

Russian and Syrian Nationals Charged With Laundering Millions of U.S. Dollars for Designated Russian Company That Shipped Jet Fuel to Syria in Violation of U.S. Sanctions

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June 12, 2018

Department of Justice

U.S. Attorney's Office

District of Columbia

FOR IMMEDIATE RELEASE

Tuesday, June 12, 2018

Case Alleges Violations of Syrian and Ukraine Sanctions by Russian Company That Worked With the Russian Military

WASHINGTON – Eight businessmen, including five Russian nationals and three Syrian nationals, were indicted today on federal charges alleging that they conspired to violate U.S. economic sanctions against Syria and Crimea, by sending jet fuel to Syria and making U.S. dollar wires to Syria and to sanctioned entities in Syria without receiving a license from the U.S. Treasury Department.

The indictment was returned in the U.S. District Court for the District of Columbia and involves transactions conducted by Joint Stock Company Sovfracht (Sovfracht), a Russian shipping company and freight forwarder.

The five Russian nationals – Ivan Okorokov, Ilya Loginov, Karen Stepanyan, Alexey Konkov and Liudmila Shmelkova – are employees of Sovfracht. Yaser Naser is a Syrian national who has worked on behalf of Sovfracht in Syria to coordinate its business there. Farid Bitar and Gabriel Bitar are petroleum inspectors at Port Baniyas, Syria. All eight individuals were charged with one count of conspiracy to violate the International Emergency Economic Powers Act (IEEPA) and one count of conspiracy to launder monetary instruments. A forfeiture allegation was also included in the indictment.

Assistant Attorney General for National Security John C. Demers, U.S. Attorney Jessie K. Liu for the District of Columbia, and Special Agent in Charge Timothy Dunham of the FBI Washington Field Office Counterintelligence Division made the announcement.

“The U.S. sanctions on Syria and Crimea thwart Syria’s support of terrorism and its pursuit and use of weapons of mass destruction, as well as the actions of those who seek to undermine Ukraine’s democratic processes and territorial integrity. The National Security Division will not tolerate any attempts to evade these important foreign policy and national security tools,” said Assistant Attorney General Demers. “The defendants allegedly conspired to defy our sanctions against Syria and Crimea, endangering both American interests in the region as well as our foreign policy and national security at home. I applaud the investigators who helped bring these alleged violations to light and the violators to justice.”

“The indictment in this case demonstrates that we will vigorously investigate and prosecute violations of U.S. economic sanctions, including the use of our financial system to promote and facilitate the activities of sanctioned entities, such as the delivery of jet fuel to Syria,” said U.S. Attorney Liu. “The charges also reflect the tireless dedication of the FBI to rooting out this illegal activity.”

“The FBI takes sanctions violations extremely seriously and will not hesitate to use our full investigative resources to stop this type of alleged illegal activity,” said Special Agent in Charge Dunham. “This investigation underscores the determination of the special agents and intelligence analysts who pursue those who violate United States laws, no matter where they reside.”

As noted in the indictment, on May 11, 2004, the President declared a national emergency to deal with the threat to the national security, foreign policy and economy of the United States posed by the actions of the Government of Syria. That and subsequent Executive Orders imposed economic sanctions on Syria, which prohibited, among other things, the exportation, re-exportation, sale, or supply, directly or indirectly, to Syria of any goods, technology, or services from the United States, which includes the processing of U.S. dollar wires for transactions conducted overseas.

According to the indictment, as early as 2011, banks began rejecting U.S. dollar wires by Sovfracht that were destined for Syria. The alleged conspirators began using front companies and falsifying information in shipping records and the related U.S. dollar wires in order to circumvent the sanctions. In subsequent conversations in 2015, the defendants allegedly sent e-mails warning about the effect of “Western sanctions” and the related prohibition on U.S. dollar transactions.

The indictment alleges that the defendants used vessels owned by Transpetrochart Co. Ltd. (Transpetrochart), a Russian based company that owned the petroleum tankers Mukhalatka and Yaz, to transship jet fuel and other items surreptitiously to Syria.

The indictment also notes that on May 8, 2014, the Treasury Department, Office of Foreign Assets Control (OFAC), designated the Banias Refinery Company, a Syrian based petroleum processing company owned by the Syrian regime, for processing petroleum that was imported into the Syrian Port of Banias. According to the indictment, in spite of

these sanctions, the defendants engaged in U.S. dollar transactions beginning in 2015 to deliver jet fuel to Syria via the Baniyas Refinery Company. On or about Jan. 13, 2016, OFAC blocked two wires from Sovfracht that passed through the United States totaling \$2,585,340 for the delivery of jet fuel to Syria. As a result, the defendants allegedly began to use third party companies to continue making U.S. dollar payments for shipments to Syria.

On Sept. 1, 2016, OFAC designated Sovfracht for Crimean sanctions violations. Following these sanctions, Sovfracht was prohibited from transacting in U.S. dollars without first receiving a license from OFAC, regardless of whether or not the transaction was for the supply of goods to Syria. On Sept. 9, 2016, the government sent notice to Sovfracht of a forfeiture action against the blocked \$2,585,340. On Dec. 20, 2016, OFAC designated Transpetrochart for working with Sovfracht.

According to the indictment, in October 2016, following Sovfracht's designation, the defendants utilized Maritime Assistance LLC (Maritime) as a front company for Sovfracht, as part of the scheme to circumvent U.S. sanctions and conduct U.S. dollar transactions. Maritime was operated by employees, including several of the defendants, of Sovfracht. The indictment alleges that Sovfracht and Maritime employees acted interchangeably. Maritime assumed debts previously owed by Sovfracht and paid third parties on contracts previously negotiated by Sovfracht. The indictment alleges that these activities allowed the defendants to continue engaging in U.S. dollar transactions, which passed through the United States, in spite of Sovfracht's designation.

According to the indictment, following designation, Sovfracht, acting through Maritime, continued to transact in U.S. dollars for the delivery of jet fuel to Syria, in violation of both the Crimean and Syrian sanctions. For example, on or about May 11, 2017, OFAC blocked two wires from Sovfracht that passed through the United States totaling \$2,957,983 for the delivery of jet fuel to Syria. In response to the blocking, Ilya Loginov allegedly stated to co-conspirators that Maritime "has been burned," that it was "unadvisable to make further use of it," and that they had "to create a new ... clean company."

An indictment is merely a formal charge that a defendant has committed a violation of criminal law and is not evidence of guilt. Every defendant is presumed innocent until, and unless, proven guilty.

The maximum statutory penalty for conspiracy to violate IEEPA is five years in prison, and for conspiracy to commit money laundering is 20 years in prison. The charges also carry potential financial penalties and forfeitures of blocked funds and facilitating property such as the vessels in question. The maximum statutory sentence is prescribed by Congress and is provided here for informational purposes. If convicted of any offense, a defendant's sentence will be determined by the court based on the advisory Sentencing Guidelines and other statutory factors.

This case is being investigated by the FBI's Washington Field Office.

The government is represented by Trial Attorney David Recker of the National Security Division's Counterintelligence and Export Control Section; and Assistant U.S. Attorneys Zia Faruqui and Erik Kenerson, Arvind K. Lal, Chief of the Asset Forfeiture and Money Laundering Section, Special Assistant U.S. Attorney Parker Tobin, Paralegal Specialist Toni Anne Donato, and Legal Assistant Jessica McCormick of the District of Columbia. Assistance earlier was provided by Assistant U.S. Attorney Ari Redbord of the U.S. Attorney's Office.

Attachment(s):

[Download sovfracht - indictment - june 2018.pdf](#)

Topic(s):

National Security

Press Release Number:

18-145