



# EIB World Trade Headlines

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**BUREAU OF INDUSTRY AND SECURITY**  
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## **MICROSOFT TO PAY OVER \$3.3M IN TOTAL COMBINED CIVIL PENALTIES TO BIS AND OFAC TO RESOLVE ALLEGED AND APPARENT VIOLATIONS OF U.S. EXPORT CONTROLS AND SANCTIONS**

WASHINGTON, D.C.—Today, as part of a coordinated enforcement effort, the Department of Commerce’s Bureau of Industry and Security (“BIS”) and the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) imposed a combined \$3.3 million in civil penalties against Microsoft Corporation (“Microsoft”) for alleged and apparent violations of U.S. export controls and sanctions laws. Microsoft voluntarily self-disclosed the alleged violations to both BIS and OFAC, cooperated with the joint investigation conducted by BIS’s Office of Export Enforcement and OFAC, and took remedial measures after discovering the conduct at issue, which predated the export controls and sanctions imposed in connection with the current Russian war in Ukraine. “U.S. companies will be held accountable for the activities of their foreign subsidiaries,” said Assistant Secretary for Export Enforcement Matthew S. Axelrod. “As this coordinated resolution demonstrates, BIS and OFAC will work together to ensure that U.S. export control and sanctions laws are enforced effectively, wherever in the world the underlying conduct occurs.”

“This case demonstrates how BIS and OFAC authorities can complement one another to hold firms accountable and promote compliance with core national security obligations. It further underscores the risks technology companies may face when engaging through foreign subsidiaries, distributors, and resellers and the importance of maintaining effective controls,” said Andrea M. Gacki, Director of OFAC.  
Additional Background on Today’s Action:

BIS issued an order today imposing an administrative penalty of \$624,013 on Microsoft. As part of the BIS settlement, Microsoft admitted to the conduct set forth in a Proposed Charging Letter (“PCL”) involving Microsoft’s subsidiary Microsoft Rus LLC (“Microsoft Russia”). In addition to the BIS penalty, Microsoft entered into a corresponding settlement with OFAC whereby Microsoft agreed to a \$2,980,265.86 civil penalty to resolve 1,339 apparent violations of OFAC sanctions regulations involving Ukraine/Russia, Cuba, Iran, and Syria. In light of the related OFAC action, Microsoft was given a \$276,382 credit by BIS contingent upon Microsoft fulfilling its requirements under the OFAC settlement agreement, resulting in a combined overall penalty amount of \$3,327,896.86.

BIS Case Background:

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On seven occasions between December 28, 2016, and December 22, 2017, employees of Microsoft Russia caused another Microsoft subsidiary to enter into or sell software licensing agreements that would allow the transfer or access to software subject to the EAR by FAU 'Glavgosekspertiza Rossii' and United Shipbuilding Corporation Joint Stock Company ("United Shipbuilding Corporation"), both of which were on BIS's Entity List. FAU 'Glavgosekspertiza Rossii' is a Russian federal institution involved with construction projects, including the Kerch Bridge, which was built to connect Crimea to Russia after its 2014 invasion. United Shipbuilding Corporation is responsible for developing and building the Russian Navy's warships.

In the case of FAU 'Glavgosekspertiza Rossii', certain Russia-based employees of Microsoft Russia ordered software licenses through one of Microsoft's Open sales programs in the names of parties not on the Entity List; in the case of United Shipbuilding, an increased number of software licenses were added under non-listed affiliates' enterprise agreements.

- The BIS Order, Settlement Agreement, and Proposed Charing Letter are available online

here: <https://efoia.bis.doc.gov/index.php/documents/export-violations/export-violations-2023/1490-e2829/file>

- Details regarding the OFAC action can be found online

here: <https://ofac.treasury.gov/recent-actions>

Additional Information:

Report suspected export control violations through the BIS online tip portal. You can also call the Enforcement Hotline at 1-800-424-2980 or email [EELead@bis.doc.gov](mailto:EELead@bis.doc.gov). These BIS actions were taken under the authority of the Export Control Reform Act of 2018 and its implementing regulations, the EAR. BIS controls exports and reexports of dual-use commodities, technology and software for reasons of national security, missile technology, nuclear non-proliferation, chemical and biological non-proliferation, crime control and regional stability. Criminal and administrative sanctions can be imposed for violations of the EAR. For more information, please visit: <https://www.bis.doc.gov/index.php/enforcement>.

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## **Secretary Antony J. Blinken Remarks Before U.S.-EU Energy Council Meeting**

**04/04/2023 07:02 AM EDT**

**Antony J. Blinken, Secretary of State**  
**Brussels, Belgium**  
**European Council Building**

**SECRETARY BLINKEN:** High Representative Borrell, Josep, thank you. Thank you for bringing us together today and for continuing an ongoing discussion, an ongoing action that we've had with the United States and the European Union on an issue that's critical in the lives of all of our fellow citizens. I'm very much looking forward to pursuing the discussion we actually began earlier this morning. It's great to be joined, Tobias, by you, Commissioner Simson, our Deputy Secretary of Energy Dave Turk. Very good to be with everyone this morning.

When this council met on February 7th, 2022, Russia was on the verge of invading Ukraine. Europe was on the verge of an energy crisis. President Putin bet that his threat of stopping gas supplies would deter Europe and the world from standing up to his aggression against Ukraine. He was wrong.

He then doubled down – stopping natural gas supplies to many European countries, dramatically reducing flows to others, forcing record-high prices on millions in Europe and around the world. He sought to wipe out Ukraine's critical energy infrastructure – damaging or destroying 50 percent of Ukraine's grid, leaving millions without reliable power and heat. (*\*Continued On The Following Column*)

And again – he failed. Ukraine stands – and stands strong. Europe stands – and stands strong. The world is reducing its dependence on Russian energy, accelerating the transition to the green economy.

This is possible, in no small part, because of the partnership between the United States and the European Union.

The U.S.-EU Energy Council has worked as never before to help make Europe more energy secure. The United States has more than doubled our supply of natural gas to the continent – exporting 56 billion cubic meters of liquefied natural gas last year. Because of these and other efforts, Russia's natural gas only accounted for about 16 percent of the EU's natural gas imports by the end of 2022 – compared to 37 percent in March of 2022. And as I mentioned, our supplies went up more than twofold – over 140 percent increase between 2021 and 2022.

The EU's leadership has been vital in this shift – for example, with its Save the Gas for a Safe Winter program, through which citizens voluntarily lowered their electricity use and used more energy efficient appliances. These and other efforts contributed to a 19 percent reduction in natural gas demand between August of 2022 and January of 2023.

We accelerated, as I mentioned, the clean energy transition. The U.S.-EU Task Force on Energy Security is helping our governments and private sector partners share information to boost energy efficiency and diversify supply, like deploying more heat pumps and smart thermostats.

Here, too, the European Union has shown remarkable leadership, increasing its goal of energy from renewables from 40 percent to 45 percent by 2030. EU countries added roughly 50 gigawatts of wind and solar capacity last year – which together generated more electricity than natural gas in 2022.

Last year, the United States passed the Inflation Reduction Act, the largest climate investment in American history, and we're heartened that Europe too is working on ambitious clean energy incentives. Through the Clean Energy Incentives Dialogue, which President Biden and President von der Leyen launched last month, we are working together to make sure that these efforts are mutually reinforcing, so that our incentives create a positive feedback loop of innovation, investment for energy transition, jobs for our people.

We also come together to support Ukraine's energy needs. Together, the EU, the U.S., and our G7+ partners have delivered more than 4,000 power generators, 1,000 transformers, and more than 5 million pieces of equipment, like circuit breakers and cables, to help repair and replace the country's battered energy grid.

Today, we'll talk about ways to continue rebuilding Ukraine's energy infrastructure. We'll also talk about our shared work to deploy new technologies like clean hydrogen and carbon capture and storage, among other efforts, to advance the energy transition across Europe and the United States.

These collective efforts are directly benefiting people on both sides of the Atlantic through more affordable, more reliable energy, good-paying jobs, and a safer, more sustainable future.

Today's discussions will bring us one step closer to that future, and like everyone, I'm eager to get the conversation started. So again, Josep, thanks so much for having us here today, and I look forward to our discussions.

## Finland joins NATO, doubling alliance's land border with Russia

By [Emily Rauhala](#) and [Missy Ryan](#)

Updated April 4, 2023 at 12:28 p.m. EDT | Published April 4, 2023 at 3:59 a.m. EDT

BRUSSELS — Finland formally joined the North Atlantic Treaty Organization on Tuesday, a historic shift for a country that once insisted it was safer outside the military alliance and a sign of how Russian President Vladimir Putin's gamble in Ukraine is upending the post-Cold War order.

Finnish membership will double NATO's land border with Russia, adding more than 800 miles. It will also bolster the alliance's presence around the Baltic Sea and enhance its position in the Arctic.

To justify his unprovoked attack on Ukraine, Putin cited the [possibility of NATO expansion](#). Now, his war has brought a bigger, stronger NATO to his door.

"I am tempted to say, maybe this is the one thing that we can thank Mr. Putin for," U.S. Secretary of State Antony Blinken said in Brussels on Tuesday.

Russia's invasion has caused "many countries to believe that they have to do more, to look out for their own defense and to make sure they can deter possible Russian aggression going forward," he said.

[How Putin's brutal war in Ukraine pushed Finland toward NATO](#)  
Russia's response on Tuesday was muted.

"We will be watching closely what is going on in Finland, how the NATO alliance will use Finnish territory in terms of deploying weapons, systems and infrastructure there, which will be close to our borders and therefore threaten us," Kremlin spokesman Dmitry Peskov said in his daily briefing to journalists. "Depending on this, measures will be taken."

Russian Deputy Foreign Minister Sergei Ryabkov added his own condemnation of the development on state television. "Perhaps I can describe the current condition of our relations by one word: a wreck," he said. "Relations are ruined, and the United States is responsible for that."

NATO officials and diplomats downplayed the threat of significant Russian retaliation, noting Moscow's cautious response to Finland's bid, as well as the fact that its forces are tied up in Ukraine. Experts say the addition of Finland, which like Sweden punches above its weight in terms of military might, represents an enhancement of overall NATO security, despite the alliance's responsibility to defend the new member if required.

Finland's Parliament on Tuesday reported that its public-facing website had been [hit by a denial-of-service attack](#), but it was not immediately clear who was behind it or whether it was connected to the NATO news.

Finland's membership became official on Tuesday with a transfer of papers at NATO's Brussels headquarters. [Turkey](#) — the last country to ratify Finland's membership — handed its documents to Blinken, as the United States is the depository of NATO's 1949 treaty. NATO Secretary General Jens Stoltenberg then invited Finland to do the same, concluding the accession process.

At a ceremony outside, the Finnish flag was raised. "From today, 31 flags will fly together as a symbol of our unity and solidarity," Stoltenberg said moments before. "Joining NATO is good for Finland, good for Nordic security and good for NATO as a whole."

But the fact that Sweden's flag did not go up alongside Finland's spoke to the challenge of keeping NATO allies united, even in the face of Russia's threats.

(\*Continued On The Following Column)

Finland and Sweden applied for membership on the same day last spring. Putin's aggression in Ukraine convinced both countries of the need to abandon their stance of military nonalignment. And they assessed that joining NATO in tandem, as quickly as possible, would be the best way to shield themselves from Russian retaliation.

But membership applications must be approved by all existing NATO countries. And Turkey positioned itself as a [spoiler](#), with President Recep Tayyip Erdogan using the process to extract concessions and score domestic political points. Although he ultimately [came around on Finland](#), he has continued to hold out on Sweden, citing Stockholm's refusal to extradite those he calls "terrorists" affiliated with the militant Kurdistan Workers' Party, or PKK.

Hungary is stalling, too. Zoltan Kovacs, a spokesman for the Hungarian government, [laid out a list of grievances](#) last week against Stockholm, accusing its representatives of "using their political influence to harm Hungarian interests" and lambasting the country's "crumbling throne of moral superiority." It is not clear whether Hungary has specific demands.

NATO officials and diplomats express confidence that both member states will eventually back down. But it is not clear how soon that might happen. Few believe there will be movement before Turkish elections next month.

There is concern across the alliance that Turkey and Hungary have been willing to hand a symbolic victory to Russia — and that the rest of NATO has not been able to stop them.

"The risk is that this brings a wedge into NATO," said Anna Wieslander, director for Northern Europe at the Atlantic Council. "Allies need to pay more attention, collectively, to this process."

Previewing Finland's accession on Monday, Stoltenberg stressed: "We should not leave the impression ... that Sweden is left alone." He noted that some NATO allies have already offered bilateral security assurances to Stockholm, and he suggested that full membership for Finland will help keep neighboring Sweden safe, too.

Ben Hodges, a former commander of U.S. Army Europe, said the delay was not ideal but would indeed be temporary. "Turkey is probably close to overplaying their hand, but they will squeeze as much out of it as they can," he said.

"Nobody should be worried about NATO," he added. "There's a reason there is a queue to join. Nobody is knocking on the Kremlin's door saying, 'Hey, let us back in.'"

In the years since Finnish soldiers on skis helped fight off Soviet invaders, the country has aligned itself with Europe, joining the European Union and becoming a close NATO partner, while still trying to engage Russia.

But Putin's invasion of Ukraine prompted a surge of support in Finland not only for sanctions on Russia but also for becoming part of NATO and its mutual defense pact.

Although an election in Finland over the weekend resulted in the [ousting of Prime Minister Sanna Marin](#), the country's stance on NATO and Ukraine is not expected to change.

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Although an election in Finland over the weekend resulted in the [ousting of Prime Minister Sanna Marin](#), the country's stance on NATO and Ukraine is not expected to change.

Blinken said Tuesday: "Finland has a highly capable military and has been an active participant in NATO-led operations; it also shares our values and strong democratic institutions. We are confident Finland's membership will strengthen our collective defense and enhance our ability to respond to security challenges in the Euro-Atlantic area."

He added that "Sweden is also a strong and capable partner that is ready to join NATO," and he urged Turkey and Hungary to ratify Sweden's membership "without delay."

Blinken is in Brussels for a meeting of NATO foreign ministers that includes Ukraine's Dmytro Kuleba.

Speaking ahead of the talks, Kuleba urged his country's supporters to transfer promised weaponry as quickly as possible. "I came here to NATO to speed up deliveries of what has already been pledged to Ukraine, primarily artillery ammunition, infantry armored vehicles, personnel armored carriers, everything that Ukraine needs for a successful counteroffensive," he said.

Kuleba also referenced Ukraine's goal of joining NATO, which remains a distant prospect. "Finland's accession is a clear message that the time to revise all strategies and old perceptions has come," he said. "There is no better solution to ensuring Euro-Atlantic security as a whole than the eventual membership of Ukraine in NATO."

Ukrainian President Volodymyr Zelensky congratulated Finland, making reference to his country's NATO goal and a summit of alliance leaders that will be held in the Lithuanian capital in July.

"Amid Russian aggression, the alliance became the only effective guarantee of security in the region," he said [in a message on Telegram](#). "We expect that the Vilnius #NATOSummit will bring Ukraine closer to our Euro-Atlantic goal."

*Natalia Abbakumova and Robyn Dixon in Riga, Latvia, contributed to this report.*

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## **Finland's Accession to NATO** **04/04/2023 10:22 AM EDT**

Antony J. Blinken, Secretary of State  
On this historic day as we mark the 74th anniversary of NATO, we also welcome Finland as NATO's 31st Ally. Finland is stronger and safer within the Alliance, and the Alliance is stronger and safer with Finland as its Ally. Finland has a highly capable military and has been an active participant in NATO-led operations; it also shares our values and strong democratic institutions. We are confident Finland's membership will strengthen our collective defense and enhance our ability to respond to security challenges in the Euro-Atlantic area.

*(\*Continued On The Next Column)*

Russia's further invasion into Ukraine last year precipitated the very thing President Putin wanted to avoid: a stronger, more unified, Transatlantic Alliance. Sweden is also a strong and capable partner that is ready to join NATO. We encourage Türkiye and Hungary to ratify the accession protocols for Sweden without delay so we can welcome Sweden into the Alliance as soon as possible.

NATO has helped maintain peace and stability in Europe for over 70 years. It has also played a critical role in promoting stability and the international rules-based order around the world. Finland's membership in the Alliance will advance these shared goals.

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## **Ukraine Oversight**

USAID OIG is committed to ensuring comprehensive, independent oversight of USAID's support of Ukraine and its people in response to Russia's invasion. Our oversight work, through Audits and Investigations, will identify key areas where USAID programming is at risk or can be improved while holding those who corrupt or abuse these critical programs accountable.

### **Report Misconduct**

We encourage timely and transparent reporting of misconduct affecting the United States' support to Ukraine and its people. Please view and share the attached Hotline posters (in [English](#) and [Ukrainian](#)) listing how, and what, to confidentially report. Allegations of retaliation by contractors or grantees against employees who report misconduct affecting U.S. funding will be thoroughly investigated.

### **Identifying Key Risks Affecting Ukraine Assistance**

We provided an [Advisory Notice](#) to USAID which highlights key lessons from prior oversight work that are relevant to USAID's developing response in Ukraine. Accompanying the notice is a [Fraud Schemes Alert](#) (also available in [Ukrainian](#)) which identifies red flags for potential fraud schemes that could compromise USAID's Ukraine response, and identifies mitigation steps that help detect and prevent these schemes.

### **Collaborative Approach to Oversight**

We have undertaken a collaborative approach with our oversight counterparts, both in the United States and with bilateral and multilateral donors. We partnered with other U.S. oversight bodies, including the Offices of Inspectors General at the Departments of State and Defense to form a joint working group on Ukraine oversight. This working group allows for interagency communication and visibility of each OIG's ongoing work, allow for necessary deconfliction, and identifies opportunities for oversight coordination between project teams.

**Ukraine products from oversight counterparts:**  
[Department of Defense OIG oversight of Ukraine](#)  
[https://oig.usaid.gov/our-work/ukraine-oversight/Department\\_of\\_State\\_OIG\\_oversight\\_of\\_Ukraine](https://oig.usaid.gov/our-work/ukraine-oversight/Department_of_State_OIG_oversight_of_Ukraine)

We also use our formal information-sharing relationships with United Nations (UN) oversight entities, including the World Food Programme's Office of Inspector General and the World Health Organization's Office of Internal Oversight Services, to coordinate on oversight efforts and rapidly respond to allegations of misconduct within USAID's significant programs implemented through UN organizations.

Below, see more of USAID OIG's products related to oversight of USAID's Ukraine response.

## Macron, in China, says he'll urge Xi to work for peace in Ukraine

By Roger Cohen New York Times, Updated April 6, 2023, 1:47 a.m.

BEIJING — President Emmanuel Macron of France, speaking at the start of a three-day visit to China, said Wednesday that Beijing could play a “major role” in bringing peace to Ukraine and made clear that he would urge the Chinese president, Xi Jinping, to get deeply involved in this effort.

His aim over meetings Thursday and Friday with Xi was to “relaunch a strategic and global partnership with China” and so engage the country in a “shared responsibility for peace and international stability,” Macron said.

Addressing a gathering of the French community in Beijing, Macron insisted that the differences over political systems that make Europe and China “rivals” should not lead to the “decoupling” and “escalating tensions” that some regard as inevitable.

“I do not believe, and do not want to believe, in this scenario,” he said. President Volodymyr Zelensky of Ukraine said last month that China could “become a partner” in the quest for a settlement, but Xi has not responded to his readiness to speak.

“It would be a good thing to speak to Mr. Zelensky,” Macron, who will meet Xi for a total of more than six hours starting Thursday, said in remarks to the journalists accompanying him. Such a conversation, he said, would give Chinese authorities a means to “form a complete opinion” of the conflict, and he urged “a deepening dialogue with Mr. Zelensky.”

Macron is clearly determined to carve out an independent position, one more conciliatory toward China than the American one, at a moment when relations between Beijing and Washington are at their lowest point in decades. Europe’s hard-hit economy needs the Chinese market, and European “strategic autonomy” is a long-sought goal for Macron.

This ambition has sometimes antagonized the United States. But if the French leader can exploit daylight between China and Russia over the Ukraine war, which appears unlikely given the two countries’ declaration of a “no-limits” friendship, he will have achieved something that is broadly in the United States’ strategic interest: a faster end to the war and a weakening of the Chinese-Russian bond.

Macron told journalists that a conversation with President Biden shortly before his departure had reviewed “the elements through which it seemed useful to reengage China” on the Ukraine conflict. He did not elaborate, but it appeared he had won at least grudging American acceptance for his peace-through-China push.

In the run-up to the Ukraine war and its early weeks, Macron clearly believed he had some leverage over Russian President Vladimir Putin that might avert or curtail the conflict. That conviction, formed over several conversations between the two men, proved to be unfounded.

Just over a year later, he has turned his focus to China, which has never condemned the Russian invasion or used the word “war” to describe it and has under Xi pursued an ever-more-aggressive anti-Western policy.

Asked about the potential Chinese provision of arms to Russia, a development the United States has worked hard to prevent, Macron said, “We decided since the start of the conflict to help the attacked country and clearly indicated that anyone helping the aggressor would become an accomplice to the violation of international law.”

*\*Continued On The Following Column)*

Still, he said, he had no intention of talking to Xi about potential sanctions against China because “threatening is never a good way to engage.”

China’s 12-point plan to resolve the Ukraine conflict, presented in February, had some problematic elements but indicated Xi’s readiness to be involved in peace efforts, Macron suggested.

As two of the five permanent members of the United Nations Security Council, France and China were bound to defend the UN Charter against the “imperialist” and “colonial” war waged by Russia in Ukraine, Macron argued.

Article 2 of the charter says that countries must refrain from the “use of force against the territorial integrity or political independence of any state.” However, Russia, another permanent member, currently holds the presidency of the Security Council, adding to the intractability of the war.

Macron spoke on the same day as a meeting in California between Tsai Ing-wen, the president of the island democracy of Taiwan that China claims as its territory, and Speaker Kevin McCarthy.

The French president declined to comment on the meeting, which will certainly provoke an angry Chinese reaction.

Asked if he thought China had become a more menacing power, Macron said, “I see an international order that is more unstable. And so, in this context, it is clear that any polarization, any acceleration of things, is threatening. That is another reason why it is necessary to continue to speak to everyone.”

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## Secretary Blinken’s Trip to the United Kingdom, Ireland, Vietnam, and Japan

04/10/2023 09:35 AM EDT

Vedant Patel, Principal Deputy Spokesperson  
Secretary of State Antony J. Blinken will travel to the United Kingdom, Ireland, Vietnam, and Japan, April 11-18, 2023.

Secretary Blinken will travel to Hanoi, Vietnam to advance key discussions with our Vietnamese partners as we celebrate the 10th anniversary of our Comprehensive Partnership. The Secretary will meet with senior Vietnamese officials to discuss our shared vision of a connected, prosperous, peaceful, and resilient Indo-Pacific region. Secretary Blinken will then travel to Karuizawa, Japan to attend the G7 Foreign Ministers’ Meeting and discuss with his counterparts charting a path forward on a range of global issues, including Russia’s continued war against Ukraine, nuclear disarmament and non-proliferation, food and energy security, and advancing an affirmative vision for a free and open Indo-Pacific.

In advance of the Secretary’s trip to Asia, he will accompany President Biden on his trip to the United Kingdom and Ireland from April 11-14.

## G7. Statement of Mission for Export Controls April 2023

We reaffirm that export controls are a fundamental policy tool to address the challenges posed by the diversion of technology critical to military applications as well as for other activities that threaten global, regional, and national security. We continue to work with other states in strengthening effective and responsible export controls in a way that keeps pace with rapid technological developments. We reiterate that strong enforcement to counter evasion of export controls is an essential element and we will continue to cooperate on this issue. We affirm the importance of cooperation on export controls on critical and emerging technologies such as microelectronics and cyber surveillance systems to address the misuse of such technologies by malicious actors and inappropriate transfers of such technologies through research activities.

Recognizing the need to deepen discussions within and beyond the G7 on business and human rights, we intend to strengthen cooperation and collective efforts towards ensuring respect for human rights and international labor standards in business activities and further enhancing resilience, predictability and certainty for businesses and call upon others to join us in these efforts, including by aligning with international standards. For this, we will accelerate exchange of information on relevant regulation and policies through a network of experts.

We will continue discussions at the WTO, and will work collaboratively on solutions to tackle environmental challenges and support efforts towards net-zero emissions, including through facilitating trade in environmental goods and services, and technologies, on promoting the circular economy, and on how trade-related climate and environmental measures and policies can best contribute to climate and environmental goals. We reiterate our commitment to the G7 Digital Trade Principles, our support for open digital markets and our opposition to digital protectionism. We commit to accelerating the WTO JSI E-commerce negotiations and working to conclude an ambitious outcome by the end of 2023. The outcome should be high standard and commercially meaningful. We affirm the importance of promoting inclusive and sustainable trade, recognizing the challenges faced by micro, small and medium-sized enterprises (MSMEs) and underrepresented groups, such as women and Indigenous Peoples.

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### Russian defector sheds light on Putin paranoia and his secret train network

Former security officer tells of president's strict quarantine and says he has 'lost touch with the world'

[Andrew Roth and Pjotr Sauer](#)

Wed 5 Apr 2023 06.39 EDT

A senior Russian security officer who defected last year has given rare insight into the paranoid lifestyle of [Vladimir Putin](#), confirming details of a secret train network, identical offices in different cities, a strict personal quarantine and escalating security protocols.

Gleb Karakulov, who served as a captain in the Federal Protection Service (FSO), a powerful body tasked with protecting Russia's highest-ranking officials, said the measures were designed to mask the whereabouts of the Russian president, whom he described as "pathologically afraid for his life".

The 36-year-old said the train was used because it "cannot be tracked on any information resource. It's done for stealth purposes."

(\*Continued On The Following Column)

The Russian investigative outlet Proekt reported previously on the existence of the train and of a secret railway network including parallel lines and stations near Putin's residences in Novo-Ogaryovo in the Moscow region, and near his Bocharov Ruchei residence in the Black Sea resort of Sochi.

The Guardian has reviewed an interview with Karakulov by the Dossier Centre, a political information outfit founded by the exiled Russian billionaire Mikhail Khodorkovsky, and confirmed the credentials of the senior Russian communications engineer, who travelled with Putin extensively and helped transmit some of his most secret messages. Karakulov was a member of the "field team" of the Presidential Communications Directorate that encrypts the messages of top Russian officials and estimated he had travelled on more than 180 trips with top officials. He appears to be the highest-ranking intelligence official to defect since the start of Russia's war in Ukraine.

In the [interview](#), Karakulov called Putin a "war criminal" and told fellow officers they should come forward with information being hidden from the Russian public.

"Our president has lost touch with the world," he said. "He has been living in an information cocoon for the past couple of years, spending most of his time in his residences, which the media very fittingly call bunkers. He is pathologically afraid for his life. He surrounds himself with an impenetrable barrier of quarantines and an information vacuum. He only values his own life and the lives of his family and friends."

Karakulov described a virtual state within a state that includes firefighters, food testers and other engineers who travel with Putin on his trips abroad, providing a rare first-hand insight into the levels of paranoia and sheltered lifestyle of the Russian president. "They call him the Boss, worship him in every way and only ever talk of him in those terms," he said.

Karakulov also described setting up secret communications for Putin on planes, helicopters, lavish yachts and even in a bomb shelter at the Russian embassy in Kazakhstan during an October 2022 visit when Karakulov ultimately fled to Turkey and from there to an undisclosed country in the west.

He confirmed that Putin relies heavily for information on reports provided by his security services. Putin did not use a mobile phone or the internet, Karakulov said, and did not even bring an internet specialist with him on foreign trips. "He only receives information from his closest circle, which means that he lives in an information vacuum," he said. Putin is still in quarantine and requires all staff working in the same room as him to also undergo a two-week quarantine, severely limiting the number of people who have personal contact with him.

Karakulov said Putin used identical offices in St Petersburg, Sochi and Novo-Ogaryovo, and that the secret services used fake motorcades and decoy planes to pretend he was leaving. "This is a ruse to confuse foreign intelligence, in the first place, and secondly, to prevent any attempts on his life," he said.

He said Putin's behaviour and lifestyle had altered significantly since the outbreak of the coronavirus pandemic in 2020, when the president retreated from most travel and public appearances.

"He has shut himself off from the world," Karakulov said. "His take on reality has become distorted."

(\*Continued On The Following Page)

The interview did not give information on what messages Karakulov had encrypted for Putin or other top officials, or more information on Putin's preparations for the war or strategy.

Karakulov described his risky escape to the west during Putin's visit to Kazakhstan. During the trip, his wife and daughter secretly flew to Astana. They postponed the defection several times until nearly the end of the trip, when Karakulov told his fellow officers he was feeling unwell and then fled with his family to the airport. The Dossier Centre said Karakulov's current whereabouts were unknown. The Guardian confirmed that Karakulov was listed as a wanted man in the Russian interior ministry's public database of criminal suspects.

He claimed he had opposed the war on Ukraine since Russia launched its full-scale invasion in February 2022, but had waited to persuade his wife to flee together as a family. He said he had still not spoken with his parents, who were supporters of the war.

While the strict quarantine regime has fuelled rumours that Putin may be seriously ill and worried about complications from coronavirus, Karakulov said he had seen no indications that Putin was in poor health.

This article was amended on 5 April 2023 because an earlier version mistakenly referred to Putin's residency in Novo-Ogaryovo as being in the Valdai national park.

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## **February 14, 2023**

### **By RFE/RL's Russian Service**

#### **Putin Using Special Train, Secret Railway Network, Investigative Reports Say**

Investigative reports say Russian President Vladimir Putin has been using a specially built armored train for his official travel, while a secret railway network has been built near his residences.

According to a [report](#) by the Projekt (Project) investigative outlet, one such secret railway station and several railway lines were built on the territory of Valdai national park in the country's northwestern Novgorod region, close to a presidential residence there.

Projekt says the station, discovered by its correspondents last autumn, has a helipad and is heavily guarded. According to the outlet, the secret railway station and lines were built in 2019.

The report, which includes satellite photos, says another railway station was built in 2015 in Novo-Ogaryovo near Moscow, some 400 meters from Putin's residence.

Another special railway platform and a railway line separated from other railway tracks by a high fence was built near Putin's Bocharov Ruchei residence in the Black Sea resort of Sochi in 2017, the investigative report said.

On February 13, another investigative group, Dosye (Dossier), [also issued a report](#) saying that Putin prefers to travel on a train specially made for him in 2015.

The train is armored, the report says, adding that Putin started using it in the second half of 2021 as Russian forces were preparing to invade Ukraine.

According to Dosye, Putin started using trains instead of planes to avoid the possible tracking of his flights, as it is much harder to monitor train movements. SOTA's report said the train station was renovated weeks before Russia started its full-scale invasion of Ukraine in late February 2022.

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## **Under Secretary Jenkins Travels to Cambridge, Massachusetts**

**04/10/2023 10:38 AM EDT**

### **Office of the Spokesperson**

Under Secretary of State for Arms Control and International Security Bonnie D. Jenkins is in Cambridge, Massachusetts, April 10-11, 2023, to engage with students, faculty, and staff at the Massachusetts Institute of Technology (MIT) and Harvard University's Belfer Center for Science and International Affairs.

At MIT, the Under Secretary will visit the School of Engineering and College of Computing to engage in academic discussions on verification technologies, quantum engineering, and artificial intelligence, among other topics. The Under Secretary will also tour the research reactor and labs to learn about MIT's research on nuclear security and arms control.

At Harvard, the Under Secretary will meet with the Board of the Belfer Center and members of the Project on Managing the Atom to discuss nuclear security and arms control in an evolving security environment. She will also speak at the Future of Diplomacy Project to discuss the role of diplomacy in international security.

At both higher education institutions, the Under Secretary will meet with students and postdoctoral fellows to discuss careers in diplomacy and public policy, the nexus of policymaking and academia, and how science and research can inform and improve policy.

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## **On the Sentencing of Human Rights Defenders Xu and Ding**

**04/11/2023 12:38 PM EDT**

### **Vedant Patel, Principal Deputy Spokesperson**

The United States condemns the People's Republic of China's (PRC) unjust detention and sentencing of human rights defenders Xu Zhiyong and Ding Jiayi. On April 10, PRC courts sentenced Xu Zhiyong to 14 years and Ding Jiayi to 12 years in prison for supporting the exercise of internationally recognized fundamental freedoms, such as the freedoms of assembly and expression. These sentences demonstrate the PRC's expansive effort to intimidate and silence all aspects of civil society.

We urge the PRC to immediately and unconditionally release these two unjustly detained human rights defenders and to cease any harassment of their family members. We similarly call upon the PRC to release others who were unjustly detained or imprisoned, to reinstate the lawyers who were unjustly disbarred, and to allow all individuals to exercise their fundamental freedoms.

The United States will always stand with the brave individuals in the PRC and around the world who defend human rights.

## Economic peacefare: Lessons for the future of European sanctions strategy

An effective sanctions campaign in wartime needs to be linked to a strategic industrial policy and technology control agenda in peacetime

[Tobias Gehrke @TGehrke on Twitter](#)

Senior Policy Fellow

[Commentary](#)

5 April 2023

After a year of economic war with Russia, the effectiveness of the Western sanctions campaign is under intense scrutiny. On one hand, the unprecedented scale of the measures is depriving Russia of its foreign assets and many important technologies. On the other hand, the sanctions' unintended global consequences may be contributing to the West's relative isolation in its support for Ukraine. Russia's economy, meanwhile, seems to be more resilient than many analysts had anticipated. Assessing the effectiveness of the sanctions is therefore a bit like reading a horoscope – there is a story in it for anybody who wants to find one.

One thing is becoming clear though: as the outcome of Russia's war against Ukraine will likely be decided on the battlefield, the focus of Western support is shifting to fortifying Ukraine's military-industrial endurance – as well as weakening that of Russia. Sanctions already contribute to this task in one way or another, for example, by depriving the Kremlin of revenue it needs to wage war. But Western sanctions strategy now needs to evolve more broadly to reflect this shift – and target its measures towards the ways Russia gets its hands on war materials and their components.

Moreover, Europeans need to consider the longer term. Economic deterrence will remain at the centre of any sanctions strategy. But the European Union and its member states should take lessons from the failures of that deterrence in this war – and start sharpening their economic tools for the next major conflict. Indeed, this preparation in peacetime for wartime sanctions should become a key objective of European industrial strategy.

### The technology gap

Leverage is fundamental to the effectiveness of both economic deterrence and wartime sanctions. The Kremlin's military-industrial complex suffers a significant technology gap and a high level of dependence on Western components. Russia's strategy following its illegal annexation of Crimea in 2014 was to phase out foreign imports (especially those coming from NATO members) for military equipment. However, an RUSI investigation of Russian weapon systems recovered from Ukraine found at least 450 vital foreign-made components, mostly originating from US microelectronics companies. Vladimir Putin has since switched to a war economy with the goal of churning out the necessary military equipment at scale – but Russian forces remain dependent on advanced and dual-use Western technologies.

This indicates that the current sanctions regime is yet to fully exploit the technology gap. One way the Kremlin continues to get its hands on Western components is by repurposing basic consumer electronics such as fridges and toasters for military use. Another and more worrying way is direct military sales from Iran, North Korea, and China, especially if the US government is right in its assessment that China is considering lethal aid – such as artillery and ammunition – for Russia. This kind of support seems unlikely on a large scale, given the economic costs Beijing would probably incur. But Putin and Xi Jinping's "friendship without limits" ensures it cannot be discounted. So, keeping China from arming Russia should remain a priority for the West.

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The Kremlin continues to learn sanctions-busting tricks from pariahs in Tehran and Pyongyang – and troves of Western technology from Russian equipment still litter the battlefields of Ukraine.

In the meantime, the Kremlin continues to learn sanctions-busting tricks from pariahs in Tehran and Pyongyang – and troves of Western technology from Russian equipment still litter the battlefields of Ukraine. There is also increasing evidence of military equipment shipments through hubs in Turkey and dual-use goods through China and Hong Kong.

Plugging these holes in the Western sanctions regime is a matter of urgency. The US has tightened its export controls around hundreds of basic consumer appliances. It has also increased diplomatic and coercive pressure on companies and governments in Turkey, Oman, the United Arab Emirates, and Central Asia. In Europe, measures against Iranian entities supplying Russia with military equipment could soon be followed by new powers to sanction foreign companies and states that are unwilling to clamp down on sanctions circumvention in their territories. But the implementation and enforcement of these measures will inevitably remain a never-ending game of whack-a-mole.

Economic deterrence therefore needs not only to be bold and credible on its sanctions threats, but should equally offer opportunities for cooperation. With respect to China, for example, the quickly diminishing prospects for better relations based on behaviour-change in Beijing are undermining the West's overall economic deterrence: why should China change its approach if it believes relations will deteriorate anyway? Robust deterrence and preparedness can and must go hand in hand with a positive vision for interdependence with China, as European Commission president Ursula Von der Leyen recently outlined.

### Peacetime economic security: keeping the advantage

Nevertheless, the economic war with Russia demonstrates that the sharpest swords in the Western armoury are key dual-use technology advantages. A European economic security doctrine needs to ensure that these advantages are not only maintained – but also strengthened with industrial policy and strategic technology control tools.

One way to maintain technological advantages to support deterrence is by cutting off rivals from access to key technologies. This may prove ineffective or even counter-productive with regards to Russia, given the leverage vital technology inputs could bring. And China's strength in innovation and its military-civil fusion agenda require a careful and managed approach.

Washington, for example, is effectively trying to cut off China's access to advanced semiconductors – since, together with Japan and the Netherlands, the US controls a major chokepoint in producing them. The recent export controls announced by these three states on semiconductor manufacturing equipment to China were a means to stall Beijing from developing advanced supercomputing, artificial intelligence, and quantum capabilities, which Washington says could translate into decisive military and economic advantages.

Conversations with US strategists indicate they know they are taking a gamble – should China manage to indigenise the technology, the chokepoint leverage would be lost. But, because of the complexity of advanced semiconductor manufacturing equipment and the deeply established Western innovation ecosystems therein, that gamble may well pay off.

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A European economic security strategy which monitors technology channels with China carefully and, where necessary, restricts transactions, trade, or engagement is vital in a world in which the potential of economic warfare is only growing. It will be necessary to strengthen the screening of foreign direct investment in strategic sectors and control sensitive exports as part of this; but industrial policy should equally be supportive of this strategic task by not only limiting EU dependencies (such as those identified by the European Commission), but also shoring up and ringfencing Europe's existing technology advantages and inter-dependencies that it may be forced to use for deterrence or even warfare (such as semiconductor manufacturing equipment, medical equipment, industrial robotics, special-purpose machinery, and aviation parts).

This requires nothing short of a leap in European economic security thinking. But economic deterrence and economic warfare are two sides of the same coin. If Europeans are serious about the first side of the coin – which they should be given the dramatic costs of the failure of deterrence with Russia – then they also need to be serious about the second side. Technology chokepoints and interdependencies by themselves do not prevent or resolve conflicts, but they add to a balance sheet of gains and losses. This underlines the need to promote and protect key trade and technology advantages in peacetime to prepare for sanctions in wartime.

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### **Burma Regime Airstrikes**

04/11/2023 06:17 PM EDT

Vedant Patel, Principal Deputy Spokesperson

We are deeply concerned by today's reports of a Burma military airstrike in the Sagaing region that killed more than 50 people and injured at least 30 people, including children. This attack follows reports of airstrikes in Chin State on April 10 that killed at least nine people. These violent attacks further underscore the regime's disregard for human life and its responsibility for the dire political and humanitarian crisis in Burma following the February 2021 coup.

The United States calls on the Burma regime to cease the horrific violence, allow unhindered humanitarian access, and to respect the genuine and inclusive democratic aspirations of the people of Burma. The military regime must abide by its obligations under international humanitarian law, including rules on the protection of civilians. The United States will continue to work with the international community to hold the regime accountable for violations and abuses committed in Burma.

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### **Further Curbing Russia's Efforts to Evade Sanctions and Perpetuate its War Against Ukraine**

04/12/2023 10:49 AM EDT

Antony J. Blinken, Secretary of State

Today, the Department of State and the Department of Treasury are imposing sanctions on more than 120 entities and individuals across more than 20 countries and jurisdictions in connection with the Russian Federation's unlawful and unprovoked invasion of Ukraine, including facilitators of sanctions evasion.

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More than one year into Russia's unprovoked invasion of Ukraine, the effects of our globally coordinated sanctions have forced the Russian Federation to search for alternate routes to finance and fuel its war machine. In coordination with the United Kingdom, we are targeting sanctions evasion network supporting one of Russia's wealthiest billionaires, Alisher Usmanov, who was sanctioned by the United States last year. In addition to the Usmanov-linked evasion network we are also targeting USM Holding, the primary entity through which Usmanov owns and controls the majority of his companies.

Additionally, the Department of State is sanctioning two Russian entities that support Russia's efforts to undermine the sovereignty and territorial integrity of Ukraine through the militarization and indoctrination of schoolchildren: The All Russian Children's and Youth Military Patriotic Public Movement Youth Army, and the State Budgetary Educational Institution of Additional Education of the Republic of Crimea Crimea Patriot Center.

Today's action also includes the designation of several entities operating in the defense sector of Russia's economy and entities supporting Russia's war against Ukraine, including a new Russian private military company and a People's Republic of China (PRC) based firm that has provided satellite imagery of locations in Ukraine to entities affiliated with the Wagner private military company that is fighting in Ukraine on Putin's behalf.

Finally, we are designating additional persons associated with the Russian State Atomic Energy Corporation, Rosatom. Russia uses energy exports, including in the nuclear sector, to exert political and economic pressure on its customers globally.

The United States will continue to take action against Russia and those supporting its war in Ukraine, including further implementing the G7's commitment to impose severe consequences on third country actors who support Russia's war in Ukraine.

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### **Discord member details how documents leaked from closed chat group**

**THE DISCORD LEAKS | The online group that received hundreds of pages of classified material included foreigners, members tell The Post**

By [Shane Harris](#) and [Samuel Oakford](#)

April 12, 2023 at 9:36 p.m. EDT

The man behind a massive leak of U.S. government secrets that has exposed spying on allies, revealed the grim prospects for Ukraine's war with Russia and ignited diplomatic fires for the White House is a young, charismatic gun enthusiast who shared highly classified documents with a group of far-flung acquaintances searching for companionship amid the isolation of the pandemic.

United by their mutual love of guns, military gear and God, the group of roughly two dozen — mostly men and boys — formed an invitation-only clubhouse in 2020 on Discord, an online platform popular with gamers. But they paid little attention last year when the man some call "OG" posted a message laden with strange acronyms and jargon. The words were unfamiliar, and few people read the long note, one of the members explained. But he revered OG, the elder leader of their tiny tribe, who claimed to know secrets that the government withheld from ordinary people.

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The young member read OG's message closely, and the hundreds more that he said followed on a regular basis for months. They were, he recalled, what appeared to be near-verbatim transcripts of classified intelligence documents that OG indicated he had brought home from his job on a "military base," which the member declined to identify. OG claimed he spent at least some of his day inside a secure facility that prohibited cellphones and other electronic devices, which could be used to document the secret information housed on government computer networks or spooling out from printers. He annotated some of the hand-typed documents, the member said, translating arcane intel-speak for the uninitiated, such as explaining that "NOFORN" meant the information in the document was so sensitive it must not be shared with foreign nationals.

OG told the group he toiled for hours writing up the classified documents to share with his companions in the Discord server he controlled. The gathering spot had been a pandemic refuge, particularly for teen gamers locked in their houses and cut off from their real-world friends. The members swapped memes, offensive jokes and idle chitchat. They watched movies together, joked around and prayed. But OG also lectured them about world affairs and secretive government operations. He wanted to "keep us in the loop," the member said, and seemed to think that his insider knowledge would offer the others protection from the troubled world around them.

"He's a smart person. He knew what he was doing when he posted these documents, of course. These weren't accidental leaks of any kind," the member said.

The transcribed documents OG posted traversed a range of sensitive subjects that only people who had undergone months-long background checks would be authorized to see. There were top-secret reports about the whereabouts and movements of high-ranking political leaders and tactical updates on military forces, the member said. Geopolitical analysis. Insights into foreign governments' efforts to interfere with elections. "If you could think it, it was in those documents."

In those initial posts, OG had given his fellow members a small sip of the torrent of secrets that was to come. When rendering hundreds of classified files by hand proved too tiresome, he began posting hundreds of photos of documents themselves, an astonishing cache of secrets that has been steadily spilling into public view over the past week, disrupting U.S. foreign policy and aggravating America's allies.

This account of how detailed intelligence documents intended for an exclusive circle of military leaders and government decision-makers found their way into and then out of OG's closed community is based in part on several lengthy interviews with the Discord group member, who spoke to The Washington Post on the condition of anonymity. He is under 18 and was a young teenager when he met OG. The Post obtained consent from the member's mother to speak to him and to record his remarks on video. He asked that his voice not be obscured.

His account was corroborated by a second member who read many of the same classified documents shared by OG, and who also spoke on the condition of anonymity. Both members said they know OG's real name as well as the state where he lives and works but declined to share that information while the FBI is hunting for the source of the leaks. The investigation is in its early stages, and the Pentagon has set up its own internal review led by a senior official.

"An interagency effort has been stood up, focused on assessing the impact these photographed documents could have on U.S. national security and on our Allies and partners," Pentagon deputy press secretary Sabrina Singh said in a statement.

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Discord said in a statement that it is cooperating with law enforcement and has declined to comment further.

The Post also reviewed approximately 300 photos of classified documents, most of which have not been made public; some of the text documents OG is said to have written out; an audio recording of a man the two group members identified as OG speaking to his companions; and chat records and photographs that show OG communicating with them on the Discord server.

The young member was impressed by OG's seemingly prophetic ability to forecast major events before they became headline news, things "only someone with this kind of high clearance" would know. He was by his own account enthralled with OG, who he said was in his early to mid-20s.

"He's fit. He's strong. He's armed. He's trained. Just about everything you can expect out of some sort of crazy movie," the member said.

In a video seen by The Post, the man who the member said is OG stands at a shooting range, wearing safety glasses and ear coverings and holding a large rifle. He yells a series of racial and antisemitic slurs into the camera, then fires several rounds at a target.

The member seemed drawn to OG's bravado and his skill with weapons. He felt a certain kinship with a man he described as "like an uncle" and, on another occasion, as a father figure.

"I was one of the very few people in the server that was able to understand that these [documents] were legitimate," the member said, setting himself apart from the others who mostly ignored OG's posts.

"It felt like I was on top of Mount Everest," he said. "I felt like I was above everyone else to some degree and that ... I knew stuff that they didn't."

#### **'A tightknit family'**

The member met OG about four years ago, on a different server for fans of Oxide, a popular YouTuber who streams videos about guns, body armor and military hardware. He said a group of avid members found the server too crowded and wanted a quieter place to talk about video game tactics, so they broke off into their own, small group.

More like-minded Oxide fans joined the private Discord server, which came to be named "Thug Shaker Central," and whose membership OG would effectively control as the administrator.

"We all grew very close to each other, like a tightknit family," the member said. "We depended on each other." He said that other members, and OG especially, counseled him during bouts of depression and helped to steady him emotionally. "There was no lack of love for each other."

OG was the undisputed leader. The member described him as "strict." He enforced a "pecking order" and expected the others to read closely the classified information he had shared. When their attention waned, he got angry.

Late last year, a peeved OG fired off a message to all the members of the server. He had spent nearly an hour every day writing up "these long and drawn-out posts in which he'd often add annotations and explanations for stuff that we normal citizens would not understand," the member said. His would-be pupils were more interested in YouTube videos about battle gear.

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“He got upset, and he said on multiple occasions, if you guys aren’t going to interact with them, I’m going to stop sending them.”

That’s when OG changed tactics. Rather than spend his time copying documents by keyboard, he took photographs of the genuine articles and dropped them in the server. These were more vivid and arresting documents than the plain text renderings. Some featured [detailed charts of battlefield conditions in Ukraine](#) and highly classified satellite images of the aftermath of Russian missile strikes on Ukrainian electrical facilities. Others sketched the potential trajectory of North Korean ballistic nuclear missiles that could reach the United States. Another featured photographs of the [Chinese spy balloon that floated across the country](#) in February, snapped from eye-level, probably by a U-2 spy plane, along with a diagram of the balloon and the surveillance technology attached to it.

OG shared several documents a week, beginning late last year. Posting pictures to the server took less time. But it also exposed OG to greater risk. In the background of some images, they could see items and furniture that they recognized from the room where OG spoke to them via video on the Discord channel — the kind of clues that could prove useful for federal investigators.

The dramatic and yet nonchalant presentation also reminded the group that OG could lay his hands on some of the most closely guarded intelligence in the U.S. government. “If you had classified documents, you’d want to flex at least a little bit, like hey, I’m the big guy,” the member said. “There is a little bit of showing off to friends, but as well as wanting to keep us informed.”

In a sense, OG had created a virtual mirror image of the secretive facility where he spent his working hours. Inside the Discord server, he was the ultimate arbiter of secrecy, and he allowed his companions to read truths that “normal citizens” could not.

#### **A breach of secrecy**

The photographs of printed secret documents now seen by millions may offer clues to the federal agents searching for OG. Reality Winner, who leaked secret National Security Agency documents to the news website the Intercept in 2017, was compromised by secret markings on printouts that helped narrow the search. OG’s documents look to have been printed on ordinary paper and were creased after having been folded in four. Sometimes, the photographs OG took of the documents appeared to have been taken over a bed. Items such as Gorilla Glue, a scope manual and nail clippers appeared in the margins. Other previously unreported images reviewed by The Post showed printed documents lying on top of a glowing red keyboard.

The breadth of the military and intelligence reports was extensive. For months, OG regularly uploaded page after page of classified U.S. assessments, offering a window into how deeply American intelligence had penetrated the Russian military, showing that Egypt had planned to sell Russia tens of thousands of rockets and suggesting that Russian mercenaries had approached Turkey, a NATO ally, to buy weapons to fight against Ukraine.

At least one of the documents appeared to have been printed from Intellipedia, a data-sharing system that intelligence agencies use to collaborate and post reports and articles.

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The documents were another lesson for younger members in how OG thought the world really worked. The member said OG wasn’t hostile to the U.S. government, and he insisted that he was not working on behalf of any country’s interests. “He is not a Russian operative. He is not a Ukrainian operative,” the member said. The room on the server where he posted the documents was called “bear-vs-pig,” meant to be a snide jab at Russia and Ukraine, and an indication that OG took no sides in the conflict.

But OG had a dark view of the government. The young member said he spoke of the United States, and particularly law enforcement and the intelligence community, as a sinister force that sought to suppress its citizens and keep them in the dark. He ranted about “government overreach.”

OG told his online companions that the government hid horrible truths from the public. He claimed, according to the members, that the government knew in advance that a white supremacist intended to go on a shooting rampage at a Buffalo supermarket in May 2022. The attack [left 10 dead](#), all of them Black, and wounded three more. OG said federal law enforcement officials let the killings proceed so they could argue for increased funding, a baseless notion that the member said he believes and considers an example of OG’s penetrating insights about the depth of government corruption.

OG’s group itself had a dark side. The Discord server’s eventual name, Thug Shaker Central, was a racist allusion, and signaled to members that they were free to hurl epithets and crude jokes. The young member expressed some regret for their behavior but seemed to shrug off the offensive remarks as a clumsy attempt at humor.

It was not “a fascist recruiting server,” he told The Post.

One thing the members were not supposed to do was talk about the secrets OG had shared with them, including the classified documents. “Most people in the server were smart enough as to kind of realize that ... they shouldn’t be posted anywhere else,” the member said. And yet, the group contained foreign citizens — including from Russia and Ukraine, the members said — a defiance of the NOFORN warning printed across the top of so many documents OG shared.

The member estimated that the server hosted people from Europe, Asia and South America. “Just about every walk of life.” Of the roughly 25 active members who had access to the bear-vs-pig channel, about half were located overseas, the member said. The ones who seemed most interested in the classified material claimed to be from mostly “Eastern Bloc and those post-Soviet countries,” he said. “The Ukrainians had interest as well,” which the member chalked up to interest in the war ravaging their homeland.

For years, U.S. counterintelligence officials have eyed gaming platforms as a magnet for spies. Russian intelligence operatives have been suspected of befriending gamers who they believe work for intelligence agencies and encouraging them to divulge classified information, a senior U.S. official said, speaking on the condition of anonymity to discuss sensitive information.

It’s not clear whether any of those efforts have been successful. But if foreign operatives finagled an invitation to OG’s server, they would have been free to view the documents and make copies of them, as some members did.

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## The server sprouts a leak

All winter, OG uploaded documents to the server. No one talked about sharing them elsewhere. Then, unbeknown to the group, on Feb. 28, another teenage user from the Thug Shaker Central server began posting several dozen photographs showing classified documents on another Discord server affiliated with the YouTuber “wow\_mao.” Some of the documents offered detailed assessments of Ukraine’s defense capabilities and showed how far U.S. intelligence could see into Russia’s military command.

On March 4, 10 documents appeared on “Minecraft Earth Map,” a Discord server focused on the popular video game. A user operating the account that posted the smaller tranche of images told The Post they obtained them on wow\_mao.

Secret and top-secret documents were now available to thousands of Discord users, but the leak wouldn’t come to the attention of U.S. authorities for another month. Meanwhile, OG stopped sharing images in the middle of March. On April 5, classified documents assessing the war in Ukraine were posted on Russian Telegram channels and the message board platform 4chan, and began migrating to Twitter. One image, showing a March 1 Ukraine status update, had been crudely doctored to inflate the number of Ukrainian casualties and downplay those on the Russian side.

The next day, shortly before the New York Times first reported on the leak, OG came into the server “frantic, which is unusual for him,” the member said.

“He said something had happened, and he prayed to God that this event would not happen. ... But now it’s in God’s hands.”

## Not a whistleblower

For all OG’s disdain for the federal government, the member said there was no indication that he was acting in what he thought was the public interest by exposing official secrets. The classified documents were intended only to benefit his online family, the member said.

“I would definitely not call him a whistleblower. I would not call OG a whistleblower in the slightest,” he said, resisting comparisons to Edward Snowden, who shared classified documents about government surveillance with journalists.

Remarkably, the member said he has been in touch with OG in the past few days, even as an FBI manhunt is underway and the Pentagon launches its own inquiry into the leaks. After shuttering the Thug Shaker Central server, OG moved the community to another server to communicate with his online family.

He “seemed very confused and lost as to what to do,” the member said. “He’s fully aware of what’s happening and what the consequences may be. He’s just not sure on how to go about solving this situation. ... He seems pretty distraught about it.”

In his final message to his companions, OG admonished them to “keep low and delete any information that could possibly relate to him,” the member said. That included any copies of the classified documents OG had shared.

When it dawned on them that OG was in grave peril and intended to disappear, the members of Thug Shaker Central “full-on sobbed and cried,” the young member said. “It is like losing a family member.”

In hours of interviews, he continued to express admiration and loyalty to a man who may have endangered his young followers by allowing them to see and possess classified information, exposing them to potential federal crimes. *(\*Continued On The Following Column)*

“I figured he would not be putting us in any sort of harm’s way,” the member said.

The exposure of the documents has severed friendships and cut him off from the man who buoyed his confidence and made him feel safe. The member said that the stress of the loss, coupled with the enormity of the leaks, has left him worried and sleepless.

Now he says he believes that the world should see the secrets OG passed along to a tiny group. He argued that the public deserves to know how intelligence agencies spend their tax dollars, and was particularly outraged that the documents show U.S. surveillance of foreign allies.

But what the young man regarded as a revelation will come as no surprise to the countries whose officials the U.S. has been monitoring for decades. While rarely discussed, and embarrassing for Washington when exposed, it’s widely understood that the U.S. intelligence community monitors many friendly governments, just as foreign allies try to do the same.

Thousands of military personnel and government employees around OG’s age, working entry-to-low-level positions, could plausibly have access to classified documents like the ones he allegedly shared, according to U.S. officials and experts who have seen the documents reported in the media. Despite what his young followers thought, OG would have had no special knowledge compared with his peers. He possessed no special power to predict events. Rather, he appears to have persuaded some highly impressionable teenagers that he’s a modern-day gamer meets Jason Bourne.

The member said he’s confident the authorities will find OG. But when they do, he won’t be charged. Instead, he believes, OG will be imprisoned without due process at Guantánamo Bay or disappeared to a “black site,” if he’s not “assassinated” for what he knows.

The member, as well as the OG follower who corroborated his account, found no fault in their leader’s actions and instead said they blame the teen who posted the documents on the wow\_mao server for wrecking their community.

“Maybe we should have had better opsec,” the member said, harnessing the jargon of military and intelligence personnel for “operations security.”

He said he will not divulge OG’s identity or location to law enforcement until he is captured or can flee the United States. “I think I might be detained eventually. ... I think there might be a short investigation on how I knew this guy, and they’ll try to get something out of me. They might try to threaten me with prison time if I don’t reveal their identity.”

To date, no federal law enforcement officials have contacted the young group member. Asked why he was prepared to help OG even at the risk of his own freedom, the young man replied without hesitation: “He was my best friend.”

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## Treasury Targets Russian Financial Facilitators and Sanctions Evaders Around the World April 12, 2023

WASHINGTON – Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) is further curbing Russia’s access to the international financial system through facilitators and their businesses.

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The United States, in coordination with the United Kingdom, is targeting the facilitation network of Alisher Usmanov, who is subject to sanctions in multiple jurisdictions. Today's action also includes designations to reinforce existing measures and further disrupt Russia's importation of critical technologies used in its war against Ukraine. In total, OFAC is designating 25 individuals and 29 entities with touchpoints in 20 jurisdictions. The U.S. Department of State is concurrently designating several entities operating in the defense sector of the Russian Federation economy and entities supporting Russia's war against Ukraine, as well as additional entities associated with Russia's State Atomic Energy Corporation (Rosatom). For more information on these State actions, see this [Fact Sheet](#). Additionally, the U.S. Department of Commerce will take concurrent action to add 28 entities to its Entity List. "As the Kremlin seeks ways around the expansive multilateral sanctions and export controls imposed on Russia for its war against Ukraine, the United States and our allies and partners will continue to disrupt evasion schemes that support Putin on the battlefield," said Under Secretary of the Treasury for Terrorism and Financial Intelligence Brian E. Nelson. "Today's action underscores our dedication to implementing the G7 commitment to impose severe costs on third-country actors who support Russia's war."

### TARGETING USMANOV FACILITATORS

Alisher Burhanovich Usmanov (Usmanov), [designated on March 3, 2022 pursuant to E.O. 14024](#), is one of Russia's wealthiest billionaires, with vast holdings across multiple sectors of the Russian Federation economy as well as internationally. Usmanov holds significant interests in the metals and mining, telecommunications, and information technology sectors. Usmanov is known to be close to multiple U.S.-designated, senior Russian officials, including Russian President Vladimir Putin as well as Dmitry Medvedev, current Deputy Chairman of the Security Council of Russia and former President and Prime Minister of Russia. Medvedev has reportedly benefited from the personal use of luxurious residences controlled by Usmanov. Usmanov has at his disposal a wide network of businesses in financial safe havens and family members through which to conduct financial transactions, enabling him to potentially circumvent sanctions. Usmanov has also been sanctioned by Australia, Canada, the European Union (EU), Japan, New Zealand, Switzerland, and the United Kingdom (UK).

In addition to the actions described below, today OFAC revoked Russia-related General License 15, which had authorized transactions involving any entity owned 50 percent or more, directly or indirectly, by Usmanov that was not listed on OFAC's Specially Designated Nationals and Blocked Persons List (SDN List). As a result of this revocation, any entities that are owned, directly or indirectly, 50 percent or more by Usmanov are blocked, regardless of whether such entities are listed on the SDN List. All transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of Usmanov are prohibited unless authorized by a general or specific license issued by OFAC, or exempt.

### Demetrios Serghides and The Sister Trust

Cyprus national Demetrios Serghides (Serghides) is an Usmanov advisor who handles financial matters on behalf of Usmanov. Serghides has assisted Usmanov with acquiring real estate and manages assets for both Usmanov and Usmanov's family members. Serghides was designated pursuant to E.O. 14024 for having acted or purported to act for or on behalf of, directly or indirectly, Usmanov, a person whose property and interests in property are blocked pursuant to E.O. 14024.

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Serghides is the protector of The Sister Trust, a trust for which Usmanov and his sister Gulbakhor Burkhanovna Ismailova (Ismailova) are the settlors. Serghides is also a member of the board of directors of Switzerland-based Pomerol Capital SA (Pomerol), which is The Sister Trust's trustee. Ismailova has also been sanctioned by the EU, Switzerland, and the UK.

The Sister Trust was designated pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, Serghides. Ismailova was designated pursuant to E.O. 14024 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, The Sister Trust. Pomerol was designated pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, The Sister Trust.

The Sister Trust is the owner of multiple companies, including Cyprus-registered Almenor Holdings Limited (Almenor) and Klaret Aviation Limited (Klaret Aviation) and Cayman Islands-based Navis Marine Limited (Navis Marine).

Serghides is also a member of the board of directors of Almenor and Navis Marine and owns several other companies, including Cyprus-based Omnia Services Cyprus Ltd (Omnia Services) and Hightrail Ltd (Hightrail) as well as France-based Omnia Antibes.

Almenor, Klaret Aviation, and Navis Marine were designated pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, The Sister Trust. Omnia Services, Hightrail, and Omnia Antibes were designated pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, Serghides.

### Usmanov's Cyprus Network

Cyprus resident Kostas Giannakou (Giannakou), Cyprus national Marilena Georgiou (Georgiou), and Russian Federation–Cyprus national Gulnoz Zunnurovna Kocharova (Kocharova), who also has Uzbekistan citizenship, are directors of Almenor.

Giannakou, Georgiou, and Kocharova were designated pursuant to E.O. 14024 for being or having been leaders, officials, senior executive officers, or members of the board of directors of Almenor.

Additionally, OFAC designated three other Usmanov-owned, Cyprus-based firms: Windfel Properties Limited (Windfel), Savoler Development Ltd (Savoler), and Miramonte Investments Ltd (Miramonte).

Cyprus national Kyriakos Attikouris (Attikouris) and UK national Antonis Vakanas (Vakanas) are directors of Windfel, Savoler, and Miramonte, and Sommen Secretarial Services Limited (Sommen Secretarial) is the corporate secretary of Windfel, Savoler, and Miramonte.

Windfel, Savoler, and Miramonte were designated pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, Usmanov. Attikouris and Vakanas were designated pursuant to E.O. 14024 for being or having been leaders, officials, senior executive officers, or members of the board of directors of Windfel, Savoler, and Miramonte. Sommen Secretarial was designated pursuant to E.O. 14024 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, Windfel, Savoler, and Miramonte.

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## Usmanov-linked Executives

OFAC also targeted several other individuals with ties to Usmanov and his businesses.

Russian Federation national Nazim Tofik Ogly Efendiev (Efendiev), Russian Federation–Cyprus national Vakhtang Ernstovich Kocharov (Kocharov), and Russian Federation national Valery Dzhekovich Kazikaev (Kazikaev) are senior members of management or members of the board of directors of Usmanov-related metals and mining companies Metalloinvest and Udokan Copper. Kazikaev also owns Slovakia-based KTH Group Spol SRO (KTH Group).

Russian Federation–Cyprus–Israel national Vladimir Yakovlevich Streshinskiy (Streshinskiy), formerly the CEO of USM Holdings (USM), is a member of the board of directors of USM, Megafon, and Metalloinvest, three Usmanov-related companies designated today by the Department of State. Streshinskiy owns an Isle of Man-registered company, Platifino Limited. OFAC also designated Russian Federation–Cyprus national Natalia Alexeevna Streshinskaya (Streshinskaya), Streshinskiy's wife.

Efendiev, Kocharov, and Kazikaev were designated pursuant to E.O. 14024 for operating or having operated in the metals and mining sector of the Russian Federation economy. Streshinskiy was designated pursuant to E.O. 14024 for operating or having operated in the metals and mining sector of the Russian Federation economy as well as for being or having been a leader, official, senior executive officer, or member of the board of directors of USM, Megafon, and Metalloinvest. Streshinskaya was designated pursuant to E.O. 14024 for being a spouse or adult child of Streshinskiy.

KTH Group was designated pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, Kazikaev. Platifino Limited was designated pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, Streshinskiy.

### Uzbekistan national **Shokhrukh Olimdjonovich**

**Nasirkhodjaev** (Nasirkhodjaev) is the CEO of Hamriyah Steel FZC, a United Arab Emirates-based company designated today by the Department of State. OFAC also designated Nasirkhodjaev's wife, Uzbekistan national **Nasiba Erkinovna Narzieva** (Nasiba), and Nasiba's mother, Uzbekistan national **Saodat Burxanovna Narzieva** (Saodat). Saodat is Usmanov's sister.

Usmanov has added Saodat to a number of his bank accounts and has sent her millions of dollars over the years. Saodat has transferred millions of dollars to both Nasirkhodjaev and Nasiba. Saodat has also been sanctioned by the UK.

Nasirkhodjaev was designated pursuant to E.O. 14024 for being or having been a leader, official, senior executive officer, or member of the board of directors of Hamriyah Steel FZC. Nasiba was designated pursuant to E.O. 14024 for being a spouse or adult child of Nasirkhodjaev. Saodat was designated pursuant to E.O. 14024 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, Nasirkhodjaev.

### Skoch Family Members

Andrei Vladimirovich Skoch (Skoch), designated pursuant to [E.O. 13661 on April 6, 2018](#) and pursuant to [E.O. 14024 on March 24, 2022](#), is a member of the State Duma of the Federal Assembly of the Russian Federation (The Duma) and is a previous shareholder of USM.

Russian Federation businessman **Vladimir Skoch** (Vladimir) is Skoch's father. Skoch transferred all of his shares of USM to Vladimir after being elected to The Duma in 1999. Vladimir is the majority owner of a holding company that directly owns an entity that operates or has operated in the aerospace sector of the Russian Federation economy. Russian Federation and Cyprus national **Varvara Skoch** (Varvara) is Skoch's daughter. In 2020, Vladimir donated 50 percent of his shares in USM, previously owned by Skoch, to then-20-year-old Varvara.

Vladimir was designated pursuant to E.O. 14024 for operating or having operated in the aerospace sector of the Russian Federation economy. Varvara was designated pursuant to E.O. 14024 for being the spouse or adult child of Skoch, a person whose property and interests in property are blocked pursuant to E.O. 14024.

### Usmanov's Stepson

Germany and Russian Federation national Natan Adadievich Viner (Viner) is Usmanov's stepson and a businessman who owns a number of firms in Moscow, Russia, including management consulting firm GKR UK OOO as well as GKR OOO, GKR Nedvizhimost OOO, Rodina Stroi Grupp OOO, Gruppa Rodina OOO, and Investitsionnaya Gruppa Partnery OOO. Viner also owns luxury seaside property in Latvia.

Viner and GKR UK OOO were designated pursuant to E.O. 14024 for operating or having operated in the management consulting sector of the Russian Federation economy. GKR OOO, GKR Nedvizhimost OOO, Rodina Stroi Grupp OOO, Gruppa Rodina OOO, and Investitsionnaya Gruppa Partnery OOO were designated pursuant to E.O. 14024 for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Viner.

In addition to the individuals and entities noted here, the U.S. Department of State designated 80 entities and individuals across the world that are connected to Usmanov, other Russian billionaires, and sanctions circumvention efforts.

## TARGETING RUSSIA-LINKED TRUST SERVICES COMPANY

Sanctions evasion and other illicit finance are facilitated by enablers through active assistance or gross negligence. Enablers can be found in a wide variety of professions, although key industries include law, financial services (including wealth management), and trust and company service providers (TCSPs).

Sequoia Treuhand Trust Reg (Sequoia Treuhand Trust) is a trust services company based in Ruggell, Liechtenstein. Sequoia Treuhand Trust's clients include Russian elites such as Gennady Nikolayevich Timchenko (Timchenko) and his family, as well as an associate of Usmanov. Timchenko was designated in March 2014 pursuant to [E.O. 13661](#) and again in March 2022 pursuant to [E.O. 14024](#) alongside several family members. Timchenko has also been sanctioned by Australia, Canada, the EU, Japan, New Zealand, Switzerland, and the UK.

Sequoia Treuhand Trust was designated pursuant to E.O. 14024 for having materially assisted, sponsored, or provided financial, material, or technological support to, or goods or services to or in support of, Timchenko, a person whose property and interests in property are blocked pursuant to E.O. 14024.

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OFAC also designated three individuals associated with Sequoia Treuhand Trust. Liechtenstein and Switzerland national Roland Oehri (Oehri) is the managing director of Sequoia Treuhand Trust. Oehri has personally managed luxury property associated with Usmanov. Switzerland and UK national Markus Jakob Giger (Giger) is a member of the board of Sequoia Treuhand Trust. Austria and Switzerland national Alexander Ostrowsky (Ostrowsky) works as a business introducer for Sequoia Treuhand Trust.

Oehri and Giger were designated pursuant to E.O. 14024 for being or having been leaders, officials, senior executive officers, or members of the board of directors of Sequoia Treuhand Trust. Ostrowsky was designated pursuant to E.O. 14024 for having materially assisted, sponsored, or provided financial, material, or technological support to, or goods or services to or in support of, Sequoia Treuhand Trust.

#### **TARGETING RUSSIAN PROCUREMENT AND SANCTIONS EVASION**

King-Pai Technology HK Co., Limited (King-Pai) is a PRC-based supplier for multiple entities in Russia's military-industrial complex, including Radioavtomatika LLC (Radioavtomatika), an entity that specializes in procuring foreign items for Russia's defense industry, and which was designated on March 3, 2022 for operating or having operated in the defense and related materiel sector of the Russian Federation economy. Microelectronics supplied by King-Pai have defense applications that include cruise missile guidance systems. King-Pai was designated pursuant to E.O. 14024 for operating or having operated in the defense and related materiel sector of the Russian Federation economy.

Dexias Industrial Products and Trading Limited Company (Dexias Türkiye) is a Türkiye-based firm utilized as an intermediary for Radioavtomatika. Dexias Türkiye has interacted with Western firms in its efforts to procure U.S.-origin electronic components. Dexias Türkiye's use as an intermediary comes in spite of previous sanctions against Radioavtomatika and its network. Dexias Türkiye was designated pursuant to E.O. 14024 for having materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of Radioavtomatika, a person whose property and interests in property are blocked pursuant to E.O. 14024. Dexias Türkiye is also being added to the U.S. Department of Commerce's Entity List.

In addition, OFAC took action today against two other persons tied to Dexias Türkiye, Dexias Limited Liability Company (Dexias Russia) and Alim Khazishmelovich Firov (Firov). Firov is the general director of both Dexias Türkiye and Dexias Russia. Within Russia, Dexias Russia has maintained commercial ties to Russia's military industrial complex to supply U.S.-made products.

Firov was designated pursuant to E.O. 14024 for being or having been a leader, official, senior executive officer, or member of the board of directors of Dexias Türkiye. Dexias Russia was designated pursuant to E.O. 14024 for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Firov.

Azu International Ltd Sti (Azu International) is a Türkiye-based electronics company that has facilitated the backfill of electronics to Russia. Established in March 2022 shortly after Russia's unprovoked invasion of Ukraine, Azu International has provided to Russia multiple shipments of foreign-origin electronics technology such as computer chips. Azu International was designated pursuant to E.O. 14024 for operating or having operated in the technology and electronics sectors of the Russian Federation economy.

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Aeromotus Unmanned Aerial Vehicles Trading LLC (Aeromotus) is a UAE-based authorized dealer of PRC-based Da-Jiang Innovations Science & Technology Co., (DJII), an entity identified pursuant to E.O. 13959. Aeromotus has sent several shipments of DJI technology, including quadcopter Unmanned Aerial Vehicles (UAVs) and robotics technology, to Russian importers since the beginning of Russia's war in Ukraine. UAVs of the brand shipped by Aeromotus to Russia have been documented in use by Russia's military in its operations against Ukraine. Aeromotus was designated pursuant to E.O. 14024 for operating or having operated in the technology and aerospace sectors of the Russian Federation economy.

Hulm Al Sahara Electric Devices Trading (Hulm Al Sahara) is a UAE-based wholesaler of electrical appliances that has sent several shipments of electronics, machinery, and optics, including almost \$190,000 of U.S.-origin, U.S. export-controlled semiconductors to Russian companies between July 2022 and November 2022. At least one of these Russian companies has been involved with Joint Stock Company Machine Building Design Bureau (KBM) in activities related to Russian defense programs. Additionally, Hulm Al Sahara and one of these Russian companies have had a business relationship since at least 2015, including in the development and manufacturing of thermoelectric air conditioners for military vehicles. Hulm Al Sahara was designated pursuant to E.O. 14024 for operating or having operated in the technology and electronics sectors of the Russian Federation economy. KBM was designated by OFAC on March 24, 2022 pursuant to E.O. 14024 for being owned or controlled by, or having acted or purported to act, for or on behalf of, directly or indirectly, Tactical Missiles Corporation JSC, a person whose property and interests are blocked pursuant to E.O. 14024.

#### **TARGETING THE INTERNATIONAL INVESTMENT BANK**

Today OFAC designated the International Investment Bank (IIB), a Russia-controlled financial institution in Budapest, Hungary. The IIB's presence in Budapest enables Russia to increase its intelligence presence in Europe, opens the door for the Kremlin's malign influence activities in Central Europe and the Western Balkans, and could serve as a mechanism for corruption and illicit finance, including sanctions violations. The Government of Russia is prepared to dedicate additional resources, including Government of Russia guarantees and subsidies, to save the bank from a looming default. Following Russia's invasion of Ukraine in February 2022, Bulgaria, Czechia, Romania, and Slovakia ended their participation in the IIB.

OFAC also designated Moscow-based Joint Stock Company IIB Capital (IIB Capital), the IIB's fully owned subsidiary in Russia, and three current or former executives of the IIB: Russian Federation nationals Nikolay Nikolayevich Kosov (Kosov) and Georgy Nugzarovich Potapov (Potapov) and Hungary national Imre Laszloczki (Laszloczki). IIB executives have coordinated with Russian Federation officials on IIB business even after Russia's further invasion of Ukraine in February 2022. Kosov is the former chairman of the IIB, while Potapov and Laszloczki are both high-ranking officials on the IIB's management board.

The IIB and Kosov were both designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy and for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, the Government of the Russian Federation. Potapov and Laszloczki were designated pursuant to E.O. 14024 for operating or having operated in the financial services sector of the Russian Federation economy. IIB Capital was designated pursuant to E.O. 14024 for being owned or controlled by, or for having acted or purported to act for or on behalf of, directly or indirectly, the IIB.

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## SANCTIONS IMPLICATIONS

As a result of today's action, all property and interests in property of the persons above that are in the United States or in the possession or control of U.S. persons are blocked and must be reported to OFAC. In addition, any entities that are owned, directly or indirectly, 50 percent or more by one or more blocked persons are also blocked. All transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or blocked persons are prohibited unless authorized by a general or specific license issued by OFAC, or exempt. These prohibitions include the making of any contribution or provision of funds, goods, or services by, to, or for the benefit of any blocked person and the receipt of any contribution or provision of funds, goods, or services from any such person.

The power and integrity of OFAC sanctions derive not only from OFAC's ability to designate and add persons to the Specially Designated Nationals and Blocked Persons (SDN) List, but also from its willingness to remove persons from the SDN List consistent with the law. The ultimate goal of sanctions is not to punish, but to bring about a positive change in behavior. For information concerning the process for seeking removal from an OFAC list, including the SDN List, please refer to OFAC's [Frequently Asked Question 897 here](#). For detailed information on the process to submit a request for removal from an OFAC sanctions list, please refer to [OFAC's website](#). [For identifying information on the individuals and entities sanctioned or property identified today, click here.](#)

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## MISSION STATEMENT:

*Given the geopolitical state of affairs with China, Russia, and Crimea, the Occupied territories of UKRAINE, Donetsk and Luhansk Oblast, embargoed countries and other specific threatening end users and entities, located in the United States and around the globe;*

*Evolutions in Business and the companies we serve, armed with robust compliance to the Export Administration Regulations, will adhere to best practices to protect our revenue and yours, and ensure the national security interests of the United States.*

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