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THOMAS G. BRUTON
CLERK, U.S. DISTRICT COURT

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA

v.

GLENN STEPUL, and
ANDRIY YAKIN, a/k/a "Glen Stepul"

Case No. **20CR 703**

Violations: Title 13, United States Code, Section 305(a), Title 18, United States Code, Sections 371 and 554(a); Title 22, United States Code, Sections 2278(a) and (c); Title 50, United States Code, Sections 1705(a) and (c)

COUNT ONE

JUDGE BLAKEY
Magistrate Judge Jantz

The SPECIAL MAY 2019 GRAND JURY charges:

1. At times material to this indictment:
 - a. Defendant GLENN STEPUL was a resident of Illinois and the co-owner of Company A.
 - b. Defendant ANDRIY YAKIN was a resident of Ukraine and held a Ukrainian passport.
 - c. Co-Conspirator A was a resident of Ukraine and an employee of Company B.
 - d. Company A, which maintained an office in Buffalo Grove, Illinois, was a distributor of horizontal directional drilling equipment.
 - e. Company B, which maintained an office in Kiev, Ukraine, was a purchaser of horizontal directional drilling equipment from Company A.

The International Traffic in Arms Regulations

f. To further the security and foreign policy of the United States, the Arms Export Control Act (“AECA”), Title 22, United States Code, Section 2778, authorized the President of the United States to control the export of “defense articles” from the United States.

g. Pursuant to Title 22, United States Code, Sections 2278(a) and (c) of the AECA, it was a crime to willfully violate any regulation promulgated thereunder, including the International Traffic in Arms Regulations (“ITAR”), as more fully described below.

h. Pursuant to the AECA, the U.S. Department of State promulgated the ITAR, Title 22, Code of Federal Regulations, Parts 120-130, which contained restrictions on the export of defense articles from the United States.

i. In general, the ITAR applied to articles, services, and related technical data designated as defense articles. For various national security reasons, the ITAR prohibited the export of defense articles to specific countries, absent permission from the U.S. Department of State issued in the form of an export license. The U.S. Department of State, Directorate of Defense Trade Controls (“DDTC”), maintained the United States Munitions List (“USML”), which consisted of general categories of defense articles that were controlled for export.

j. USML Categories I(a) to (d) defense articles included, among other things, “nonautomatic and semi-automatic firearms to caliber .50,” “fully automatic firearms to .50 caliber,” “firearms or other weapons...having a special

military application regardless of caliber,” and “combat shotguns,” including “any shotgun with a barrel length less than 18 inches.”

k. USML Category I(e) defense articles include, among other things, “silencers, mufflers, sound and flash suppressors” for the defense articles identified in USML Categories I(a) to (d).

l. USML Category I(f) defense articles include, among other things, “riflescopes manufactured to military specifications.”

m. USML Category I(g) defense articles include, among other things, “barrels, cylinders, receivers (frames), or complete breech mechanisms” for the defense articles identified in USML Categories I(a) to (d).

n. USML Category I(h) defense articles include, among other things, “components, parts, accessories and attachments” for the defense articles identified in USML Categories I(a) to (g).

o. Storm Lake 9-millimeter stainless steel barrels designed for use with the Glock 19 and Glock 26 pistols were on the USML under Category I(g).

p. Glock 17 and Glock 19 pistol slides were on the USML under Category I(h).

q. An export from the United States to Ukraine of defense articles assigned USML Category I(g) and (h) required a license issued by the U.S. Department of State, Directorate of Defense Trade Controls.

The Export Administration Regulations

r. The International Emergency Economic Powers Act (“IEEPA”), Title 50, United States Code, Sections 1701-1707, granted the President of the United States the authority to deal with unusual or extraordinary threats to the national security, foreign policy, or economy of the United States.

s. Pursuant to Title 50, United States Code, Sections 1705(a) and (c) of the IEEPA, it was a crime to willfully violate, attempt to violate, conspire to violate, or cause a violation of any regulation promulgated thereunder, including the Export Administration Regulations, as more fully described below.

t. The Export Administration Act of 1979, Title 50 Appendix, United States Code, Sections 2401-2420, regulated the export of goods, technology, and software from the United States. Pursuant to the Export Administration Act, the U.S. Department of Commerce promulgated the Export Administration Regulations (“EAR”), Title 15, Code of Federal Regulations, Parts 730-774, which contained restrictions on the export of goods from the United States.

u. Although the Export Administration Act lapsed in August 2001, pursuant to his authority under IEEPA, the President issued Executive Order 13222 on or about August 17, 2001. In that order, the President declared a national emergency with respect to the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States in light of the Export Administration Act’s expiration. Pursuant to the International Emergency Economic Powers Act, the President, and subsequent Presidents, ordered that the Export

Administration Regulations' provisions remain in full force and effect despite the expiration of the Export Administration Act.

v. In general, the EAR applied to goods, technology, and software that were "dual use" in nature, meaning that they had military and non-military applications. For various national security reasons, the EAR prohibited the export of certain goods and commodities to specific countries, absent permission from the U.S. Department of Commerce issued in the form of an export license. The U.S. Department of Commerce, Bureau of Industry and Security ("BIS") maintained the Commerce Control List, which consisted of general categories of goods that were controlled for export. Individual items within the Commerce Control List were identified by an Export Control Classification Number, which was known as an ECCN.

w. Before in or around March 2020, the Commerce Control List contained an entry designated as ECCN 0A987 pertaining to optical sighting devices for firearms and components.

x. The Vortex Optics Viper 4-16x50mm riflescope, model PST 416S1-M, was on the Commerce Control List and assigned ECCN 0A987.a.

y. The Leupold VX-1 3-9x40mm scope was on the Commerce Control List and assigned ECCN 0A987.a.

z. The Leupold VX-6 1-6x25mm scope was on the Commerce Control List and assigned ECCN 0A987.a.

aa. The Sightmark Ultra Dot Shot Pro Spec Night Vision QD Reflex Sight was on the Commerce Control List and assigned ECCN 0A987.c.

bb. The Sightmark 3X Tactical Magnifier Pro was on the Commerce Control List and assigned ECCN 0A987.e.

cc. Goods classified ECCN 0A987 were controlled for crime control purposes.

dd. An export from the United States to Ukraine of goods classified ECCN 0A987 required a license issued by the U.S. Department of Commerce, Bureau of Industry and Security.

The Foreign Trade Regulations

ee. The U.S. Department of Commerce, through the Foreign Trade Regulations, Title 15, Code of Federal Regulations, Part 30, required the filing of electronic export information through the Automated Export System. The purpose of the Foreign Trade Regulations was to strengthen the United States government's ability to prevent the export of certain items to unauthorized destinations and/or end users because the Automated Export System aids in targeting, identifying, and when necessary, confiscating suspicious or illegal shipments prior to exportation.

ff. Electronic export information was required to be filed for, among other things, all exports subject to the EAR or the ITAR that require an export license, regardless of value or destination.

gg. The electronic export information filed in the Automated Export System was required to contain, among other things, the names and addresses of all

the parties to the transaction, country of ultimate destination, and a description, quantity, and value of the items exported, pursuant to Title 15, Code of Federal Regulations, Part 30.6(a). Prior to October 1, 2008, exporters were required to submit the same information in a paper document called a Shipper's Export Declaration. The electronic export information filed in the Automated Export System also was required, when applicable, to include the license authority for the export and: (i) the ECCN assigned to the goods being exported pursuant to the EAR; and/or (ii) the USML Category assigned to the defense article being exported pursuant to the ITAR.

2. At no time did STEPUL, YAKIN, Co-Conspirator A, Company A, or Company B apply for or obtain a license from the U.S. Department of State, Directorate of Defense Trade Controls, to export from the United States to Ukraine defense articles listed under USML Category I.

3. At no time did STEPUL, YAKIN, Co-Conspirator A, Company A, or Company B apply for or obtain a license from the U.S. Department of Commerce, Bureau of Industry and Security to export from the United States to Ukraine goods listed under ECCN 0A987.

4. Beginning no later than in or around March 2014, and continuing until at least in or around January 2016, in the Northern District of Illinois, Eastern Division, and elsewhere,

GLENN STEPUL, and
ANDRIY YAKIN, a/k/a "Glen Stepul,"

defendants herein, conspired with Co-Conspirator A, and with others known and unknown to the Grand Jury to:

a. commit an offense against the United States, namely, to willfully and knowingly violate licenses, orders, regulations, and prohibitions issued under the Arms Export Control Act, Title 22, United States Code, Section 2778, namely, defendants exported, sold, and supplied, attempted to export, sell, and supply, and attempted to cause to be exported, sold, and supplied, directly and indirectly, from the United States, defense articles, including, Glock 17 and Glock 19 pistol slides and Storm Lake 9-millimeter stainless steel barrels designed for use with the Glock 19 and Glock 26 pistols, to Ukraine, without first obtaining the required authorization from the U.S. Department of State, Directorate of Defense Trade Controls, in violation of Title 22 United States Code, Section 2278(a), and Title 22, Code of Federal Regulations, Parts 121.1, 122.1, and 127.1(a)(1); and

b. commit an offense against the United States, namely, to willfully and knowingly violate, attempt to violate, and attempt to cause a violation of, licenses, orders, regulations, and prohibitions issued under the International Emergency Economic Powers Act, Title 50, United States Code, Sections 1701 to 1707, namely, defendants exported, sold, and supplied, attempted to export, sell, and supply, and attempted to cause to be exported, sold, and supplied, directly and indirectly, from the United States, goods, including a Leupold VX-1 3-9x40mm scope; a Leupold VX-6 1-6x25mm scope; a Sightmark Ultra Dot Shot Pro Spec Night Vision QD Reflex Sight; a Sightmark 3X Tactical Magnifier Pro; and a Vortex Optics Viper 4 16x50mm riflescope, model PST 416S1-M, to Ukraine, without first obtaining the required authorization from the U.S. Department of Commerce, Bureau of Industry

and Security, in violation of Title 50 United States Code, Section 1705(a), and Title 15, Code of Federal Regulations, Parts 730.7, 734.3, 734.13, 736.2, 738, and 764.2; and

c. defraud the United States by impairing, impeding, and obstructing the lawful government functions of the U.S. Department of Commerce and U.S. Department of State.

MANNER AND MEANS OF THE CONSPIRACY

5. It was part of the conspiracy that defendants STEPUL and YAKIN, Co-Conspirator A, and others conspired to export U.S.-origin defense articles and dual-use goods from the United States to Ukraine without a license issued by the U.S. Department of Commerce or U.S. Department of State by fraudulently identifying defendant STEPUL as the purchaser, recipient, and/or intended end-user of such items, all for the purpose of evading U.S. export laws and regulations.

6. It was further part of the conspiracy that defendants STEPUL and YAKIN, Co-Conspirator A, and others communicated regarding the export and attempted export of products from the United States to Ukraine through various email accounts and the Viber messaging application.

7. It was further part of the conspiracy that defendant YAKIN maintained Amazon, eBay, Gmail, and PayPal accounts for the purpose of posing as STEPUL and ordering U.S.-origin defense articles and dual-use goods and directing shipment of those items to STEPUL at Company A's address in Buffalo Grove, Illinois.

8. It was further part of the conspiracy that defendants STEPUL and YAKIN made and caused to be made false representations that defendant STEPUL was the purchaser, recipient, and/or intended end-user of such items that YAKIN was ordering online.

9. It was further part of the conspiracy that defendant STEPUL agreed to receive and maintain items purchased online, including defense articles and dual-use goods, on behalf of Co-Conspirator A at his business in Buffalo Grove, Illinois.

10. It was further part of the conspiracy that defendants STEPUL and YAKIN, Co-Conspirator A, and others shipped and caused to be shipped from Company A's address in Buffalo Grove, Illinois, to Co-Conspirator A at an address in Kiev, Ukraine, parcels containing defense articles and dual-use goods that defendant YAKIN had ordered online and which defendant STEPUL commingled and concealed inside shipments of horizontal directional drilling equipment from Company A to Company B.

11. It was further part of the conspiracy that defendants STEPUL and YAKIN, Co-Conspirator A, and others, submitted and caused the submission of false documents and shipping information to the U.S. government regarding the export and attempted export of defense articles and dual-use goods without a license issued by the U.S. Department of Commerce or U.S. Department of State.

12. It was further part of the conspiracy that defendants STEPUL and YAKIN, Co-Conspirator A, and others concealed, misrepresented, and hid and caused to be concealed, misrepresented, and hidden, the existence and purpose of the conspiracy and the acts done in furtherance of the conspiracy.

OVERT ACTS

13. In furtherance of this conspiracy, and to accomplish its objects and purposes, defendants STEPUL, YAKIN, and Co-Conspirator A, committed and caused to be committed the following overt acts, among others, in the Northern District of Illinois, and elsewhere:

September 2014 shipment

a. On or about August 19, 2014, defendant YAKIN placed an online order for a U.S.-origin Leupold VX-6 1-6x25mm scope and directed shipment of that item to STEPUL at Company A's business address in Buffalo Grove, Illinois.

b. On or about September 3, 2014, defendant YAKIN placed an online order for a U.S.-origin Leupold VX-1 3-9x40mm scope and directed shipment of that item to STEPUL at Company A's business address in Buffalo Grove, Illinois.

c. On or about September 3, 2014, defendant YAKIN placed an online order for a U.S.-origin Sightmark Ultra Dot Shot Pro Spec Night Vision QD Reflex Sight and Sightmark 3X Tactical Magnifier Pro directed shipment of those items to STEPUL at Company A's business address in Buffalo Grove, Illinois..

d. On or about September 3, 2014, defendant YAKIN placed an online order for U.S.-origin Storm Lake 9-millimeter stainless steel barrels designed

for use with the Glock 19 and Glock 26 pistols and directed shipment of that item to STEPUL at Company A's business address in Buffalo Grove, Illinois.

e. On or about September 4, 2014, defendant YAKIN placed an online order for U.S.-origin Glock 17 and Glock 19 pistol slides and directed shipment of that item to STEPUL at Company A's business address in Buffalo Grove, Illinois.

f. On or about September 10, 2014, defendant STEPUL shipped and caused to be shipped by air a parcel to Co-Conspirator A at an address in Kiev, Ukraine, containing the items listed above that YAKIN had ordered online and shipped to STEPUL at Company A's business address in Buffalo Grove, Illinois ("the September 2014 shipment"). In connection with the September 2014 shipment, defendant STEPUL completed and caused to be completed a customs declaration falsely describing the items inside the parcel as "household goods," "cosmetics," "toys," "stationary," and "cassettes."

g. On or about April 2, 2015, defendant STEPUL emailed to Co-Conspirator A a letter that defendant STEPUL had received from customs officials in Lviv, Ukraine, regarding seizure of the September 2014 shipment.

h. On or about June 18, 2015, Co-Conspirator A emailed to YAKIN the letter from Ukrainian customs officials regarding seizure of the September 2014 shipment that Co-Conspirator A had received from defendant STEPUL.

February 2015 shipment

i. On or about February 2, 2015, defendant YAKIN placed an online order for a U.S.-origin Vortex Optics Viper 4-16x50mm riflescope, model PST-416S1-

M (“Vortex Scope”), and directed shipment of that item to STEPUL at Company A’s business address in Buffalo Grove, Illinois.

j. On or about February 12, 2015, Co-Conspirator A sent a Viber message to defendant STEPUL containing the following instructions: “Ship a rifle scope in my name via USPS.”

k. On or about February 13, 2015, defendant STEPUL caused to be shipped the Vortex Scope from a U.S. post office in Buffalo Grove, Illinois, to Co-Conspirator A at an address in Kiev, Ukraine. In connection with that shipment, defendant STEPUL caused to be completed a United States Postal Service Customs Declaration and Dispatch Note falsely describing the Vortex Scope as a “telescope” valued at approximately \$45 U.S. dollars.

l. Shortly thereafter, defendant STEPUL directed one of his contract workers at Company A to follow up with USPS regarding the status of the Vortex Scope shipment and learned that the shipment had been seized.

m. On or about May 7, 2015, Co-Conspirator A sent a Viber message to defendant STEPUL containing the following instructions: “Please request information from USPS about when they will return the device, let them give some paper that it is in their possession. They try to arrest me here for it. They think I stole it.”

n. On or about May 14, 2015, at Co-Conspirator A’s request, defendant STEPUL created a fake USPS letter stating that the Vortex Scope had been shipped on April 27, 2015, and was being held at customs for additional review.

o. On or about May 15, 2015, defendant STEPUL emailed to Co-Conspirator A a copy of the fake USPS letter that defendant STEPUL had created.

p. On or about September 3, 2015, defendant STEPUL sent a Viber message to Co-Conspirator A that contained an update on his communications with USPS regarding the seizure of the Vortex Scope.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

The SPECIAL MAY 2019 GRAND JURY further charges:

1. Paragraphs 1 and 2 of Count One are incorporated here.
2. On or about September 10, 2014, at Buffalo Grove, in the Northern

District of Illinois, Eastern Division, and elsewhere,

GLENN STEPUL,

defendant herein, willfully and knowingly violated licenses, orders, regulations, and prohibitions issued under the Arms Export Control Act, Title 22, United States Code, Section 2778, namely, defendants exported, sold, and supplied, directly and indirectly, from the United States, defense articles, namely, Glock 17 and Glock 19 pistol slides and Storm Lake 9-millimeter stainless steel barrels designed for use with the Glock 19 and Glock 26 pistols, to Ukraine, without first obtaining the required authorization from the U.S. Department of State, Directorate of Defense Trade Controls;

In violation of Title 22, United States Code, Section 2278(a), and Title 22, Code of Federal Regulations, Parts 121.1 and 127.1(a)(1).

COUNT THREE

The SPECIAL MAY 2019 GRAND JURY further charges:

3. Paragraphs 1 and 3 of Count One are incorporated here.

4. On or about September 10, 2014, at Buffalo Grove, in the Northern District of Illinois, Eastern Division, and elsewhere,

GLENN STEPUL,

defendant herein, willfully and knowingly violated, and attempted to cause a violation of, licenses, orders, regulations, and prohibitions issued under the International Emergency Economic Powers Act, Title 50, United States Code, Sections 1701 to 1707, namely, defendants attempted to export, sell, and supply, and attempted to cause to be exported, sold, and supplied, directly and indirectly, from the United States, goods, namely, a Leupold VX-1 3-9x40mm scope; a Leupold VX-6 1-6x25mm scope; a Sightmark Ultra Dot Shot Pro Spec Night Vision QD Reflex Sight; and a Sightmark 3X Tactical Magnifier Pro, to Ukraine, without first obtaining the required authorization from the U.S. Department of Commerce, Bureau of Industry and Security;

In violation of Title 50, United States Code, Section 1705(a), and Title 15, Code of Federal Regulations, Parts 736.2 and 764.2.

COUNT FOUR

The SPECIAL MAY 2019 GRAND JURY further charges:

1. Paragraphs 1 and 3 of Count One are incorporated here.

2. On or about February 13, 2015, at Buffalo Grove, in the Northern District of Illinois, Eastern Division, and elsewhere,

GLENN STEPUL,

defendant herein, willfully and knowingly violated, and attempted to cause a violation of, licenses, orders, regulations, and prohibitions issued under the International Emergency Economic Powers Act, Title 50, United States Code, Sections 1701 to 1707, namely, defendants attempted to export, sell, and supply, and attempted to cause to be exported, sold, and supplied, directly and indirectly, from the United States, goods, namely, a Vortex Optics Viper 4-16x50mm riflescope, model PST 416S1-M, to Ukraine, without first obtaining the required authorization from the U.S. Department of Commerce, Bureau of Industry and Security;

In violation of Title 50, United States Code, Section 1705(a), and Title 50, Code of Federal Regulations, Parts 736.2 and 764.2.

COUNT FIVE

The SPECIAL MAY 2019 GRAND JURY further charges:

1. Paragraphs 1 and 2 of Count One are incorporated here.

2. On or about September 10, 2014, at Buffalo Grove, in the Northern District of Illinois, Eastern Division, and elsewhere,

GLENN STEPUL,

defendant herein, fraudulently and knowingly exported and sent from the United States, and attempted to export and send from the United States, the following merchandise, article, or object, namely, Glock 17 and Glock 19 pistol slides; a Leupold VX-1 3-9x40mm scope; a Leupold VX-6 1-6x25mm scope; a Sightmark Ultra Dot Shot Pro Spec Night Vision QD Reflex Sight; a Sightmark 3X Tactical Magnifier Pro; and Storm Lake 9-millimeter stainless steel barrels designed for use with the Glock 19 and Glock 26 pistols, contrary to any law or regulation of the United States, and knowing the same to be intended for exportation contrary to any law or regulation of the United States;

In violation of Title 18, United States Code, Sections 554 and 2.

COUNT SIX

The SPECIAL MAY 2019 GRAND JURY further charges:

1. Paragraphs 1 and 3 of Count One are incorporated here.

2. On or about February 13, 2015, at Buffalo Grove, in the Northern District of Illinois, Eastern Division, and elsewhere,

GLENN STEPUL,

defendant herein, fraudulently and knowingly exported and sent from the United States, and attempted to export and send from the United States, the following merchandise, article, or object, namely, a Vortex Optics Viper 4-16x50mm riflescope, model PST 416S1-M, contrary to any law or regulation of the United States, and knowing the same to be intended for exportation contrary to any law or regulation of the United States;

In violation of Title 18, United States Code, Sections 554 and 2.

COUNT SEVEN

The SPECIAL MAY 2019 GRAND JURY further charges:

1. Paragraph 1 of Count One is incorporated here.
2. On or about February 13, 2015, at Buffalo Grove, in the Northern District of Illinois, Eastern Division, and elsewhere,

GLENN STEPUL,

defendant herein, knowingly and willfully failed to file export information through the Shippers Export Declaration and Automated Export System, in that defendant stated and represented, and caused to be stated and represented, in a United States Postal Service Customs Declaration and Dispatch Note that an export shipment addressed to Co-Conspirator A in Ukraine contained a “telescope” when, in fact, defendant knew the shipment contained a Vortex Optics Viper 4-16x50mm riflescope, model PST 416S1-M, requiring a U.S. Department of Commerce, Bureau of Industry and Security license;

In violation of Title 13, United States Code, Section 305(a)(1), and Title 15, Code of Federal Regulations, Parts 30.3 and 30.16.

A TRUE BILL:

FOREPERSON

Steven J. Dollear on behalf of the
UNITED STATES ATTORNEY