

US charges 11 in Russian military exports ring (Update)

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The United States announced criminal charges Wednesday against 11 members of an alleged ring illegally exporting \$50 million worth of high-tech military electronics to Russia under the guise of civilian deals.

"The microelectronics allegedly exported to Russia are subject to strict government controls due to their potential use in a wide range of military systems, including radar and surveillance systems, weapons guidance systems, and detonation triggers," the federal prosecutor's office for Brooklyn, New York, said.

The alleged scheme ran between 2008 and the present, with defendants posing as civilian manufacturers. A Texas-based company called Arc Electronics, owned by Russian-American defendant Alexander Fishenko, allegedly told US suppliers that it made traffic lights.

In reality, the defendants were procuring high-tech products which are rare in Russia on behalf of the Russian military, prosecutors said. In addition to being charged under military export laws, Fishenko is accused of being "an unregistered agent of the Russian government."

Officers arrested seven people in Houston, Texas, early Wednesday and an eighth on Tuesday. Another three were in Russia, out of reach of US law enforcement, a spokesman for the prosecutor's office said.

Search warrants were executed Wednesday at seven residences and businesses, officials said, and five bank accounts were seized.

To mask their illegal business, documents and websites used by Arc and its partners were allegedly altered to remove military references.

For example, another Russian-American working for Arc, Alexander Posobilov, allegedly told a Russian procurement company to make sure the end use export certificate read "fishing boats, and not fishing/anti-submarine ones.... Then we'll be able to start working."

Charges were filed against Arc and a Russian company, Apex, with both companies facing large fines if found guilty. The 11 individual defendants face multiple prison sentences if found guilty.

In addition, the Department of Commerce put 165 foreign individuals and companies on its Entity List, which places restrictions on their ability to export from the United States and can amount to a blacklist.

The scheme was described by prosecutors as "a surreptitious and systematic conspiracy to obtain advanced, technologically cutting-edge microelectronics."

The microelectronics are typically used "in a wide range of military systems, including radar and surveillance systems, missile guidance systems and detonation triggers. Russia does not produce many of these sophisticated goods domestically," the prosecutor's office said.

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