

ON EMPTYWHEEL'S CONTINUED OBSESSION WITH DELAYED OLIGARCH ASSOCIATE ARRESTS

A while back, I did a series of posts showing how, in late September, DOJ got a series of indictments targeting Oleg Deripaska and those who facilitated his sanctions violations. We didn't see all that until months later (and I wouldn't be surprised if there were a few stray indictments we haven't seen yet).

That's why I'm interested in the timing and venue for indictments of two men who facilitated Viktor Vekselberg's alleged sanctions violations. The indictments were obtained in November, but they were rolled out yesterday. DOJ indicted, separately, Richard Masters (who was arrested in Spain yesterday) and Vladislav Osipov (who remains at large and, presumably, untouchable) for conspiring with each other. The indictments are connected to, and follows, the seizure of Vekselberg's yacht, the Tango, in April.

The indictments themselves are standard sanctions violations ones. After the legal background on IEEPA (the law behind such sanctions) and the Bank Secrecy Act, a Ukraine-related sanctions under which Vekselberg was sanctioned (though without naming him), it lays out the Panamanian shell companies (which the seizure affidavit identifies as "Arinter") through which Vekselberg allegedly owns the Tango and the yacht management company Masters runs, Master Yachts Safety, in Mallorca.

The corporate entities are the lead co-conspirators. Masters and Osipov only rank as Co-Conspirator 3 and 4, respectively.

There's little surprising in the overt acts. One

paragraph describes how, in September 2019, the co-conspirators changed the ownership structure of the Panamanian shell company so that Individual 1 (often used to describe someone who should be lawyering up) would appear to own the shell company and through it the yacht, instead of Vekselberg. Then, on March 9, 2022, in the wake of new sanctions after the invasion of Ukraine, Osipov instructed one of the yacht management company's employees to restrict sharing of Individual 1's association with the yacht.

The basis for the sanctions in the US includes a \$1.3 million December 2017 payment from Vekselberg to the Panamanian shell company, which went through a correspondent bank in Connecticut, and a March 21, 2018 payment from the Panamanian shell company to a Russian company owned by Vekselberg, which went through another US correspondent bank. It also describes 41 payments, which span from December 6, 2018 through December 9, 2021, to an American Internet Service Provider. It describes some payments in 2020, 2021, and 2022 for things for the yacht, including a \$2,600 payment to a US manufacturer for luxury robes for the Tango; two such payments for luxury robes also make up two counts of sanctions violation. Then there are five counts of money laundering for payments for services for the yacht.

Some of this, as well as more detail on the shell companies involved, is laid out in the seizure affidavit. The affidavit makes no mention of Osipov, however. It names the Panamanian Corporate Directors, mentions the Swiss bank account, even mentions transfers involving Master Yachts, but does not mention who was directing some of all that.

Which is one reason I find the existence of the two indictments curious. That would have made it possible to arrest Masters without revealing Osipov's name (though references to Osipov in Masters' indictment would presumably have been obvious to him). While the indictments of the

men were announced in the same press release, the URLs for the press release files are 5 digits apart (1563251 and 1563256). And assuming that Masters has remained in Mallorca since November managing other yachts, he could have been arrested two months ago.

Meanwhile, the venue is curious. The press release ties this into the KleptoCapture initiative rolled out in the wake of the Russian invasion. That effort is led out of SDNY, though the Deripaska actions were charged in EDNY. And it's likely Masters, if the extradition succeeds, would be first flown into EDNY (often JFK) or EDVA (Dulles), which is often how venue is assigned. The venue in DC is all the more curious given that it was investigated in Minneapolis: "The FBI Minneapolis Field Office is investigating the case."

The only explanation in the indictment for a DC indictment is that,

Acts and omissions in furtherance of the offenses alleged herein occurred within the District of Columbia.

That suggests the venue lies, in part, on the conspiracy to defraud Treasury.

Or maybe it's another Federal agency.

While the MN-based FBI affiant works on sanctions cases, she says she is, "currently assigned to conduct investigations involving the illegal export of controlled items, which are regulated by the U.S." Fancy bath robes are not controlled items nor are any of the other items bought in the US for use on the Tango described in the indictment, at least not obviously. Given Vekselberg's tech ties, I do wonder if there's not something more.

In any case, DOJ may soon have an expert in yacht laundering in its custody, someone who might be able to help unpack other laundered yachts.