

# Red Notice

A Monthly Update on Global Investigations and Prosecutions



May 2017

Share This Page



中文 >

НА РУССКОМ ЯЗЫКЕ >

## IN THIS ISSUE

### Anticorruption Developments

- [Steven Peikin Reported to Become Co-Director of SEC's Enforcement Division](#)
- [DOJ Fraud Section to Detail Prosecutor to UK Financial Conduct Authority](#)
- [SFO Confirms Investigation of Petrofac](#)
- [Nearly a Half-Million Dollars in Money-Laundering-Related Funds Seized from Washington Lobbyist](#)
- [SFO Charges Additional Individuals in F.H. Bertling Bribery Probe](#)
- [Jay Clayton Sworn in as Chairman of the SEC](#)
- [Former MoneyGram Executive Thomas Haider Agrees to Pay \\$250,000 Penalty for AML Failures](#)
- [Former Guinean Mining Minister Convicted of Money Laundering](#)
- [World Bank Appoints New Integrity Chief](#)
- [SEC Issues Declination for Newmont Mining](#)
- [Anticorruption Spotlight: World Bank Debars Three Corporations](#)
- [Anticorruption Spotlight: SEC Issues Two Whistle-Blower Determinations](#)

### Export Control and Sanctions Enforcement

- [Singapore Man Sentenced to 40 Months in Prison for Plot Involving Exports to Iran of U.S. Components](#)
- [Czech Republic and Slovak Republic Nationals Charged with Violating U.S. Export Laws](#)
- [Defense Contractor Employee Pleads Guilty to Selling Satellite Secrets to Undercover Agent Posing as Russian Spy](#)

### Export Control and Sanctions Developments

- [OFAC Announces New Iran and Venezuela Designations](#)
- [President Trump Announces New Assistant Secretary of Commerce for Export Administration](#)

### Global Investigations Resources

- Client Alert: [Public Comment Period on NAFTA Negotiating Objectives](#)
- Client Alert: [Ambassador Lighthizer Notifies Congress of the Administration's Intent to Enter into NAFTA Renegotiations](#)
- [AG Trade Law Blog](#)
- [Writing and Speaking Engagements](#)

## ANTICORRUPTION DEVELOPMENTS

### Steven Peikin Reported to Become Co-Director of SEC's Enforcement Division

On May 26, 2017, *The Wall Street Journal* reported that recently confirmed Commissioner Jay Clayton (see below) will hire Steven Peikin to serve as Co-Director of the Securities and Exchange Commission (SEC) Enforcement Division. Mr. Peikin, a partner at the same prominent law firm as Mr. Clayton, is reported to serve as Co-Director with current Acting Enforcement Director Stephanie Avakian.

For more information, see *The Wall Street Journal's* coverage [here](#).

## **DOJ Fraud Section to Detail Prosecutor to UK Financial Conduct Authority**

On May 24, 2017, the Department of Justice (DOJ) announced that it would be detailing one of its anti-corruption prosecutors to the United Kingdom's Financial Conduct Authority as part of the DOJ's ongoing efforts to collaborate with international partners in the fight against corruption and financial fraud. Speaking at the American Conference Institute's 7th Brazil Summit on Anti-Corruption, Acting Principal Deputy Assistant Attorney General Trevor McFadden stated that this would be the first time that the Criminal Division or Fraud Section details a prosecutor to work in a foreign regulatory agency on white-collar criminal issues.

Deputy AG McFadden's prepared remarks are available [here](#).

## **SFO Confirms Investigation of Petrofac**

On Friday, May 12, 2017, the U.K. Serious Fraud Office (SFO) announced that it was investigating London-based Petrofac PLC, an oil and gas services firm, for suspected bribery, corruption and money laundering. The investigation into Petrofac stems from the SFO's ongoing investigation into Unaoil SAM, a Monaco-based oil and gas services firm, subject to criminal inquiry since July 2016.

On May 25, 2017, Petrofac announced that it was suspending its chief operating officer, Marwan Chedid, as a result of the investigation. Chedid has resigned from the Petrofac board of directors. To date, both Chedid and Petrofac's CEO, Ayman Asfari, have been arrested and questioned by the SFO without being charged.

The SFO's Press Release is available [here](#). Petrofac's statement is available [here](#). For more information, see *The New York Times*' coverage [here](#), *The Wall Street Journal*'s coverage [here](#) and the *FCPA Blog*'s coverage [here](#) and [here](#).

## **Nearly a Half-Million Dollars in Money-Laundering-Related Funds Seized from Washington Lobbyist**

On May 9, 2017, a civil forfeiture complaint was filed to seize approximately \$475,000 in funds from Washington lobbyist Joseph Szlavik according to forfeiture documents filed with the U.S. District Court for the District of Columbia. The complaint alleges that Szlavik operated an unlicensed international money-transmitting business using a Citizens Bank account through which he disbursed millions in dollars according to his clients' directions. Among Szlavik's clients of interest are Gabonese President Ali Ondimba Bongo, his family members and other Gabonese government officials.

The case is being brought by the Money Laundering and Asset Recovery Section of the DOJ, which noted in its forfeiture complaint that President Bongo has previously been investigated for potential money laundering in the United States.

A copy of the forfeiture complaint is available [here](#). For more information, see *The Wall Street Journal*'s coverage [here](#).

## **SFO Charges Additional Individuals in F.H. Bertling Bribery Probe**

The SFO announced that it had charged Colin Bagwell, a former executive of F.H. Bertling Ltd., with two counts of conspiracy to pay bribes to secure contracts relating to the Jasmine gas field in the North Sea. Bagwell served as the company's chief commercial officer from April 2007 to October 2011, and has been implicated in a scheme to bribe ConocoPhillips agents in order to ensure that F.H. Bertling continued to receive contracts to supply freight-forwarding services in the Jasmine gas field. Mr. Bagwell's charges bring the total number of individuals charged in this case to seven.

This case follows upon a similar case that the SFO aimed at F.H. Bertling in July 2016. The *Red Notice* [previously reported](#) on these charges, which allege that a number of company executives made improper payments to an Angolan government official connected to a state-owned oil company.

The SFO's Press Release on previous charges is available [here](#). For more information, see *The Wall Street Journal*'s coverage [here](#).

## **Jay Clayton Sworn in as Chairman of the SEC**

On May 4, 2017, Jay Clayton was sworn in as Chairman of the SEC. His swearing-in follows the Senate's vote on Tuesday, May 2, 2017. Clayton, a partner in a prominent law firm with a history of representing Wall Street clients, said in a statement that "The work of the SEC is fundamental to growing the economy, creating jobs, and providing investors and entrepreneurs with a share of the American Dream."

The SEC's Press Release is available [here](#). For more information, see *The New York Times*' coverage [here](#) and *The Wall Street Journal*'s coverage [here](#).

## **Former MoneyGram Executive Thomas Haider Agrees to Pay \$250,000 Penalty for AML Failures**

On May 4, 2017, the Financial Crimes Enforcement Network ("FinCEN") and the U.S. Attorney's Office for the Southern District of New York announced the settlement of claims under the Bank Secrecy Act against Thomas E. Haider, the former chief compliance officer of MoneyGram International, Inc. Haider, who served in this role from 2003 to 2008, admitted to failing to implement policies at MoneyGram to effectively detect and terminate services to MoneyGram locations with redflags indicating that they were engaged in fraudulent activity and evasion of anti-money laundering laws. Haider agreed to pay a \$250,000 penalty and agreed to a three-year injunction barring him from performing any compliance function for any money transmitter.

FinCEN's Press Release is available [here](#), and the Southern District of New York's Press Release is available [here](#). For more information see *The New York Times*' coverage [here](#).

### **Former Guinean Mining Minister Convicted of Money Laundering**

On May 3, 2017, Mahmoud Thiam, former Minister of Mines and Geology of the Republic of Guinea, was convicted of one count of dealing in criminally derived property and one count of money laundering. Mr. Thiam is a U.S. citizen alleged to have taken nearly \$9 million in bribes from executives of China Sonangol International Ltd. and China International Fund, SA to facilitate the award of nearly exclusive investment rights in Guinea's valuable mining sector, as well as other sectors of the Guinean economy. To hide the basis for the money paid to him by the Chinese conglomerate, Thiam allegedly misrepresented his occupation and source of the funds to U.S. banks and the Internal Revenue Service.

The DOJ's Press Release is available [here](#), and its Complaint is available [here](#). For more information, see *Bloomberg's* coverage [here](#) and the *FCPA Blog's* coverage [here](#).

### **World Bank Appoints New Integrity Chief**

On April 27, 2017, the World Bank announced the appointment of Pascale Helene Dubois as World Bank Group Vice President for Integrity (INT), effective July 1, 2017. In a press release, World Bank President Jim Yong Kim stated that "Pascale has a proven track record of fighting fraud and corruption, and I'm very pleased to have her at the helm of our integrity unit." Ms. Dubois is a Belgian national, an experienced international lawyer and a Certified Fraud Examiner who worked in the private sector in the United States and Belgium before joining the World Bank in 1997 as Counsel for the Africa region. She has also served as manager of the Voluntary Disclosure Program and as Chief Suspension and Debarment Officer within INT.

The World Bank's Press Release is available [here](#). For more information, see the *FCPA Blog's* coverage [here](#).

### **SEC Issues Declination for Newmont Mining**

On April 24, 2017, Colorado-based gold mining company Newmont Mining Corporation disclosed [in an SEC filing](#) that the SEC had issued a declination letter "in late February 2017" concerning its investigation of Newmont's business activities in countries outside the United States. Newmont operates in the United States, New Zealand, Peru, Indonesia and Ghana. In 2016, Newmont disclosed both the SEC's investigation and an investigation by the DOJ. The company's most recent disclosure makes no mention of the status of the DOJ's investigation, although it notes that its tolling agreement with DOJ ended in April 2017.

For more information, see the *FCPA Blog's* coverage [here](#).

### **Anticorruption Spotlight: World Bank Debars Three Corporations**

On May 5, 2017, the World Bank announced the debarment of Zhengtai Group Co. Ltd. through the execution of a Negotiated Resolution Agreement following a World Bank investigation that concluded that a falsified contract agreement with a falsified construction period and inflated contract value were submitted in order to meet the requirements of the bidding process. Zhengtai has been debarred for a period of 15 months.

The World Bank also announced the debarment of Hunan Shaping Construction Co., Ltd., also referred to as Sunpeak Construction, through the execution of a Negotiated Resolution Agreement alleging that the company submitted a falsified bid guarantee letter in its bid for a bidding process under the Integrated Economic Development of Small Towns Project in the People's Republic of China. The company has been debarred for 15 months.

The World Bank announced the debarment of Tehnoplus Medical S.R.L. through the execution of a Negotiated Resolution Agreement following a World Bank investigation that concluded that Tehnoplus paid Euros 168,860 [approx. USD 189,000] in exchange for award of an equipment supply contract associated with the Romania Health Sector Reform 2 Project. The company has been debarred for two years.

All three debarments qualify for cross-debarment by other Multilateral Development Banks under the Agreement of Mutual Recognition of Debarments that was signed on April 9, 2010 (available [here](#)). The list of all World Bank debarred entities and individuals is available [here](#).

The World Bank's Press Release regarding the Zhengtai and Hunan debarments is available [here](#), and its Press

Release regarding the Tehnoplus debarment is available [here](#). For more information, see the *FCPA Blog's* coverage [here](#).

## **Anticorruption Spotlight: SEC Issues Two Whistle-Blower Determinations**

In April and May, the SEC issued two whistle-blower determinations, bringing the total number of whistle-blower awards to 44 since it first began the practice in 2012. Awards totaling approximately \$154 million have been paid for whistle-blower information.

Specifically, on April 25, 2017, the SEC awarded approximately \$4 million to an anonymous whistle-blower who provided information that led to a successful enforcement action. According to the SEC's Order, the whistle-blower voluntarily offered extensive "industry-specific knowledge and expertise" in the underlying investigation. The SEC's Press Release and Order are available [here](#).

In addition, on May 2, 2017, the SEC awarded more than \$500,000 to a "company insider" who provided a tip to the SEC informing the agency of "well-hidden and hard-to-detect violations of the securities laws." The SEC's Press Release and Order are available [here](#).

Whistle-blower awards—provided for under the Dodd-Frank Act—can range from 10 percent to 30 percent of the money collected when monetary sanctions from a successful enforcement exceed \$1 million. Notices of Covered Actions—enforcement actions with sanctions greater than \$1 million—are posted on the SEC's [website](#), and claims must be submitted within 90 days of such posting.

For more information, see the *FCPA Blog's* coverage [here](#).

[Back to top.](#)

## **EXPORT CONTROL AND SANCTIONS ENFORCEMENT**

### **Singapore Man Sentenced to 40 Months in Prison for Plot Involving Exports to Iran of U.S. Components**

On April 27, 2017, the Department of Justice (DOJ) announced that Steven Lim, a citizen of Singapore, was sentenced to 40 months in prison for his role in a conspiracy involving illegal exports of U.S.-origin radio frequency modules with sophisticated wireless data transmission capabilities from the United States to Iran. Such devices are commonly found in commercial applications, such as office-based local area networks for printers, but the modules are export-controlled due to potential use in remote detonation systems in improvised explosive devices (IEDs). Between June 2007 and February 2008, Lim and his co-conspirators caused more than 6,000 modules to be exported from the United States to Iran through Singapore; at least 14 of those modules were later found in unexploded IEDs in Iraq. According to the DOJ, Lim misrepresented to the Minnesota manufacturer of the devices that Singapore was the final destination of the items, causing the manufacturer to file false documents with the U.S. government.

This sentencing follows Lim's pleading guilty late last year to defrauding the U.S. government by dishonest means. Lim will be deported upon completion of his sentence.

For additional information, please see the DOJ [press release](#) and coverage in the [December 2016](#) issue of *Red Notice*.

### **Czech Republic and Slovak Republic Nationals Charged with Violating U.S. Export Laws**

On May 16, 2017, the DOJ announced that Josef Zirnsak, a national of the Czech Republic, was indicted on two charges stemming from alleged violations of the Arms Export Control Act (AECA). According to the press release, Zirnsak shipped an aiming laser and a rifle scope from the United States to Germany in 2011.

Earlier this month, the DOJ also announced the indictment of Martin Gula, a national of the Slovak Republic, on charges relating to the export and smuggling of night-vision goggles and aviation systems from the United States to the United Kingdom in 2012. Gula was also indicted for smuggling charges and using a false U.S. passport during that time.

If convicted, both Zirnsak and Gula face up to 20 years' imprisonment on each export-related count. Gula may receive up to an additional 10 years for each charge for the use of a false passport and smuggling. Both Zirnsak and Gula are being sought by law enforcement. DOJ did not identify any connection between the two individuals, though it did include both indictments in the same press release.

For additional information, please see the DOJ [press release](#).

### **Defense Contractor Employee Pleads Guilty to Selling Satellite Secrets to Undercover Agent**

## Posing as Russian Spy

On May 22, 2017, the DOJ announced that Gregory Allen Justice, a U.S. citizen and engineer, pleaded guilty to charges of economic espionage and violating the AECA. The guilty plea follows Justice's arrest in July of last year. According to the press release, Justice stole from his employer International Traffic in Arms Regulations (ITAR)-controlled technical data related to military satellites. In exchange for thousands of dollars in cash, Justice subsequently provided this information to an individual whom he believed to be a Russian agent. The "Russian agent" was, in fact, an undercover FBI agent to whom Justice had also offered a private tour of military spacecraft production facilities. Apparently, Justice and the undercover agent discussed developing a relationship like the one depicted on the television show "The Americans" during their meetings. If convicted, Justice could receive up to 35 years' imprisonment.

For additional information, please see the DOJ [press release](#).

[Back to top.](#)

## EXPORT CONTROL AND SANCTIONS DEVELOPMENTS

### **OFAC Announces New Iran and Venezuela Designations**

On May 17, 2017, the Department of the Treasury's Office of Foreign Assets Control (OFAC) added two senior Iranian defense officials and one Iranian company to the Specially Designated National (SDN) list, citing the United States' concern with Iran's continued development and testing of ballistic missiles, as well as growing concern over abuses in Syria. OFAC also designated a China-based network involved in supplying missile-applicable items to support Iran's ballistic missile program. Iran responded to the designations by asserting that they demonstrated "ill will" from the United States and warned that they could threaten the 2015 nuclear deal.

On May 18, 2017, OFAC added eight Venezuelan judges to the SDN list in an effort to demonstrate the United States' concern with human rights abuses and democratic backsliding in Venezuela. The eight officials are all members of the Tribunal Supremo de Justicia (TSJ), Venezuela's Supreme Court of Justice. According to the notice, TSJ has issued a number of rulings over the past year that have wrested power away from the National Assembly, usurping many of the functions of Venezuela's democratically elected legislature in violation of the Constitution. Most recently, in March 2017, the TSJ drew condemnation from the international community when it allowed itself to assume the legislative role in government and stripped parliamentary immunity from National Assembly members.

For further information on the Iranian designations, please see this OFAC [web notice](#). For further information on the Venezuelan designations, please see this OFAC [web notice](#).

### **President Trump Announces New Assistant Secretary of Commerce for Export Administration**

On May 19, 2017, President Trump announced his intent to nominate Richard Ashooh to serve as the Assistant Secretary of Commerce for Export Administration. Ashooh is currently the Director of Economic Partnerships at the University System of New Hampshire, and he was previously at the University of New Hampshire Law School. Prior to his work in higher education, Ashooh served for more than two decades as a senior executive in the aerospace industry, at Lockheed Martin and later at BAE Systems, with notable experience in the electronic warfare space. Earlier in his career, he focused on federal procurement policies as a Professional Staff Member for the U.S. Senate Committee on Governmental Affairs.

For further information, please see the White House [press release](#).

[Back to top.](#)

## WRITING AND SPEAKING ENGAGEMENTS

On June 8, 2017 [Maka Hutson](#) will be presenting on an Akin Gump hosted webinar, "Impact of the Trump Administration's Immigration Policies on the Life Sciences Sector," in connection with CLSA's Corporate Counsel Committee.

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](mailto:mwarfield@akingump.com) or +1 202.887.4464.

[Back to top.](#)

## Contact Information

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

Information for lawyers in the global investigations and compliance practice can be found [here](#).

The executive editors of Red Notice are [Paul W. Butler](#) at ([pbutler@akingump.com](mailto:pbutler@akingump.com)) and [Christian Davis](#) ([chdavis@akingump.com](mailto:chdavis@akingump.com)).

The "Anticorruption Developments" section of Red Notice is edited by [Stanley Woodward](#).

The "Export Control, Sanctions and Customs Developments and Enforcement" sections are edited by [Suzanne Kane](#) and [Johann Strauss](#).

Translations of *Red Notice* into Chinese and Russian are available on a delayed basis. Please check via the links above or archived editions links below to view past translated editions.

*Red Notice* is a monthly publication of Akin Gump Strauss Hauer & Feld LLP.

---

[Archived Editions](#) • [Archived Editions – Chinese](#) • [Archived Editions – Russian](#) • [Subscribe to Red Notice](#)

[www.akingump.com](http://www.akingump.com)



© 2017 Akin Gump Strauss Hauer & Feld LLP. All rights reserved. Attorney advertising. This document is distributed for informational use only; it does not constitute legal advice and should not be used as such. IRS Circular 230 Notice Requirement: This communication is not given in the form of a covered opinion, within the meaning of Circular 230 issued by the United States Secretary of the Treasury. Thus, we are required to inform you that you cannot rely upon any tax advice contained in this communication for the purpose of avoiding United States federal tax penalties. In addition, any tax advice contained in this communication may not be used to promote, market or recommend a transaction to another party. Lawyers in the London office provide legal services through Akin Gump LLP, practicing under the name Akin Gump Strauss Hauer & Feld. Akin Gump LLP is a New York limited liability partnership and is authorized and regulated by the Solicitors Regulation Authority under number 267321. A list of the partners is available for inspection at Eighth Floor, Ten Bishops Square, London E1 6EG. Lawyers in the Hong Kong office provide legal services through Akin Gump Strauss Hauer & Feld, a firm of solicitors which is regulated by the Law Society of Hong Kong. Their registered office is Units 1801-08 & 10, 18th Floor Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong. Akin Gump Strauss Hauer & Feld LLP, a limited liability partnership formed under the laws of Texas, USA, operates under the laws and regulations of numerous jurisdictions both inside and outside the United States. The Beijing office is a representative office of Akin Gump Strauss Hauer & Feld LLP.

[Update](#) your preferences | [Subscribe](#) to our mailing lists | [Forward](#) to a friend | [Opt out](#) of our mailing lists | [View](#) mailing addresses