

Bail hearings to begin in alleged Russian spy case

October 5 2012, by Juan A. Lozano



Federal agents carry boxes out of Arc Electronics Inc. Wednesday, Oct. 3, 2012 in Houston. A Kazakhstan-born businessman was charged in the U.S. on Wednesday with being a secret Russian agent involved in a scheme to illegally export microelectronics from the United States to Russian military and intelligence agencies. (AP Photo/David J. Phillip)

(AP)—The man U.S. authorities claim led a plot to funnel cutting-edge military technology to Russia kept a low profile in his suburban Houston neighborhood and was unknown to leaders in the city's Russian community.

Alexander Fishenko, an immigrant from Kazakhstan, was running a Houston-based company that obtained highly regulated technology and clandestinely exported it to Russia for use by that country's military and [intelligence agencies](#), according to U.S. authorities.

Hearings begin Friday for Fishenko and seven others arrested by authorities this week to determine whether bail will be granted. None of the defendants has entered a plea. Their cases are expected to be transferred to New York, where the indictment was filed.

For the last four years, Fishenko lived with his family in a two-story, four-bedroom home, a stranger to his neighbors, unknown to leaders in Houston's Russian community of more than 100,000 residents.

"I wouldn't have thought he was the ring leader. He was so nondescript, an everyday kind of guy," Charlie Houssiere, who lives across the street from Fishenko, said Thursday. "The whole time I thought he worked at an [oil company](#)."

Fishenko is accused of scheming to purposely evade strict [export controls](#) for cutting-edge [microelectronics](#), of operating inside the U.S. as an unregistered agent of the Russian government, and of money laundering.

The microelectronics could have a wide range of military uses, including radar and [surveillance systems](#), weapons guidance systems and [detonation](#) triggers, U.S. authorities say.

Fishenko's attorney, Eric Reed, said he plans to review the charges against his client with a critical eye.

"I think these are fairly dramatic allegations that we will certainly take a hard look at to determine whether there is any evidence to back that up,"

Reed said.

The Russian Foreign Ministry, in a statement, noted the defendants are not charged with [espionage](#).

According to [court documents](#), Fishenko was born in the former Soviet Republic of Kazakhstan and graduated from a technical institute in St. Petersburg before coming to America in 1994. In Houston, he initially worked at a Circuit City store. In his initial asylum application, Fishenko stated he had no prior military experience, but elsewhere he claimed to have served in a Soviet military intelligence unit in Berlin in the 1980s, according to court records.



The Russian Foreign Ministry headquarters seen reflected in a shop window in Moscow on Thursday, Oct. 4, 2012. US prosecutors allege that naturalized U.S. citizen Alexander Fishenko and six others "engaged in a surreptitious and systematic conspiracy" to obtain highly regulated technology from U.S. makers and sold them to Russian authorities. Fishenko and six others charged in the alleged scheme are expected to appear Thursday morning in U.S. Houston federal court. (AP Photo/Alexander Zemlianichenko)

Fishenko filed paperwork with the Texas Secretary of State to form a for-

profit corporation with his Houston business—Arc Electronics—in 2001. His company proved to be successful, earning him about \$50 million in gross revenue since 2002.

But authorities say those profits came illegally as Fishenko sent hundreds of shipments to Russia containing thousands of electronics, lying to U.S. manufacturers and suppliers about who would be using this technology.

While neighbors said they weren't sure what Fishenko did for a living, they knew he was successful.

Don McGlynn, who lives across the street from Fishenko, said the now jailed businessman seemed to remodel his home every year. Electricians, carpenters and other workers would stream in and out of the house, he said.

McGlynn said his neighbor had bought a new Mercedes SUV within the last year and that his wife, Viktoria, drove a red sports car.

"I didn't even know what he did for a living," McGlynn said. "When he was out in front (of his home) he would never say hello."

Houssiere said he would occasionally see Fishenko's wife at the gym but that the family mostly "kept to themselves."

"There was nothing suspicious about them," he said.

Sophia Grinblat, president of the local Russian Cultural Center, said she had never heard of Fishenko.

Grinblat, who is also editor of Our Texas, a Russian language newspaper distributed in Houston and other Texas cities, said Fishenko's company had placed a want ad on her paper's website about four months ago,

looking for employees. According to the ad, Arc Electronics was looking for "energetic individuals for the position of contract administrator," who would play a critical role in sales and purchases.

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