



DEPARTMENT OF COMMERCE
Bureau of Industry and Security

Order Temporarily Denying Export Privileges

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Pursuant to section 766.24 of the Export Administration Regulations (the “Regulations”
or “EAR”),¹ the Bureau of Industry and Security (“BIS”), U.S. Department of Commerce,

¹ The Regulations, currently codified at 15 CFR parts 730-774 (2021), originally issued pursuant to the Export Administration Act (50 U.S.C. 4601-4623 (Supp. III 2015) (“EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13222 of August 17, 2001 (3 CFR 2001 Comp. 783 (2002)), as extended by successive Presidential Notices, continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. 1701, *et seq.* (2012)) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all orders, rules, regulations, and other forms of administrative action that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through

through its Office of Export Enforcement (“OEE”), has requested the issuance of an Order temporarily denying, for a period of 180 days, the export privileges under the Regulations of: Boris Livshits, Svetlana Skvortsova, Aleksey Ippolitov, Advanced Web Services, and Strandway, LCC (“Strandway”). OEE’s request and related information indicates that these parties are located in the Russian Federation and New York, at the respective addresses listed on the caption page of this order and on page 11, *infra*, and that Livshits, a Russian national, owns or controls Advanced Web Services and Strandway.

I. LEGAL STANDARD

Pursuant to section 766.24, BIS may issue an order temporarily denying a respondent’s export privileges upon a showing that the order is necessary in the public interest to prevent an “imminent violation” of the Regulations. 15 CFR 766.24(b)(1) and 766.24(d). “A violation may be ‘imminent’ either in time or degree of likelihood.” 15 CFR 766.24(b)(3). BIS may show “either that a violation is about to occur, or that the general circumstances of the matter under investigation or case under criminal or administrative charges demonstrate a likelihood of future violations.” *Id.* As to the likelihood of future violations, BIS may show that the violation under investigation or charge “is significant, deliberate, covert and/or likely to occur again, rather than technical or negligent[.]” *Id.* A “[l]ack of information establishing the precise time a violation may occur does not preclude a finding that a violation is imminent, so long as there is sufficient reason to believe the likelihood of a violation.” *Id.*

II. OEE’S REQUEST FOR A TEMPORARY DENIAL ORDER

The U.S. Commerce Department, through BIS, responded to the Russian Federation’s (“Russia’s”) further invasion of Ukraine by implementing a sweeping series of stringent export controls that severely restrict Russia’s access to technologies and other items that it needs to sustain its aggressive military capabilities. These controls primarily target Russia’s defense, aerospace, and maritime sectors and are intended to cut off Russia’s access to vital technological

action undertaken pursuant to the authority provided under ECRA. Moreover, section 1761(a)(5) of ECRA authorizes the issuance of temporary denial orders.

inputs, atrophy key sectors of its industrial base, and undercut Russia's strategic ambitions to exert influence on the world stage.

As of February 24, 2022, any item classified under any Export Classification Control Number ("ECCN") in Categories 3 through 9 of the Commerce Control List ("CCL") required a license to be exported or reexported to Russia. *See* 87 FR 12226 (Mar. 3, 2022). As of April 8, 2022, the license requirements for Russia were expanded to cover all items on the CCL. *See* 87 FR 22130 (Apr. 14, 2022). These rules were codified in Title 15 CFR 746.8, which state, "a license is required, excluding deemed exports and deemed reexports, to export, reexport, or transfer (in-country) to or within Russia or Belarus any item subject to the EAR and specified in any Export Control Classification Number (ECCN) on the CCL."

In December 2022, Livshits, Skvortsova, Ippolitov, Yevgeniy Grinin,² along with additional co-conspirators, were each indicted on multiple counts in the United States District Court for the Eastern District of New York. The charges include, but are not limited to, conspiring to violate U.S. export control laws in connection with the unlicensed export of electronic signal generator and measurement equipment, among other items, to BIS-listed entities in Russia, including OOO Serniya Engineering ("Serniya"), a wholesale machinery and equipment company located in Moscow, Russia. Serniya headed an illicit procurement network (collectively, the "Serniya Network") operating under the direction of Russia's intelligence services to evade U.S. sanctions to acquire sensitive military grade and dual-use technologies, including advanced semiconductors, for the Russian military, defense sector, and research institutions.

On March 3, 2022, Serniya, along with OOO Sertal ("Sertal"), also a Moscow-based machinery and equipment company and part of the Serniya network, were both placed on the BIS Entity List, Section 744.11 and Supplement No. 4 to Part 744 of the Regulations, as a result

² Grinin is the owner and operator of Photon Pro, LLP ("Photon"), which was placed on the BIS Entity List on March 9, 2022, with a policy of denial for all items subject to the EAR. *See* 87 FR 13141. Grinin and Photon have also both been identified as Specially Designated Nationals (SDNs) by the U.S. Treasury Department, Office of Foreign Assets Control ("OFAC") pursuant to Executive Order 14024. *See* 87 FR 20505.

of their relationships with the Russian government and in response to the Russian invasion of Ukraine beginning in or around February 2022.³ Specifically, Serniya and Sertal were placed on the Entity List because they “have been involved in, contributed to, or otherwise supported the Russian security services, military and defense sectors, and military and/or defense research and development efforts.” 87 FR 13141. As a result of these designations, no item subject to the Regulations may be exported, reexported, or transferred (in-country) to Serniya or Sertal without prior license authorization from BIS and are subject to a policy of denial. *Id.*

In its request, OEE has presented evidence indicating that Livshits and the other above-captioned parties are engaged in unlawfully procuring and shipping military and sensitive dual-use technologies from U.S. manufacturers to Russian end users, including the Serniya Network. These items included advanced electronics and sophisticated testing equipment, some of which can be used in military applications.

A. Misconduct Charged in December 2022 Indictment

The December 2022 indictment charged Livshits, Skvortsova, Ippolitov, Grinin, and additional co-conspirators, with conspiring to violate ECRA, conspiring to violate IEEPA, smuggling, and failure to file electronic export information, among other offenses.⁴ The violations charged in the indictment cover conduct occurring between at least January 2017 through October 2022, and it alleges that Livshits, Skvortsova, and Ippolitov were not only aware of U.S. export control laws but also took active steps to conceal their unlawful export-related activities in order to evade detection by law enforcement.

As stated in the indictment, Ippolitov acted as a liaison on behalf of Serniya and Sertal by soliciting orders from Russian end users who sought to acquire a particular item or part from the United States. Ippolitov oversaw the purchase and shipping of the items from U.S. companies through the Serniya Network's front companies and bank accounts by relaying the requests to

³ On or about March 31, 2022, OFAC, added Serniya, Sertal, and other Serniya-affiliated entities to its Specially Designated Nationals and Blocked Persons List. *See* 87 FR 20505.

⁴ Additional charges include money laundering, wire fraud, bank fraud, and conspiring to defraud the United States.

employees at Sertal and Serniya, including Skortsova, who were tasked with procuring the desired component from U.S. companies. Skvortsova, along with Grinin, decided how to fulfill orders placed by Russian end users, secured funding and shipping for the transactions, and assisted in preparing documents with false and misleading information in furtherance of the scheme. Livshits was then frequently tasked to interface directly with U.S. companies and purchase items requested by Russian end users.

Livshits communicated with the U.S. companies, often misrepresenting and omitting material information, including information about how an item would be used, the various parties involved in the transaction, and the identity of the ultimate Russian end user. Livshits used the alias "David Wetzky," using an email address associated with Advanced Web Services, to communicate in an effort to frustrate due diligence efforts by U.S. companies. On behalf of the Serniya Network, Livshits also created and maintained various shell companies, including Advanced Web Services and Strandway, and associated bank accounts which were used to fund unlawful export activities. For instance, on or about December 12, 2020, Livshits initiated a payment from an account held in his name and the name of Advanced Web Services for an oscilloscope, which was controlled under ECCN 3A992.a for anti-terrorism reasons.

As also referenced in OEE's request and the indictment, Livshits, Skortsova, and Ippolitov worked together not only to engage in unlawful export-related activities, but also to evade detection by law enforcement. For example, on September 4, 2019, Ippolitov inquired about obtaining a "chip set" of 45 advanced semiconductors on behalf of the Physics Institute of the Russian Academy of Sciences. The requested items were controlled under ECCN 3A0013a.2.c for national security reasons and required an export license to Russia. Grinin then forwarded the document to Skvortsova and proposed tasking Livshits with helping to fulfill the order. On September 6, 2019, Grinin and Skvortsova contacted Livshits and requested a price quote. Livshits later cautioned that the part required an export license and that "you need to buy such positions carefully, at 5-10 pieces at a time."

In another example, on July 16, 2020, Livshits warned his co-conspirators that "such a large and expensive order would draw unwanted attention and suspicion . . . break up the order into smaller orders over a time period." Livshits further advised that "the U.S. Department of Commerce Bureau of Industry and Security can cause problems and deny the shipment," and suggested that he could order the parts from his U.S. companies, as well as entities in Estonia and Finland, over a two- to three-week period.

Additional evidence provided by OEE further demonstrates that Livshits, Skortsova, and Ippolitov were knowledgeable about U.S. export control laws. For example, a June 2020 email exchange between Skvortsova and other Serniya and Sertal employees was titled "URGENT: Important Announcement about US Export Regulation Changes" and specifically described the definition of "military end-users." Similarly, on or about March 15, 2022, after Serniya and Sertal were added to the BIS Entity List, Livshits told Skvortsova, "When ordering in the USA, the price is significantly more expensive . . . [as well as] difficulties with export from there-[the item] is subject to EAR."

B. Conduct Prior to February 2022 Russian Invasion of Ukraine

As stated in OEE's request, on October 22, 2019, Livshits instructed a co-conspirator stating – "[T]wo large boxes need to be sent...to Germany...It is necessary to cut off all old labels and remove all invoices and packing lists from the boxes that came with them originally. Leave manuals and other technical documentation." Livshits provided shipping labels for a freight company in Hamburg, Germany, as well as numerous falsified invoices and end-use statements. One invoice documented that a U.S.-based company purportedly sent a "Low Noise Cesium Frequency Synthesizer," valued at \$44,965, to "Strandway LLC Attn: David Wetzky" at a New Hampshire based address. The End-Use Statement listed Strandway, the contact name "Davide Wetzky," and a contact email address "david.wetzky[@]awsresearch.net," along with the advisory, "[e]xport of these products is subject to the United States Government Export Administration Regulation (EAR)."

On or about July 2020, Livshits provided Skvortsova the price quotes for electronic components from a U.S. company. On September 20, 2020, Skvortsova instructed Livshits to bill the front company Photon Pro LLP for the purchase of the quoted items. Subsequently, packages pertaining to the shipment were sent from the U.S. company to an address utilized by Livshits, and then forwarded to a transshipment point in Germany with a declared value of \$2,640. The true value of the purchase, however, exceeded \$15,000. On November 10, 2020, Ippolitov received the invoice for the order, along with shipping labels reflecting the package's transshipment from Germany to Grinin in Russia. On or about December 9, 2020, Skvortsova emailed Grinin and informed him that the items had been received in Russia by the end user, a major Russian university and scientific research facility that collaborated with Russia's defense sector on research and development projects.

C. Conduct Post-Russian Invasion of Ukraine and Imposition of Sanctions

Between February 2022 and April 2022, Respondents unlawfully engaged in the purchase of a spectrum analyzer from a Florida-based electronics company. Specifically, on February 18, 2022, Livshits contacted the U.S. company to inquire about an E4440A spectrum analyzer, which was classified under ECCN 3A992.a and required a license for shipment to Russia. He subsequently purchased the spectrum analyzer for \$14,065 and had it shipped to Strandway.

Subsequently, on or about March 6, 2022, Livshits attempted to have a Hong Kong-based freight forwarder send the spectrum analyzer to Russia, saying, "I have a logistics task. I need to ship [the spectrum analyzer] with DHL from US to Hong Kong to any company, which can receive it and then ship it via Emirate or Turkish air cargo to Russia – St. Petersburg or Moscow. Can you do this?" Although the freight forwarder refused his request, citing the sanctions imposed on Russia after the invasion of Ukraine, Livshits directed another individual to ship the spectrum analyzer from New Hampshire to an address in Hamburg, Germany, identified by OEE as a Serniya transshipment point. Evidence presented by OEE demonstrates that Livshits later acknowledged that the spectrum analyzer was ultimately shipped to Russia.

As detailed in OEE's request, on or about April and May 2022, Livshits again utilized the alias "David Wetzky" and the front companies Advanced Web Services and Strandway to contact an Illinois-based electronics distributor to inquire about purchasing a variety of oscilloscopes. On or about April 2022, the Illinois-based company sold Livshits a MSO54-BW-100 Mixed Signal Generator for approximately \$25,000. Livshits requested that the company list the purchaser as Strandway, LLC and David Wetzky. On May 9, 2022, a package was shipped via DHL from Strandway's New Hampshire location to Hamburg, Germany. The shipment was declared with DHL to be a "Oscilloscope – Used, No Warr" with the declared value of \$2,482, an amount under the \$2,500 threshold which would have required Respondents to file an EEI submission with the U.S. Government.

In July 2022, Livshits attempted to purchase a 3GHz Signal Generator, valued at \$15,564, from an Illinois-based company. Livshits requested that the 3GHz Signal Generator be shipped to Strandway, which was identified as the end user on a BIS-711 End-User/End-Use Statement. On August 8, 2022, OEE detained a shipment being exported from Strandway and destined for Lithuania. Although the shipment was declared to be a "Used Signal Generator" valued at \$2,480, an inspection revealed that the shipment contained the 3GHz Signal Generator procured by Livshits, which was controlled for export under ECCN 3A992.a and required an export license to Russia. Again, OEE has reason believe that Respondents intentionally undervalued the item below \$2,500 to avoid the EEI filing requirement set out in Section 758.1 of the Regulations.

D. Ongoing Procurement Attempts

As detailed in OEE's request and related information, Livshits continues to engage in attempts at illicit procurement, including through the use of Advanced Web Services. OEE's investigation includes a May 23, 2022 purchase from a Texas-based distributor of semi-conductors and electronic components by Advanced Web Services. Moreover, the products at issue were then shipped to Advanced Web Services at an address in New Hampshire used by the

Respondents to divert items to Russia. Additionally, following the August 8, 2022 detention of the Signal Generator discussed *supra*, Livshits continued his efforts to procure U.S.-origin electronic components from U.S.-based companies. For instance, in an email exchange between Livshits and an Illinois-based company occurring between on or about August 13, 2022 and August 15, 2022, Livshits inquired about purchasing a signal generator listed for an asking price over \$56,000. In another exchange between Livshits and the same company, which occurred between on or about September 5, 2022 and September 14, 2022, Livshits inquired about purchasing an E4440A Spectrum Analyzer and having the item shipped to New Hampshire. On or about September 14, 2022, Livshits informed the company that he required 2 or 3 E4440A units, which are controlled for export under ECCN 3A992.a and would require an export license to Russia.

III. FINDINGS

I find that the evidence presented by BIS demonstrates that a violation of the Regulations by the above-captioned parties is imminent in both time and degree of likelihood. As such, a TDO is needed to give notice to persons and companies in the United States and abroad that they should cease dealing with Boris Livshits, Svetlana Skvortsova, Aleksey Ippolitov, Advanced Web Services, and Strandway, LCC in export or reexport transactions involving items subject to the EAR. Such a TDO is consistent with the public interest to preclude future violations of the Regulations given the deliberate, covert, and determined nature of the misconduct and clear disregard for complying with U.S. export control laws.

This Order is being issued on an *ex parte* basis without a hearing based upon BIS's showing of an imminent violation in accordance with Section 766.24 and 766.23(b) of the Regulations.

IT IS THEREFORE ORDERED:

FIRST, that **BORIS LIVSHITS**, with an address at 9V Kuttuzi, Leningrad Oblast St. Petersburg, Russian Federation; **SVETLANA SKVORTSOVA**, with an address at

Yablochinkova 21 Moscow, Russian Federation; **ALEKSEY IPPOLITOV**, with an address at Ozernaya 46 Moscow, Russian Federation; **ADVANCED WEB SERVICES**, with an address at 417 Brightwater Court, Apt 6f Brooklyn, NY 11235; and **STRANDWAY, LLC**, with an address at 99 Wall St, Ste. 148 New York, NY 10005; and when acting for or on their behalf, any successors or assigns, agents, or employees (each a “Denied Person” and collectively the “Denied Persons”) may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the EAR, or in any other activity subject to the EAR including, but not limited to:

A. Applying for, obtaining, or using any license, License Exception, or export control document;

B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the EAR, or in any other activity subject to the EAR; or

C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the EAR, or in any other activity subject to the EAR.

SECOND, that no person may, directly or indirectly, do any of the following:

A. Export or reexport to or on behalf of a Denied Person any item subject to the EAR;

B. Take any action that facilitates the acquisition or attempted acquisition by a Denied Person of the ownership, possession, or control of any item subject to the EAR that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby a Denied Person acquires or attempts to acquire such ownership, possession or control;

C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from a Denied Person of any item subject to the EAR that has been exported from the United States;

D. Obtain from a Denied Person in the United States any item subject to the EAR with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or

E. Engage in any transaction to service any item subject to the EAR that has been or will be exported from the United States and which is owned, possessed or controlled by a Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by a Denied Person if such service involves the use of any item subject to the EAR that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

THIRD, that, after notice and opportunity for comment as provided in section 766.23 of the EAR, any other person, firm, corporation, or business organization related to Boris Livshits, Svetlana Skvortsova, Aleksey Ippolitov, Advanced Web Services, and Strandway, LCC by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of this Order.

In accordance with the provisions of section 766.24(e) of the EAR, Boris Livshits, Svetlana Skvortsova, Aleksey Ippolitov, Advanced Web Services, and Strandway, LCC may, at any time, appeal this Order by filing a full written statement in support of the appeal with the Office of the Administrative Law Judge, U.S. Coast Guard ALJ Docketing Center, 40 South Gay Street, Baltimore, Maryland 21202-4022.

In accordance with the provisions of section 766.24(d) of the EAR, BIS may seek renewal of this Order by filing a written request not later than 20 days before the expiration date. Respondents Boris Livshits, Svetlana Skvortsova, Aleksey Ippolitov, Advanced Web Services, and Strandway, LCC may oppose a request to renew this Order by filing a written submission

with the Assistant Secretary for Export Enforcement, which must be received not later than seven days before the expiration date of the Order.

A copy of this Order shall be served on each denied person and shall be published in the *Federal Register*.

This Order is effective immediately and shall remain in effect for 180 days.

Matthew S. Axelrod,
Assistant Secretary of Commerce for Export Enforcement.

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