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U.S. Charges Russian Companies for Attempt to Evade Trade Sanctions

By Reuters

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U.S. federal prosecutors have charged Russian, Italian and U.S. companies and several employees for allegedly trying to evade U.S. sanctions by providing a U.S.-manufactured power turbine to a Russian state-controlled business, the U.S. Justice Department said on Tuesday.

The unidentified Russian company was barred from acquiring the turbine under U.S. sanctions imposed after Russia's annexation of Crimea in 2014. But it contracted Oleg Vladislavovich Nikitin and his Russian-based company KS Engineering (KSE) to buy it for $17.3 million, according to a Justice Department statement.

Nikitin, KSE and KSE employee Anton Cheremukhin were charged with violating and conspiring to violate the International Emergency Economic Powers Act and Export Control Reform Act (IEEPA/ECRA) and conspiracy to commit wire fraud and money laundering.

According to the statement, Nikitin, Cheremukhin and KSE sought to evade U.S. sanctions by hiring Gabriele Villone, his Italian-based company GVA International Oil and Gas Services and employee Bruno Caparini to acquire the turbine on their behalf.

Villone, Caparini and GVA, in turn, then hired Dali Bagrou and his U.S.-based company World Mining and Oil Supply to obtain the Vectra 40G power turbine from an unidentified U.S.-based manufacturer and ship it overseas.

Villone, Caparini and GVA were also charged with violating and conspiring to violate IEEPA/ECRA, as well as with conspiracy to commit wire fraud and conspiracy to commit money laundering.

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Bagrou and his company were charged with conspiracy to commit wire fraud and conspiracy to commit money laundering.

A telephone number listed on WMO's website was disconnected. GVA and KSE could not immediately be reached for comment.

According to the Justice Department, evidence in the case established that the Russian company planed to use the turbine on a Russian arctic deepwater drilling platform.

U.S. sanctions bar providing goods to support exploration or production for Russian deep-water, Arctic offshore oil projects.

Nikitin, Villone, and Bagrou were arrested in Savannah, Georgia, and are awaiting trial, the department said.

Nikitin, Cheremukhin, Villone and Caparini face a maximum sentence of 20 years in prison and a $1 million fine on the charge of violating IEEPA/ECRA and a maximum of five years in prison and a $250,000 fine for conspiracy to violate IEEPA/ECRA and to defraud the United States.

They and Bagrou also face a maximum of 20 years in prison and a $500,000 fine on the charges of conspiracy to commit wire fraud and conspiracy to launder monetary instruments.

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