



DEPARTMENT OF COMMERCE

Bureau of Industry and Security

Boris Livshits)
 9V Kuttuzi, Leningrad Oblast)
 St. Petersburg, Russian Federation)
)
Svetlana Skvortsova)
 Yablochinkova 21)
 Moscow, Russian Federation)
)
Aleksey Ippolitov)
 Ozeraya 46)
 Moscow, Russian Federation)
)
Advanced Web Services)
 417 Brightwater Court, Apt 6f)
 Brooklyn, NY 11235)
)
Strandway, LLC)
 99 Wall St, Ste. 148)
 New York, NY 10005)
)
Nikolaos Bogonikolos)
 Artemidos 36, Palaio Faliro,)
 Attica, Greece)
)
Aratos Group)
 L. Amfitheas 10,)
 Athens, 17564, Greece)
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 and)
)
 10 Amfitheas Avenue)
 17564, Palaio Faliro, Greece)

Order Renewing Temporary Denial of Export Privileges

Pursuant to Section 766.24 of the Export Administration Regulations (the “Regulations” or “EAR”),¹ I hereby grant the request of the Bureau of Industry and Security (“BIS”), U.S.

¹ The Regulations, currently codified at 15 C.F.R. 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 C.F.R., 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

Department of Commerce, through its Office of Export Enforcement (“OEE”) to renew the temporary denial order (“TDO”) issued in this matter on December 13, 2022. I find that renewal of this order, along with the additions and denial of the export privileges of Nikolaos Bogonikolos (“Bogonikolos”) and the Aratos Group (“Aratos”), are necessary in the public interest to prevent an imminent violation of the Regulations.

I. PROCEDURAL HISTORY

On December 13, 2022, I signed an order denying the export privileges of Boris Livshits, Svetlana Skvortsova, Aleksey Ippolitov, Advanced Web Services, and Strandway, LCC (“Strandway”) (collectively “the Respondents”) for a period of 180 days on the ground that issuance of the order was necessary in the public interest to prevent an imminent violation of the Regulations. The order was issued *ex parte* pursuant to Section 766.24(a) of the Regulations and was effective upon issuance.²

On May 18, 2023, BIS, through OEE, submitted a written request for renewal of the TDO that was issued on December 13, 2022. OEE’s request for renewal also contained evidence related to Bogonikolos and Aratos.³ The written request was made more than 20 days before the TDO’s scheduled expiration. A copy of the renewal request was sent to Respondents in accordance with Sections 766.5 and 766.24(d) of the Regulations. No opposition to the renewal of the TDO has been received.

II. RENEWAL OF THE TDO

A. Legal Standard

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

² The TDO was published in the *Federal Register* on December 16, 2022 (87 FR 77067).

³ In the renewal request, OEE also noted that a TDO request related to Bogonikolos and the Aratos Group was forthcoming.

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.*

B. The TDO and BIS's Request for Renewal

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 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 Fed. Reg. 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.”

OEE’s request for renewal is based upon the facts underlying the issuance of the initial TDO and the evidence developed over the course of this investigation, which demonstrate the existence of an extensive procurement network conspiring to violate U.S. export control laws by unlawfully procuring and shipping military and sensitive dual-use technologies from U.S. manufacturers to Russian end users. As detailed in its May 18, 2023 request for renewal of the TDO, OEE’s investigation, which remains ongoing, has revealed evidence that this illicit network and its reach are broader in scope and more extensive than initially realized. As a result, the renewal of this order, along with the issuance of an order temporarily denying the export privileges of Nikolaos Bogonikolos and the Aratos Group, are necessary.

1. The Basis for the Initial TDO

On or about September 12, 2022, and as detailed in the initial TDO issued on December 13, 2022, Livshits, Skvortsova, and Ippolitov, along with co-conspirators Yevgeniy Grinin,⁴ were each indicted on multiple counts in the United States District Court for the Eastern District of New York. The charges included, but were 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”),⁵ a wholesale machinery and equipment company located in Moscow, Russia.

As further detailed in the initial TDO, Serniya heads an illicit procurement network (collectively, the “Serniya Network”) operating under the direction of Russia’s intelligence

⁴ 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 (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 (87 Fed. Reg. 20505).

⁵ On March 3, 2022, Serniya, along with OOO Sertal (“Sertal”), another 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, because they “have been involved in, contributed to, or otherwise supported the

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. The initial TDO was also based on evidence that Livshits and the other Respondents were 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. As stated in the initial TDO, the procurement activity occurred from at least January 2017 through October 2022, and Respondents actively sought to conceal their unlawful export-related activities in order to evade detection by law enforcement.

2. Basis for Renewal and Additions of Bogonikolos and the Aratos Group

In its May 18, 2023 request for renewal of the TDO, OEE has presented evidence that the scope of the Serniya Network is broader, and its conduct more extensive, than initially realized. OEE has presented additional evidence demonstrating that the procurement network extends to multiple co-conspirators and countries. For instance, OEE's investigation has identified other co-conspirators and procurement agents for the Serniya Network, including Nikolaos Bogonikolos, the founder and president of the Aratos Group, a network of defense-related companies in the Netherlands and Greece.

As noted in OEE's request for renewal, a superseding indictment was filed on or about December 5, 2022, charging Livshits, Skvortsova, Ippolitov, Grinin and three additional co-conspirators with, among other charges, conspiring to violate U.S. export control laws. On or about May 2, 2023, in the United States District Court for the Eastern District of New York, Bogonikolos was charged by complaint with smuggling and other related offenses. As alleged in the complaint, Bogonikolos assisted Grinin and Ippolotov in their efforts to procure U.S. origin items on behalf of the Serniya Network, including the procurement of tactical military antennas,

Russian security services, military and defense sectors, and military and/or defense research and development efforts" (87 FR 13141).

which were classified under ECCN 3A611.x, controlled for national security reasons, and required a license for export to Russia. Specifically, after Grinin and Ippolotov identified U.S. origin items for procurement, Bogonikolos assisted the Serniya Network by purchasing the items and concealing the true end user by claiming the items would be used by Aratos in the Netherlands.

On May 22, 2023, a second superseding indictment was filed in the United States District Court for the Eastern District of New York charging Livshits, Skvortsova, Ippolitov, Grinin, and Bogonikolos, and others, with smuggling and conspiracy to violate U.S. export control laws, *inter alia*. As detailed in the second superseding indictment, Bogonikolos, a Greek national, is the founder and president of the Aratos Group, a defense conglomerate in the Netherlands and Greece. Bogonikolos purchased sensitive military and dual-use items from U.S. companies on behalf of Serniya and Sertal and routed the shipments through the Aratos Group to various transshipment points to conceal the true Russian end users.

As further alleged in the second superseding indictment, Bogonikolos, who provided false end use statements to U.S. companies, was recruited as a procurement agent by the Serniya Network in 2017. As part of the arrangement and at Ippolitov's direction, Bogonikolos agreed to work exclusively with Grinin, advising that he understood that Ippolitov sought to purchase sensitive items. Bogonikolos also advised Grinin about ways to obtain such items in furtherance of the conspiracy. For instance, in February 2018, after Grinin advised that he was having difficulty obtaining a certain product specification, Bogonikolos recommended that he add other items and alter them from Grinin's prior order in an attempt to obtain the shipment and evade detection. On another occasion, Bogonikolos advised Grinin that he signed a false end-use statement, stating that certain items were only for use in the Netherlands.

OEE's investigation also reveals that Bogonikolos and employees of the Aratos Group tracked orders for the Serniya Network by excel spreadsheet. These orders, which occasionally listed the applicable ECCN, included orders with related invoices for either Serniya or Photon.

Moreover, one such spreadsheet included a column related to export controls and information about U.S. and European export control restrictions, demonstrating knowledge and familiarity with export control laws.

Since the issuance of the TDO on December 13, 2022, arrest warrants have been issued for Respondents Boris Livshits, Svetlana Skvortsova, and Aleksey Ippolotov. The parties are presently fugitives from U.S. law enforcement and reside in the Russian Federation. Because they have not yet been apprehended, OEE has reason to believe that their illicit procurement efforts will remain ongoing, given the length and nature of the conduct identified to date. Significantly, OEE's investigation has revealed that they are familiar with methods of concealment and are likely to use increasingly sophisticated methods to avoid detection by law enforcement. Additionally, given the size and scope of the Serniya procurement network, including newly identified parties and entities, such as Bogonikolos⁶ and the Aratos Group, that span multiple countries including the Netherlands and Greece, there is substantial risk that continued evasion efforts will be successful, absent the renewal of the TDO and addition of Bogonikolos and the Aratos Group as respondents.

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, Strandway, LCC, Nikolaos Bogonikolos, and the Aratos Group 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

⁶ Bogonikolos was arrested in Paris, France in May 2023 based on the criminal charges pending in the U.S. District Court for the Eastern District of New York.

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; **STRANDWAY, LLC**, with an address at 99 Wall St, Ste. 148 New York, NY 10005; **NIKOLAOS BOGONIKOLOS**, with an address at Artemidos 36, Palaio Faliro, Attica, Greece; and the **ARATOS GROUP**, with addresses at L. Amfitheas 10, Athens, 17564, Greece and 10 Amfitheas Avenue, 17564, Palaio Faliro, Greece; 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, reexport, or transfer (in-country) 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, Strandway, LCC, Nikolaos

Bogonikolos, and/or the Aratos Group 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, Strandway, LCC, Nikolaos Bogonikolos, and the Aratos Group 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, Strandway, LCC, Nikolaos Bogonikolos, and the Aratos Group 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.