



From the Courts: US – Conspiracy to evade US sanctions against Russia

A Russian national and his engineering company have admitted to charges that they violated U.S. national security laws. The general director of KS Engineering (KSE), a St. Petersburg, Russia-based energy company, pled guilty in U.S. District Court to conspiracy to evade U.S. export regulations and to defraud the United States. The business man now faces up to five years in federal prison and substantial fines and forfeitures, followed by up to three years of supervised release.

The conspiracy began when an unnamed Russian government-controlled business contracted with KSE to purchase a power turbine from a U.S.-based manufacturer for approximately \$17.3 million. The Russian company intended to use the turbine on a Russian Arctic deepwater drilling platform, expressly prohibited by the U.S. Department of Commerce without first obtaining a license.

KSE conspired with an Italian-based company to obtain the turbine on their behalf. This company then employed the services of intermediaries to procure the turbine from a U.S.-based manufacturer and to have the turbine shipped overseas. The parties conspired to conceal the true end user of the turbine from both the U.S. manufacturer and the U.S. government by submitting false documentation that stated it would be used by a U.S. company in and around Atlanta.

Executives from conspiring companies were all arrested in the US, while attempting to complete the illegal transaction. One of them was already sentenced in June 2020 to 28 months in prison after pleading guilty to the conspiracy. A second one remains in custody pending further legal action.

Enforcement authorities considered that as being a methodical plan to undercut United States sanctions.

Background: [BIS Press release \(30 Mar 2021\)](#)

