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BIS IMPOSES DENIAL ORDER ON NEW JERSEY RESIDENT FOR EXPORTS TO RUSSIAN NUCLEAR WEAPONS CENTER AND OTHER PROHIBITED END USERS

WASHINGTON – On March 5, 2021, Jeremy Pelter, performing the non-exclusive functions and duties of the Under Secretary for Industry and Security (BIS) of the U.S. Department of Commerce, issued a final order imposing a 15-year denial order against Alexander Brazhnikov, Jr. This penalty was recommended by U.S. Coast Guard Administrative Law Judge Michael J. Devine based on a BIS and FBI investigation into unlicensed exports of electronic components from the United States to Russia, including parties on BIS’s Entity List.

“Today’s administrative action following a criminal conviction demonstrates Export Enforcement’s commitment to combating violations of export laws and regulations with all of our enforcement tools, especially when it comes to exports to entities involved in weapons of mass destruction activities,” said Kevin J. Kurland, performing the non-exclusive functions and duties of the Assistant Secretary for Export Enforcement at the Department of Commerce.

The BIS order resolved allegations that Brazhnikov participated in an elaborate multi-year conspiracy to procure electronic components from U.S. manufacturers and distributors for export to Russia without the required export licenses. The unlicensed exports include shipments to listed entities such as the All-Russian Scientific Research Institute of Technical Physics (“VNIITF”), an entity whose public website states that it is one of the two world-class nuclear weapons centers operating in Russia.

Brazhnikov and his co-conspirators sought to disguise their illegal conduct by establishing a number of foreign bank accounts in third countries in the names of front companies to conceal the source of the funds and the identities of the end users, and by systematically falsifying shipping documents to understate the value of the items to evade the requirement of filing Electronic Export Information with the U.S. Government. Brazhnikov went to further lengths to conceal the actual end users by re-packaging and re-labeling the items and then having them shipped to various falsely-identified recipients and false addresses in Russia, including vacant apartments and storefronts controlled by his Russian co-conspirators.

In June 2015, Brazhnikov plead guilty in federal court to smuggling charges and to a charge of conspiring to commit money laundering to hide the illegal proceeds of his criminal activities. On June 30, 2016, Alexander Brazhnikov was sentenced in U.S. District Court for the District of New Jersey to 70 months in

prison, a \$75,000 criminal fine, a \$65 million forfeiture, forfeiture of his two houses valued at approximately \$500,000 each, and a \$300 special assessment.

"As this administrative enforcement action demonstrates, a major violator of our nation's export control laws has been denied the privilege to export items subject to the EAR for fifteen years," said Jonathan Carson, Special Agent in Charge of the New York Field Office. "The Office of Export Enforcement will use all of our unique authorities to ensure that engaging in illegal export activity has significant and long term consequences."

BIS's mission is to advance U.S. national security and foreign policy objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. Among its enforcement efforts, BIS is committed to preventing U.S.-origin items from supporting Weapons of Mass Destruction (WMD) projects facilitating terrorist activities, or destabilizing military modernization programs. For more information, please visit www.bis.doc.gov.