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ANTICORRUPTION DEVELOPMENTS

U.K. Serious Fraud Office Charges F.H. Bertling and Seven Individuals with Bribery

The U.K. Serious Fraud Office (SFO) has charged logistics services provider F.H. Bertling Ltd. (“F.H. Bertling”) and seven individuals with bribing an agent of Sonangol EP, an Angolan state-owned oil company, of violating the Prevention of Corruption Act 1906. According to the SFO, the bribes were made between January 2005 and December 2006 to advance F.H. Bertling’s business interests in Angola. The charges announced on July 13 were the result of the SFO’s investigation that began in September 2014.

The defendants are set to appear at Westminster Magistrates’ Court on August 4, 2016.

Court Approves SFO’s Second DPA

On July 11, 2016, Lord Justice Leveson at Southwark Crown Court, sitting at the Royal Courts of Justice, approved the SFO’s application for its second Deferred Prosecution Agreement (DPA). While the SFO would not identify the counterparty to the DPA to avoid prejudicing ongoing related legal proceedings, the SFO has indicated that the company is a U.K. company with a U.S. registered parent company. The company was indicted on charges of conspiracy to corrupt and bribe in violation of the Criminal Law Act 1977, as well as failure to prevent bribery in contravention of Section 7 of the Bribery Act 2010. The underlying allegations relate to the exchange of illegal payments in return for securing contracts in foreign jurisdictions. After the court approved the DPA, the SFO suspended the indictment.
New Jersey Man Sentenced for Participation in Illegal International Procurement Network

On June 30, 2016, the U.S. District Court for the District of New Jersey sentenced Alexander Brazhnikov, a naturalized U.S. citizen, to 70 months in prison for his role in an illegal international procurement network. The network obtained and smuggled sensitive, controlled electronics valued at more than $65 million from the United States to Russia — many of which were sent to military and security force end users. Brazhnikov pled guilty to one count of conspiracy to commit money laundering, one count of conspiracy to smuggle electronics from the United States and one count of conspiracy to violate the International Emergency Economic Powers Act (IEEPA).

Brazhnikov was the CEO and owner of four New Jersey-based export companies used in the conspiracy to conceal the nature and destination of shipments and to hide the proceeds. According to court documents, Brazhnikov conspired with his father, the owner of a Moscow-based procurement firm that initiated purchase orders from U.S. vendors on behalf of Russian clients. Brazhnikov's New Jersey-based firms then purchased the components from the U.S. distributors, repackaged them and shipped them to Russia. Dozens of offshore accounts and shell companies were used to conceal the sources of funds and hide the ultimate destinations of goods. In addition to his prison term, Brazhnikov was sentenced to forfeiture in the amount of $65 million, a $75,000 fine and three years of supervised release.
U.S.-Russian Dual Citizen Sentenced to 10 Years in Prison for Illegal Exports

On July 21, 2016, the DOJ announced that Alexander Fishenko, a dual citizen of the United States and Russia and founder of Houston-based Arc Electronics Inc. (“Arc”), was sentenced to 10 years in prison and ordered to forfeit more than $500,000 in connection with illegal exports from the United States to Russia. As reported in the September 2015 issue of Red Notice, Fishenko pled guilty to DOJ criminal charges alleging that he led a Russian military procurement network that illegally exported to Russia advanced microelectronics that could be used in radar and surveillance systems, missile guidance systems and detonation triggers. To evade the associated export controls, Fishenko provided false user information, did not disclose the nature of his business as an exporter of military equipment to Russia and falsely classified exported goods on export documentation.

For additional information, see the DOJ press release and coverage in the September issue of Red Notice.
On September 30, Jim Benjamin and Parvin Moyne will speak at PLI seminar “White Collar Crime 2016: Prosecutors and Regulators Speak” in New York, NY. For more information, please click here.

If you would like to invite Akin Gump lawyers to speak at your company or to your group about anticorruption law, compliance, cybersecurity, enforcement and policy or other international investigation and compliance topics, please contact Mandy Warfield at mwarfield@akingump.com or +1 202.887.4464.

Contact Information
For more information about the stories highlighted in Red Notice, please contact:

Kristine L. Sendek-Smith at 202.887.4078 or ksendeksmith@akingump.com or Christian Davis at 202.887.4529 or chdavis@akingump.com.

Contact information for attorneys in related practices can be found here.

The "Anticorruption Developments" section of Red Notice is edited by Jonathan Vukicevich. The "Export Control and Sanctions Developments and Enforcement" sections are edited by Johann Strauss.

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