

FIRST STRIKES: DISRUPTIVE TECHNOLOGY STRIKE FORCE ANNOUNCES FIRST ENFORCEMENT ACTIONS SINCE CREATION

The U.S. government's recently-created Disruptive Technology Strike Force ("**Strike Force**") showcased its coordinated efforts with the May 16, 2023 [announcement](#) of criminal charges in five cases as well as four arrests. As we wrote about previously [here](#), the Strike Force was launched on February 16, 2023 with the mission to safeguard sensitive U.S. technology from foreign adversaries and other national security threats and operates under the leadership of the U.S. Department of Justice's National Security Division and the U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**"). We predicted in our earlier Alert that the formation of the Strike Force would likely lead to criminal enforcement, which it has.

It should come as no surprise that the cases involved a broad and diverse range of technologies and industries (the cases cover everything from autonomous vehicle technology to aircraft parts, to isostatic graphite used in the production of weapons of mass destruction) and similarly, that the end destinations were Russia, China, and Iran. Interestingly the cases all focus on individuals (six in total) and include a range of criminal charges: wire fraud conspiracy, smuggling, sanctions evasion, money laundering, bank fraud, attempted and alleged theft of trade secrets, conspiracy to violate the Export Control Reform Act (ECRA) and conspiracy to commit international money laundering.

In a related action, BIS [announced](#) that it issued a Temporary Denial Order ("**TDO**") against two of the individuals charged by the Strike Force, Oleg Patsulya and Vasili Besedin, for attempting to provide more than two million dollars of U.S.-origin civil aircraft parts to Russian airlines in violation of U.S. export controls. A company owned by Patsulya and Besedin, a freight forwarder, and Smartavia (a Russian airline) were also included in the TDO, due to their alleged involvement in the illicit procurement attempt (BIS had already issued TDOs against the other two Russian airlines involved, Pobeda and Rossiya). As a result of the TDO, these

individuals and parties have been added to BIS's Denied Persons List, effectively denying their export privileges, and imposing a prohibition on engaging in certain activities involving denied persons that also involve items subject to U.S. export controls jurisdiction.

Whether the future work of the Strike Force will continue to focus on individuals directly engaging in the type of conduct that threatens U.S. advanced technology and harms national security or will expand to companies, including where companies have failed to invest in necessarily robust compliance programs, remains to be seen. Nonetheless, DOJ's announcement should be seen as the first of many strikes by the Strike Force and a reminder to companies to undertake risk assessments to determine where their vulnerabilities may exist.

Our Clifford Chance team includes multi-disciplinary lawyers who are experienced in working with leading companies in relation to their export controls compliance strategies. Our team is ready to address any questions that arise as companies navigate the ever-growing government oversight and further increase in export controls-related investigations and enforcement actions.

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