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BIS TAKES ENFORCEMENT ACTION AGAINST PJSC LUKOIL FOR VIOLATION OF U.S. EXPORT CONTROLS

WASHINGTON, D.C. – Today, John Sonderman, Director of the Office of Export Enforcement, at the U.S. Commerce Department’s Bureau of Industry and Security (“BIS”) issued a Charging Letter ([link](#)) against PJSC LUKOIL for violating the Export Control Reform Act. The charging letter alleges PJSC LUKOIL, a Russian multinational oil and gas corporation headquartered in Moscow, Russia, exported a U.S. manufactured aircraft – bearing tail number VP-CLR and manufacturer serial number 34865 – which is owned by PJSC LUKOIL, from Dubai to Russia on March 12, 2022.

In a related action, the Department of Justice announced a seizure warrant for the same aircraft. The U.S. District Court for the Southern District of Texas authorized the seizure, finding probable cause that the aircraft was subject to seizure based on violations of federal law ([link](#)). The plane is valued at approximately \$45 million dollars.

“Today’s actions to enforce the powerful export restrictions placed on Russia are our latest coordinated measures that let Vladimir Putin and his allies know they are isolated and we are watching,” **said Assistant Secretary of Commerce for Export Enforcement Matthew S. Axelrod.** “The Commerce Department’s Office of Export Enforcement continues to vigorously enforce the export laws of the United States and stand with the people of Ukraine against Putin’s war of aggression.”

“The Department of Commerce has been consistent and aggressive in our enforcement of the export controls placed on Russia after its unprovoked invasion of the Ukraine. Today’s enforcement action is the latest example showing the consequences companies and individuals will face if they violate U.S. export controls,” **said Office of Export Enforcement (“OEE”) Director John Sonderman.** “We are bringing a whole of government effort to go after violators with two coordinated enforcement actions – BIS’ Charging Letter and the Department of Justice’s seizure warrant.”

The Charging Letter alleges Lukoil, a Russian multinational energy company headquartered in Moscow, Russia, effectively owned, controlled, chartered or leased, through a series of shell companies, at least one U.S.-origin aircraft that is subject to the Export Administration Regulations (EAR): a U.S. manufactured 737-7EM aircraft, bearing tail number VP-CLR and manufacturer serial number 34865.

The U.S. Commerce Department, through BIS, responded to the Russian’s further invasion of Ukraine by implementing a sweeping series of stringent export controls that severely restrict Russia, and its substantial enabler, Belarus’s access to technologies and other items that it needs to sustain its aggressive military capabilities. These controls primarily target the defense,

aerospace, and maritime sectors and are intended to cut off Russia's access to vital technological inputs, atrophy key sectors of its industrial base, and undercut Russia's strategic ambitions to exert influence on the world stage.

As part of these controls, on February 24, 2022, BIS imposed a license requirement for the export or reexport to Russia of aircraft subject to the EAR. On March 2, 2022, BIS also removed the availability of the Aircraft, Vessels, and Spacecraft (AVS) license exception for all aircraft registered in, owned, or controlled by, or under charter or lease by Russia or a national of Russia, meaning they must have BIS authorization for legal operation. Flight records reflect that after the license requirement was put in place, the Lukoil-owned aircraft was reexported to Russia on one occasion without the requisite BIS authorization.

Specifically, on or about March 12, 2022, the aircraft flew from Dubai, United Arab Emirates to Moscow, Russia with a Lukoil official as a passenger. No reexport license was sought or obtained from BIS prior to the reexport of the aircraft to Russia on or about March 12, 2022. As set forth above, therefore, on or about March 12, 2022, Lukoil engaged in conduct prohibited by and contrary to the EAR, by reexporting a controlled item, specifically a U.S.-origin 737-7EM aircraft, to Russia without the required BIS license.



COORDINATED ACTION

The seizure action is being coordinated through the Justice Department's Task Force KleptoCapture, an interagency law enforcement task force dedicated to enforcing the sweeping sanctions, export controls, and economic countermeasures that the United States, along with its foreign allies and partners, has imposed in response to Russia's unprovoked military invasion of Ukraine. Announced by the Attorney General on March 2 and run out of the Office of the Deputy Attorney General, the task force will continue to leverage all the department's tools and

authorities to combat efforts to evade or undermine the collective actions taken by the U.S. government in response to Russian military aggression.

The New York Field Office of the Commerce Department's Office of Export Enforcement, the Federal Bureau of Investigation's Houston Field Office, and U.S. Immigration and Customs Enforcement's Homeland Security Investigations are investigating the seizure matter. The investigation into additional aircraft is ongoing.

ADDITIONAL BACKGROUND:

Parties that suspect an export control violation has taken place are encouraged to e-mail: EELead@bis.doc.gov or call the Enforcement Hotline at 800-424-2980.

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>

A Charging Letter is merely the means by which administrative enforcement proceedings are initiated pursuant to the EAR, and the respondent is entitled to contest the violations and allegations therein, as part of the adjudicative procedures set forth in Part 766 of the Regulations. Administrative enforcement proceedings under the EAR currently are adjudicated by administrative law judges employed by the U.S. Coast Guard.