



Alexander Fishenko

- Dual citizen of United States and Russia
- Immigrated to U.S. in 1994 and became U.S. citizen in 2003
- Founder and CEO of ARC Electronics Inc. in Houston, Texas.



CDSE

Center for Development
of Security Excellence

CASE STUDY

Acting as an Agent of a Foreign Government

WHAT HAPPENED

Alexander Fishenko was the co-owner and President of ARC Electronics (ARC). Between 2002 and 2012, he shipped approximately \$50,000,000 worth of microelectronics and other technologies to Russia. ARC's largest clients were certified suppliers of military equipment for the Russian Ministry of Defense.

Fishenko led a conspiracy to obtain cutting-edge microelectronics from manufacturers and suppliers in the United States and export them to Russia while evading the Government licensing system set up to control such exports. The exported microelectronics included analog-to-digital converters, amplifiers, digital signal processors, micro-controllers, static random access memory chips, and field programmable gate arrays. These advanced microelectronics could not be produced in Russia. These microelectronics had applications in a wide range of military systems, including radar and surveillance systems, weapons targeting systems, and detonation triggers.

To evade applicable export controls, Fishenko and his co-conspirators provided false end user information in connection with the purchase of the goods, concealed the fact that they were exporters, and falsely classified the goods they exported on export records submitted to the Department of Commerce (DOC).

Ultimate recipients of ARC's products included a research unit for the Russian internal security agency, a Russian entity that builds air and missile defense systems, and another that produces electronic warfare systems for the Russian Ministry of Defense.

A two-year long FBI investigation determined that Fishenko falsified documents and skirted federal trade regulations to traffic advanced microelectronics to Russia.

Fishenko pleaded guilty to acting as an agent of the Russian government within the United States without prior notification to the Attorney General, conspiring to export and illegally exporting controlled microelectronics to Russia, conspiring to launder money, and obstruction of justice. He was sentenced to 120 months imprisonment and ordered to forfeit more than \$500,000 in criminal proceeds.

INDICATORS

Foreign Considerations – Fishenko was born in the Soviet Republic of Kazakhstan and graduated from the Leningrad Electro-Technical Institute in St. Petersburg, Russia. He immigrated to the United States in 1994 and became a naturalized citizen of the United States in 2003. Fishenko was the co-owner and President of ARC and the part owner and Marketing Manager of APEX SYSTEM, L.L.C. (APEX), a Russian corporation with its principal place of business in Moscow, Russia.

Financial Considerations – Fishenko and others conspired to launder the money used in their crimes. To get around U.S. export control laws, Fishenko and his co-conspirators falsified documents to a freight forwarder, falsely stating that the goods contained within the shipment were not export controlled.

IMPACT

- “Alexander Fishenko illegally shipped millions of dollars of high-technology products to Russian military affiliated actors in clear violation of United States law,” said Assistant Attorney General Carlin. “Export laws exist as an important part of our national security framework and protecting national assets from ending up in the hands of our potential adversaries is one of our highest priorities.”
- “U.S. export laws exist to check the proliferation overseas of dangerous military technologies, but Fishenko, while working illegally as an agent of the Russian government, flouted these laws in order to line his pockets,” stated United States Attorney for the Eastern District of New York Robert Capers.

ADDITIONAL

- ARC was engaged in the export of microelectronics and other high-tech products. It was a “Front Company” established to a) generate revenue; b) evade the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations (EAR) by supplying controlled microelectronics to Russian end users; and c) defraud United States-based manufacturers and distributors by providing false end user and end use information in connection with the purchase and export of both controlled and non-controlled microelectronics.
- Microelectronics are frequently used in a wide range of military systems, including radar and surveillance systems, missile guidance systems, and detonation triggers. Russia does not produce many of these sophisticated goods domestically.
- To evade ITAR and EAR, Fishenko and his co-conspirators provided false Export Control Classification Number codes and licensing information for goods exported on ARC’s invoices and on Shipper’s Export Declarations electronically filed with the DOC through the Automated Export System.

Questions to Consider:

- Does dual citizenship raise any red flags when purchasing export-controlled goods?
- What role does a freight forwarding company play in detecting potentially illegal export?

Resources for further exploration:

- ITAR website
(https://www.pmdtc.state.gov/?id=ddtc_kb_article_page&sys_id=24d528fddbfc930044f9ff621f961987)
- Industrial Base Technology List Job Aid
(<https://www.cdse.edu/Portals/124/Documents/jobaids/ci/CI-JobAidSeries-IBTL.pdf>)
- Deliver Uncompromised: Supply Chain Risk Management
(<https://www.cdse.edu/Portals/124/Documents/jobaids/ci/deliver-uncom-supply-chain-risk-management-job-aid.pdf>)
- Protecting Microelectronics Security Short
(<https://securityawareness.dcsa.mil/cdse/multimedia/shorts/microelectronics/story.html>)

Supporting Through Reporting!

Contact the appropriate POC to report any observed potential risk indicators:

Name: _____ Agency/Department: _____
Title: Supervisor/Security Officer/ITP Senior Official/ITP Manager