sanctions legislation, and your vessels enter U.S. jurisdiction, those vessels will become frozen assets.

Allseas and its key personnel who knowingly sell, lease, or provide those vessels for the Nord Stream 2 project will be sanctioned if those activities do not cease immediately. For the next half decade your company and those personnel will be entirely barred from the U.S. In the meantime, any transactions they attempt to conduct with anyone who is in the U.S. or using the U.S. financial system will be blocked. Moreover, all property you have within our jurisdiction will be frozen, including assets related to Allseas USA headquartered in Houston, TX, any financial assets in U.S. banks, and any physical vessels or materials owned by Allseas that come into the U.S.

It is important to reemphasize the immediacy required by Sec. 7503, because this aspect of the legislation has been broadly misunderstood and misreported. In two months, the President will report to Congress if Allseas ceased engaging in sanctionable activities and, if you did not, you will be sanctioned. *Although the report is due in 60 days, your legal exposure is immediate from the moment of signing.*

To be sure, there is a 30-day “wind-down” period for which the President has the option of not imposing sanctions, but to exercise that option the President must certify to Congress that Allseas “engaged in good faith efforts to wind down operations.” Rushing to finish the Nord Stream 2 project over that time would foreclose the possibility of that certification.

If you were to attempt to finish the pipeline in the next 30 days, you would devastate your shareholders’ value and destroy the future financial viability of your company. And, you would surely face billions of dollars in shareholder derivative suits for your breach of fiduciary duty.

You face a binary choice: stop NOW, and leave the pipeline unfinished (the express intention of the sanctions legislation, which we authored), or make a foolish attempt to rush to complete the pipeline and risk putting your company out of business forever.

The U.S. government knows that the Nord Stream 2 pipeline is near completion and considers it a grave threat to European energy security and American national security. Top officials from the State and Treasury Departments have repeatedly emphasized the gravity of those threats and sought to forestall them. Sec. 7503 represents a whole-of-government approach to ensuring that the pipeline remains uncompleted and those threats are never realized.

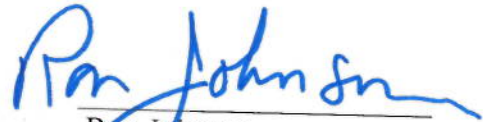
It's time for the *Pioneering Spirit* and *Solitaire* to find other waters in which to sail.

Sincerely,



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Ted Cruz  
United States Senator



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Ron Johnson  
United States Senator

cc: The Honorable Steven T. Mnuchin, Secretary of the Treasury  
The Honorable Michael Pompeo, Secretary of State  
The Honorable Dan Brouillette, Secretary of Energy