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## Department of Justice

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# Justice Department Announces Charges and Arrests in Two Cases Involving Export Violation Schemes to Aid Russian Military

## In Two Separate Cases, Charges Filed Against Two Companies and Half a Dozen Individuals Arrested for Alleged Illegal Sale and Export of Powerful Dual-Use Technologies

In separate charges unsealed today in the U.S. Attorneys' Offices for the Eastern District of New York and the District of Connecticut, and with the support of the Department's Task Force KleptoCapture, the Justice Department has charged nearly a dozen individuals and several corporate entities with participating in unlawful schemes to export powerful, civil-military, dual-use technologies to Russia – some of which have been recovered on battlefields in Ukraine while another nuclear proliferation technology was intercepted before reaching Russian soil.

In the Eastern District of New York, five Russian nationals and two oil brokers for Venezuela are charged in an indictment unsealed today for their alleged participation in a global sanctions evasion and money laundering scheme. One defendant was arrested on Oct. 17 in Germany and another defendant was arrested on Oct. 17 in Italy, both at the request of the United States. As alleged, the defendants obtained military technology from U.S. companies, smuggled millions of barrels of oil, and laundered tens of millions of dollars for Russian industrialists, sanctioned entities, and the world's largest energy conglomerate.

Separately, in the U.S. District Court for the District of Connecticut, a superseding indictment was unsealed charging four individuals – three of whom were arrested by Latvian authorities on Oct. 18 and one by Estonian authorities on June 13 at the request of the United States – and two companies in Europe with violating U.S. export laws by attempting to smuggle a dual-use, export-controlled item – a high-precision computer-controlled grinding machine – to Russia. Commonly known as a "jig grinder," the item is export-controlled for its use in nuclear proliferation and defense programs.

"These charges reveal two separate global schemes to violate U.S. export and sanctions laws, including by shipping sensitive military technologies from U.S. manufacturers – including types found in seized Russian weapons platforms in Ukraine – and attempting to reexport a machine system with potential application in nuclear proliferation and defense programs to Russia," said Attorney General Merrick B. Garland. "As I have said, our investigators and prosecutors will be relentless in their efforts to identify, locate, and bring to justice those whose illegal acts undermine the rule of law and enable the Russian regime to continue its unprovoked invasion of Ukraine."

"This week's indictments and arrests highlight the FBI's work countering Russia's flagrant evasion of U.S. sanctions and violation of export regulations," said FBI Director Christopher Wray. "The FBI, along with our U.S. and international partners, will continue to aggressively disrupt the procurement of oil, laundered money, and unlawfully obtained military technology from U.S. companies to support Russia's unprovoked war in Ukraine."

### *United States v. Orekhov et al.*, Eastern District of New York

According to court documents, Yury Orekhov, 42, a Russian national residing in Germany; Artem Uss, 40, of Moscow; Svetlana Kuzurgasheva aka Lana Neumann, 32, of Moscow; Timofey Telegin, 39, of Moscow; and Sergey Tulyakov 52, of Moscow are named in the indictment unsealed today. Also charged are Juan Fernando Serrano

Ponce, aka Juanfe Serrano, and Juan Carlos Soto, who allegedly brokered illicit oil deals for Petroleos de Venezuela S.A. (PDVSA), the Venezuelan state-owned oil company, as part of the scheme. On Oct. 17, Orekhov was arrested in Germany and Uss was arrested in Italy, both at the request of the United States, and will undergo extradition proceedings.

“As alleged, the defendants were criminal enablers for oligarchs, orchestrating a complex scheme to unlawfully obtain U.S. military technology and Venezuelan sanctioned oil through a myriad of transactions involving shell companies and cryptocurrency. Their efforts undermined security, economic stability and rule of law around the world,” said U.S. Attorney Breon Peace for the Eastern District of New York. “We will continue to investigate, disrupt and prosecute those who fuel Russia’s brutal war in Ukraine, evade sanctions and perpetuate the shadowy economy of transnational money laundering.”

According to court documents, Orekhov served as the part owner, CEO and Managing Director of Nord-Deutsche Industrienlagenbau GmbH (NDA GmbH), a privately held industrial equipment and commodity trading company located in Hamburg, Germany. The other owner of NDA GmbH is Artem Uss, the son of the governor of Russia’s Krasnoyarsk Krai region. Kuzurgasheva served as the CEO of one of the scheme’s shell companies and worked for NDA GmbH under Orekhov.

Using NDA GmbH as a front company, Orekhov and Kuzurgasheva sourced and purchased sensitive military and dual-use technologies from U.S. manufacturers, including advanced semiconductors and microprocessors used in fighter aircraft, missile systems, smart munitions, radar, satellites, and other space-based military applications. These items were shipped to Russian end users, including sanctioned companies controlled by Telegin and Tulyakov that serviced Russia’s military. Some of the types of electronic components obtained through the criminal scheme have been found in Russian weapons platforms seized on the battlefield in Ukraine. As alleged, in 2019, Orekhov travelled to the United States to source parts used in the Russian-made Sukhoi fighter aircraft and the American-made F-22 Raptor stealth fighter aircraft.

Orekhov and Uss also allegedly used NDA GmbH as a front to smuggle hundreds of millions of barrels of oil from Venezuela to Russian and Chinese purchasers, including a Russian aluminum company controlled by a sanctioned oligarch and the world’s largest oil refining, gas and petrochemical conglomerate based in Beijing. Serrano Ponce and Soto brokered deals worth millions of dollars between PDVSA and NDA GmbH, which were routed through a complex group of shell companies and bank accounts to disguise the transactions. In one communication with Serrano Ponce, Orekhov openly admitted that he was acting on behalf of a sanctioned Russian oligarch, saying “He [the oligarch] is under sanctions as well. That’s why we [are] acting from this company [NDA GmbH]. As fronting.” The scheme also involved falsified shipping documents and supertankers that deactivated their GPS navigation systems to obscure the Venezuelan origin of their oil.

Payment for NDA GmbH’s illicit activities was often consummated in U.S. dollars routed through U.S. financial institutions and correspondent bank accounts. To facilitate these transactions, Orekhov and his co-conspirators used fictitious companies, falsified “know your customer” documentation and bank accounts in high-risk jurisdictions, causing U.S. banks to process tens of millions of dollars in violation of U.S. sanctions and other criminal laws. In one conversation with Soto, Orekhov bragged that “there were no worries...this is the shittiest bank in the Emirates...they pay to everything.” The scheme also utilized bulk cash drops with couriers in Russia and Latin America, as well as cryptocurrency transfers worth millions of dollars, to effectuate these transactions and launder the proceeds.

The defendants are charged with conspiracy to defraud the United States.

Orekhov, Uss, Kuzurgasheva, Serrano Ponce, and Soto are additionally charged with conspiracy to violate the International Emergency Economic Powers Act (IEEPA); bank fraud conspiracy for the oil smuggling scheme; and money laundering conspiracy for the oil smuggling and IEEPA scheme.

Orekhov, Kuzurgasheva, Telegin and Tulyakov are additionally charged with conspiracy to commit wire fraud and wire fraud; money laundering conspiracy for illicit procurement of U.S. dual use technology; conspiracy to violate the Export Control Reform Act (ECRA) and smuggling goods from the United States.

If convicted of bank fraud conspiracy, the defendants face a maximum of 30 years in prison with additional prison time as the result of conviction on additional charges. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

The FBI is investigating the case. The Justice Department's Office of International Affairs, the U.S. Department of Commerce, and Italian and German law enforcement authorities provided valuable assistance.

Assistant U.S. Attorney Artie McConnell for the Eastern District of New York and Trial Attorney Scott A. Claffee of the National Security Division's Counterintelligence and Export Control Section are prosecuting the case.

*United States v. Romanyuk et al.*, District of Connecticut

According to court documents, beginning in 2018, Eriks Mamonovs, 33, and Vadims Ananics, 46, both citizens of Latvia who operated CNC Weld, a Latvia-based corporation, conspired with Stanislav Romanyuk, 37, a citizen of Ukraine and resident of Estonia who operated Estonia-based BY Trade OU, and others, including Janis Uzbalis, 46, of Latvia and individuals in Russia and a Russia-based company, to violate U.S. export laws and regulations and smuggle a jig grinder that was manufactured in Connecticut to Russia.

"The indictment alleges that these defendants attempted to smuggle a high-precision export-controlled item to Russia where it could have been used in nuclear proliferation and Russian defense programs," said U.S. Attorney Vanessa Roberts Avery of the District of Connecticut. "The danger created by such conduct is profound. I thank HSI, the Department of Commerce and the FBI, and our partners in Latvia and Estonia, who thwarted this alleged scheme and are working to bring these defendants to justice in a U.S. court of law."

A jig grinder is a high-precision grinding machine system that does not require a license to export to European Union countries but does require a license for export and reexport to Russia because of its applications in nuclear proliferation and defense programs. At no time did the defendants apply for, receive or possess a license of authorization from the U.S. Department of Commerce to export or reexport the jig grinder to Russia, as required by the Export Control Reform Act of 2018 and the Export Administration Regulations (EAR), which restrict the export of items that could make a significant contribution to the military potential of other nations or that could be detrimental to the foreign policy or national security of the United States.

U.S. authorities, working with Latvian authorities, intercepted the jig grinder in Riga, Latvia, before it was to be shipped to Russia.

Mamonovs, Ananics, Romanyuk, Uzbalis, and others are charged with conspiracy to defraud the United States, which carries a maximum penalty of up to five years in prison; violation of the Export Control Reform Act (ECRA), which carries a maximum penalty of up to 20 years in prison; smuggling goods from the United States, an offense that carries a maximum penalty of up to 10 years in prison; and international money laundering conspiracy, an offense that carries a maximum penalty of up to 20 years in prison. Mamonovs is also charged with making false statements to the U.S. Department of Commerce, an offense punishable by up to five years in prison.

The indictment also charges CNC Weld, BY Trade OU with conspiracy, violation of the ECRA, smuggling goods from the United States, and international money laundering conspiracy.

Ananics, Mamonovs and Uzbalis were arrested on Oct. 18 in Riga, Latvia at the request of the United States. Romanyuk was arrested in Tallinn, Estonia at the request of the United States, on June 13, 2022. The Justice Department is seeking their extradition.

HSI field offices in New Haven, Portland (Ore.), and the Hague, Netherlands; the U.S. Department of Commerce's Office of Export Enforcement in Boston; and the FBI are investigating the case. The Prosecutor-General's Offices of the Republic of Latvia and Estonia, Latvian State Revenue Service, Estonian Tax and Customs Board, and the Latvian State Police provided valuable assistance. The Justice Department's Office of International Affairs is providing valuable assistance.

This case is being prosecuted by Assistant U.S. Attorneys Rahul Kale and Konstantin Lantsman of the District of Connecticut, and Trial Attorney Matthew Anzaldi of the National Security Division's Counterintelligence and Export Control Section.

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Both actions were coordinated through the Justice Department's Task Force KleptoCapture, an interagency law enforcement task force dedicated to enforcing the sweeping sanctions, export controls and economic countermeasures that the United States, along with its foreign allies and partners, has imposed in response to Russia's unprovoked military invasion of Ukraine. Announced by the Attorney General on March 2 and under the

leadership of the Office of the Deputy Attorney General, the task force will continue to leverage all of the department's tools and authorities to combat efforts to evade or undermine the collective actions taken by the U.S. government in response to Russian military aggression.

*An indictment is merely an allegation, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.*

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