



U.S. Department of Justice

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PRESS RELEASE

**THREE DEFENDANTS CONVICTED OF CONSPIRING TO ILLEGALLY EXPORT
CONTROLLED TECHNOLOGY TO THE RUSSIAN MILITARY**

Earlier today, after a month-long trial, Alexander Posobilov, Shavkat Abdullaev and Anastasia Diatlova were convicted of all counts, including conspiring to export, and illegally exporting, controlled microelectronics to Russia. Posobilov was also convicted of money laundering conspiracy. These defendants, all of whom worked at Arc Electronics, Inc. (Arc), a Houston, Texas-based corporation, and eight other individuals were originally charged in October 2012. Five members of the conspiracy, including Arc owner Alexander Fishenko, previously pled guilty to related charges.

The convictions were announced by Robert L. Capers, United States Attorney for the Eastern District of New York, John P. Carlin, Assistant Attorney General for National Security, Randall C. Coleman, Assistant Director of the FBI's Counterintelligence Division, and Douglas Hassebrock, Director of the Commerce Department Office of Export Enforcement.

“These defendants were key players in a sprawling scheme to illegally export sophisticated technology to Russia,” stated United States Attorney Capers. “Through lies and deceit, the defendants and their co-conspirators sold over \$30 million of microchips, much of which was destined for Russian military and intelligence agencies.”

“Alexander Posobilov, Shavkat Abdullaev and Anastasia Diatlova evaded U.S. export laws to illegally send sophisticated microelectronics to Russia,” said Assistant Attorney General Carlin. “By purposefully circumventing U.S. law, including the International Emergency Economic Powers Act and the Arms Export Control Act, the defendants jeopardized our national security.”

“By putting a halt to this conspiracy, and stopping the flow of these dual-use components to the Russian military and intelligence services, this verdict represents a clear victory for our national security,” said Assistant Director Coleman of the FBI’s Counterintelligence Division.

“Today’s convictions send a strong message to those who willfully evade export control laws and jeopardize the national security of the United States. This case is the result of outstanding collaborative investigative work by the Justice Department, the Commerce Department and the FBI to break up a network whose aim was to illegally ship sophisticated U.S.-origin technology to Russia,” said Director of the Commerce Department Office of Export Enforcement Hassebrock

The evidence at trial established that between approximately October 2008 and October 2012, these defendants and their co-conspirators obtained advanced, technologically cutting-edge microelectronics from manufacturers and suppliers located within the United States and exported those high-tech goods to Russia, while carefully evading the government licensing system set up to control such exports. The microelectronics shipped to Russia included analog-to-digital converters, static random access memory chips, microcontrollers and microprocessors. These commodities have applications, and are frequently used, in a wide range of military systems, including radar and surveillance systems, missile guidance systems and detonation triggers. Russia does not produce many of these sophisticated goods domestically.

Posobilov was the Procurement Director of Arc, Abduallev was the Shipping Manager and Diatlova was a salesperson. To induce manufacturers and suppliers to sell them these high-tech goods, and to evade applicable export controls, the defendants and their co-conspirators often provided false end user information in connection with the purchase of the goods, concealed the fact that they were resellers and falsely classified the goods they exported on export records submitted to the Department of Commerce. For example, Arc falsely claimed to be a traffic light manufacturer on its website. In fact, Arc manufactured no goods and operated exclusively as an exporter.

Despite this subterfuge, the evidence established that the defendants were supplying Russian government agencies with sophisticated microelectronics. For example, the investigation uncovered a letter sent by a specialized electronics laboratory of Russia’s Federal Security Service (FSB), Russia’s primary domestic intelligence agency, to an Arc customer regarding certain microchips obtained for the FSB by Arc. The letter stated that the microchips were faulty and demanded that the defendants supply replacement parts.

Shortly before trial, Arc President Alexander Fishenko pled guilty to all charges against him, including acting as an agent of the Russian government without prior notification to the Attorney General, as well as conspiring to export, and illegally exporting, microelectronics to Russia, money laundering conspiracy and obstruction of justice. Fishenko is currently awaiting sentencing.

When sentenced by United States District Judge Sterling Johnson, Jr., defendants Posobilov, Abdullaev and Diatlova face up to five years in prison for the conspiracy conviction, and up to 20 years in prison for each violation of the International Emergency Economic Powers Act (IEEPA) and the Arms Export Control Act (AECA). Posobilov also faces up to 20 years in prison for money laundering conspiracy.

The government’s case is being handled by the Office’s National Security & Cybercrime Section. Assistant United States Attorneys Daniel S. Silver, Una A. Dean, Richard

M. Tucker and Claire Kedeshian, as well as Trial Attorney David C. Recker from the Department of Justice's Counterintelligence and Export Control Section, are in charge of the prosecution.

The Defendants:

Alexander Posobilov
Age: 61

Shavkat Abdullaev
Age: 37

Anastasia Diatlova
Age: 41

E.D.N.Y. Docket No. 12 CR 626 (SJ)