

Treasury Sanctions Corruption and Material Support Networks

December 9, 2019

Global Magnitsky and Venezuela designations target corruption on International Anti-Corruption Day

Washington – Corruption is a global problem. It undermines the abilities of governments to adequately care for their citizens; erodes the legal, moral, and ethical fabric of society; and facilitates transnational crime. Today, on International Anti-Corruption Day, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) is targeting corrupt actors and their networks across numerous countries in Europe, Asia, and Latin America. Today’s action, pursuant to Executive Order (E.O.) 13818, which builds upon and implements the Global Magnitsky Human Rights Accountability Act, and targets perpetrators of serious human rights abuse and corruption. Additionally, two corrupt Venezuelan officials were also designated today, pursuant to Venezuela E.O. 13692, as amended, in light of their senior leadership roles in the Maduro regime.

“Corruption deprives people of their countries’ resources, basic essential services, and economic opportunities, while it enriches a select few and facilitates environmental destruction political instability, and conflict,” said Secretary Steven T. Mnuchin. “On International Anti-Corruption Day, we are targeting actors in Europe, Asia, and Latin America who continue through their illicit activities to undermine the foundations of stable, secure, and functioning societies.”

To raise public awareness for anti-corruption initiatives, International Anti-Corruption day has been observed annually on December 9 since the United Nations General Assembly adopted the United Nations Convention against Corruption (UNCAC) on October 31, 2003. Currently UNCAC has 186 State parties.

AIVARS LEMBERGS

Corruption has undermined the Latvian economy for years, robbing the Latvian people of funds for public services, and empowering illicit actors to harm the security of the Latvian state and the NATO Alliance. The United States has worked closely with the Government of Latvia to

address corruption there and elsewhere and are committed to our common cause. This U.S. action underscores the U.S. commitment to Latvia and our determination to hold corrupt oligarchs accountable for their actions against a key European ally.

Latvian oligarch Aivars Lembergs (Lembergs) is designated for being a foreign person who is a current or former government official responsible for or complicit in, or directly or indirectly engaged in, corruption, including the misappropriation of state assets, the expropriation of private assets for personal gain, corruption related to government contracts or the extraction of natural resources, or bribery.

Lembergs has served as the Mayor of Ventspils, Latvia, since 1988. From that time, he has been repeatedly accused of money laundering, bribery, and abuse of office. Lembergs controls entities through political parties and corrupt politicians, and systematically exploits those entities and individuals for his own economic gain. Lembergs has used his influence over leadership of political parties to shape government personnel and place certain government officials in positions, as well as to obstruct other government officials from obtaining leadership positions. Additionally, Lembergs has leveraged and corrupted law enforcement officials to protect his interests and subvert politicians whom he otherwise was unable to control.

In addition to designating Lembergs, OFAC is designating four Latvia-based entities that are owned or controlled by him: **Ventspils Freeport Authority**, **Ventspils Attistibas Agentura** (also known as Ventspils Development Agency), **Biznesa Attistibas Asociacija** (also known as Business Development Association), and **Latvijas Tranzita Biznesa Asociacija** (also known as Latvian Transit Business Association).

In connection with these designations, OFAC simultaneously issued Global Magnitsky General License No. 1, which authorizes certain transactions and activities that are ordinarily incident and necessary to the wind down of transactions involving Ventspils Freeport Authority, Ventspils Attistibas Agentura, Biznesa Attistibas Asociacija, or Latvijas Tranzita Biznesa Asociacija, or any entity in which one or more of the designated entities owns, directly or indirectly, a 50 percent or greater interest, for a 30-day period.

TRY PHEAP

Try Pheap (Pheap) is designated for being a foreign person who is a current or former government official responsible for or complicit in, or directly or indirectly engaged in, corruption, including the misappropriation of state assets, the expropriation of private assets for personal gain, corruption related to government contracts or the extraction of natural resources,

or bribery. The United States prioritizes anticorruption efforts as a key part of its vision for a free and open Indo-Pacific, recognizing good governance as integral to U.S. foreign policy and national security interests and in line with U.S. values.

Pheap has used his vast network inside Cambodia to build a large scale illegal logging consortium that relies on the collusion of Cambodian officials, to include purchasing protection from the government, including military protection, for the movement of his illegal products. For example, Pheap used the Cambodian military to enable his timber trafficking activities and sell to buyers in Vietnam, China, Europe, and Russia. The support of these officials makes it difficult for local authorities to take lawful action against Pheap, as in one example, Cambodian National Park officials were paid by Pheap to keep his operations secret from the international community.

In addition to the designation of Pheap, OFAC is designating 11 Cambodia-registered entities that are owned or controlled by Pheap: **Try Pheap Group Co., Ltd.; M.D.S. Import Export Co., Ltd.; Try Pheap Dry Port Co., Ltd.; Try Pheap Engineering & Construction Co., Ltd.; Try Pheap Grand Royal Co., Ltd.; Try Pheap Import Export Co., Ltd.; Papa Petroleum Co., Ltd.; Try Pheap Property Co., Ltd.; Try Pheap Travel & Tours Co., Ltd.; M D S Thmorda S E Z Co., Ltd.;** and **Try Pheap Oyadav S E Z Co., Ltd.**

KUN KIM AND HIS FAMILY NETWORK

Kun Kim (Kim) is designated for being a foreign person who is a current or former government official responsible for or complicit in, or has directly or indirectly engaged in corruption, including the misappropriation of state assets, the expropriation of private assets for personal gain, corruption related to government contracts or the extraction of natural resources, or bribery.

Kim was a senior General in the RCAF and was instrumental in a development in Koh Kong province and had reaped significant financial benefit from his relationships with a People's Republic of China (PRC) state-owned entity. Kim used RCAF soldiers to intimidate, demolish, and clear-out land sought by the PRC-owned entity. Kun Kim was replaced as RCAF Chief of Staff because Kim had not shared profits from his unlawful businesses with senior Cambodian government officials.

Cambodian elites like Kim use their familial networks to create shadow structures to shield ill-gotten assets. Such corruption undermines the ability to realize the vision for a free and open Indo-Pacific that we share with ASEAN and other Indo-Pacific partners. In addition to Kim, OFAC

designated three members of Kim's family: **King Chandy (Chandy)**, **Kim Sophary (Sophary)**, and **Kim Phara (Phara)**, for acting or purporting to act for or on behalf of, directly or indirectly, Kim. Five entities that are owned or controlled by these individuals were also designated today:

- **7 Makara Phary Co., Ltd.** is registered in Cambodia, and is owned or controlled by **Sophary**.
- **K D Rubber Plantation Co., Ltd.** is registered in Cambodia, and is owned or controlled by **Chandy**.
- **Cambo Elite Security Force Co., Ltd.** is registered in Cambodia, and is owned or controlled by **Sophary**.
- **Romdoul Capital Pawn Co., Ltd.** and **Romdoul Development Co., Ltd.** are registered in Cambodia, and are owned or controlled by **Phara**.

SLOBODAN TESIC'S MATERIAL SUPPORT NETWORK

Slobodan Tescic (Tescic) was identified in the annex of E.O. 13818 on December 21, 2017. At the time of his designation, Tescic was among the biggest dealers of arms and munitions in the Balkans, spending nearly a decade on the United Nations (UN) Travel Ban List for violating UN sanctions against arms exports to Liberia. In order to secure arms contracts with various countries, Tescic would directly or indirectly provide bribes and financial assistance. Tescic took potential clients on high-value vacations, paid for their children's education at western schools or universities, and used large bribes to secure contracts. Four companies were concurrently designated for being owned or controlled by Tescic: **Preduzece Za Trgovinu Na Veliko I Malo Partizan Tech DOO Beograd-Savski Venac (Partizan Tech)**, **Technoglobal Systems DOO Beograd (Technoglobal)**, **Charso Limited**, and **Grawit Limited**.

Following his designation, Tescic continued to engage in the arms trade and operate as a silent partner in companies he indirectly owns and manages. In these instances, Tescic still controls many, if not all, aspects of the companies' daily operations, including brokering deals and soliciting new business opportunities, though he relies on his trusted associates to sign the deals and to appear on all public documentation. Today's action targets nine individuals that have acted or purported to act for or on behalf of, directly or indirectly, Tescic:

- **Goran Andric (Andric)** is one of Tescic's closest associates and has represented Tescic in various international sales, including conducting contract negotiations on Tescic's behalf while Tescic was on the UN travel ban list and unable to travel. In working for Tescic, Andric was involved in facilitating arms deals, including an occasion when Andric signed a contract on behalf of the designated entity, Partizan Tech. In addition, OFAC designated **Velcom Trade D.O.O. Beograd**,

which is based in Serbia, for being owned or controlled by, or for acting or purporting to act for or on behalf of, directly or indirectly, **Andric**.

- **Esad Kapidzic** is the director and secretary of Cyprus-based **Finrost Limited (Finrost)**, as well as the director and representative of Serbia-based **Falcon Strategic Solutions D.O.O. (Falcon Strategic)**, two entities also designated for being owned or controlled by, or for acting or purporting to act for or on behalf of, directly or indirectly, Testic. Finrost received and moved money on behalf of Testic, and was used by Testic for a weapons contract with a foreign government in Africa. Additionally, Falcon Strategic was established by Testic immediately following his December 21, 2017 designation to avoid sanctions.

- **Nebojsa Sarenac (Sarenac)** is the managing director of both Technoglobal and Partizan Tech. Sarenac is Testic's nephew and one of his closest associates.

Also designated today is **Melvale Corporation D.O.O. Beograd (Melvale)**, which is based in Serbia, for being owned or controlled by, or for acting or purporting to act for or on behalf of, directly or indirectly, **Sarenac**, who is the owner and representative of Melvale.

- **Zoran Petrovic** is a managing director and principal of Partizan Tech, an entity designated in December 2017. Petrovic has negotiated with foreign entities on Testic's behalf.

- **Nikola Brkic** is a principal and a legal representative of Partizan Tech.

- **Milan Subotic (Subotic)** is the owner and managing director, and a representative of Serbia-based **Vectura Trans DOO (Vectura Trans)**, an entity that is being concurrently designated today for being owned or controlled by, or for acting or purporting to act for or on behalf of, directly or indirectly, Testic. Testic utilized Vectura Trans to receive an approved license for exports, to complete arms deals, and to finalize weapons contracts with a foreign government. Subotic was also listed as the point of contact for export permits related to Partizan Tech.

- **Zelimir Petrovic** is the owner, managing director, and representative of Serbia-based **Araneks DOO (Araneks)**, an entity that is being concurrently designated today for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Testic. Araneks was used by Testic to finalize weapons contracts with a foreign government in Africa and in dealings with another foreign government.

- **Sreten Cvjetkovic** is a 50 percent owner and representative of Falcon Strategic.

- **Ljubo Maricic** is the director of Technoglobal and a former representative of Partizan Arms, predecessor to Partizan Tech.

In addition to the six entities named above, OFAC is targeting three additional entities for being owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, Testic:

- The Cyprus-based **Moonstorm Enterprises LTD**, is an entity that is being concurrently designated today for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, Testic.
- Testic also utilized Cyprus-based **Tardigrade Limited (Tardigrade)** to conduct business in third-party countries, particularly Arab and African countries. Testic has also used his Serbian companies to sign contracts with Tardigrade before selling the goods to a final buyer.
- Testic established Hong Kong-based **Business Diversity Limited** in order to conduct business with a European country. Testic has used Business Diversity Limited in Euro denominated contracts to evade U.S. sanctions.

VENEZUELA

Additionally, OFAC took action today against **Gustavo Adolfo Vizcaino Gil (Vizcaino)** and **Juan Carlos Dugarte Padron (Dugarte)** pursuant to E.O. 13692, as amended, for being current or former officials of the Government of Venezuela.

In April 2016, Dugarte was named the Director General of the Government of Venezuela's Administrative Service of Identification, Migration, and Immigration (Servicio Administrativo de Identificación, Migración y Extranjería, or SAIME). While Dugarte was the Director General of SAIME, he received kickbacks, and SAIME was publically implicated in corrupt dealings involving the sale of passports.

In June 2018, Vizcaino was named the new Director General of SAIME, replacing Dugarte. Since the fall of 2018, SAIME officials and Vizcaino have been involved in corruption, charging passport applicants thousands of dollars for passports and transferring those funds to Vizcaino's personal foreign bank accounts. Additionally, under Vizcaino's leadership, SAIME sold passports to non-Venezuelan citizens for thousands of dollars per passport, and SAIME personnel were members of illegitimate former Venezuelan President Nicolas Maduro's armed groups known as colectivos.

SANCTIONS IMPLICATIONS

As a result of today's action, all property and interests in property of the individuals and entities named above, and of any entities that are owned, directly or indirectly, 50 percent or more by

them, individually, or with other designated persons, that are in the United States or in the possession or control of U.S. persons, are blocked and must be reported to OFAC. Unless authorized by a general or specific license issued by OFAC or otherwise exempt, OFAC's regulations generally prohibit all transactions by U.S. persons or within (or transiting) the United States that involve any property or interests in property of designated or otherwise blocked persons.

GLOBAL MAGNITSKY PROGRAM

Building upon the Global Magnitsky Human Rights Accountability Act, the President signed E.O. 13818 on December 20, 2017, in which the President found that the prevalence of human rights abuse and corruption that originate, in whole or in substantial part, outside the United States, had reached such scope and gravity that it threatens the stability of international political and economic systems. Human rights abuse and corruption undermine the values that form an essential foundation of stable, secure, and functioning societies; have devastating impacts on individuals; weaken democratic institutions; degrade the rule of law; perpetuate violent conflicts; facilitate the activities of dangerous persons; and undermine economic markets. The United States seeks to impose tangible and significant consequences on those who commit serious human rights abuse or engage in corruption, as well as to protect the financial system of the United States from abuse by these same persons.

The U.S. Department of Homeland Security's Human Rights Violators and War Crimes Center assisted OFAC in identifying perpetrators of serious human rights abuse and corruption.

[For more information on the individuals and entities designated today.](#)

For more information on the [statement](#) and [action](#) taken by the Department of State in concert with today's sanctions.

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