

DEPARTMENT OF COMMERCE

Bureau of Industry and Security

Order Denying Export Privileges; In the Matter of: Naum Morgovsky, Currently Incarcerated at: Inmate Number: 92623-111, FMC Fort Worth Federal Medical Center, P.O. Box 15330, Fort Worth, TX 76119, and With an Address at: 1423 Avondale Road, Hillsborough, CA 94010

On November 13, 2018, in the U.S. District Court for the Northern District of California, Naum Morgovsky was convicted of violating section 38 of the Arms Export Control Act (22 U.S.C. 2778) (“AECA”).¹ Specifically, Naum Morgovsky was convicted of, among other things, knowingly and willfully and intentionally conspiring to export components for the production of night-vision and thermal devices designated as defense articles on the United States Munitions List from the United States to Russia, without having first obtained from the Department of State a license for such export or written authorization for such export. As a result of his conviction, the Court sentenced Naum Morgovsky to 108 months in prison, supervised release for three years, a criminal fine of \$1,000,000 and a \$300 assessment.

Pursuant to section 1760(e) of the Export Control Reform Act (“ECRA”), the export privileges of any person who has been convicted of certain offenses, including, but not limited to, section 38 of the AECA, may be denied for a period of up to ten (10) years from the date of his/her conviction. See 50 U.S.C. 4819(e). In addition, any Bureau of Industry and Security (“BIS”) licenses or other authorizations issued under ECRA, in which the person had an interest at the time of the conviction, may be revoked. *Id.*

BIS received notice of Naum Morgovsky’s conviction for violating section 38 of the AECA. BIS provided notice and opportunity for Naum Morgovsky to make a written submission to BIS, as provided in section 766.25 of the Export Administration Regulations (“EAR” or the “Regulations”). 15 CFR 766.25.² BIS has not received a written submission from Naum Morgovsky.

Based upon my review of the record and consultations with BIS’s Office of Exporter Services, including its

Director, and the facts available to BIS, I have decided to deny Naum Morgovsky’s export privileges under the Regulations for a period of 10 years from the date of Naum Morgovsky’s conviction. The Office of Exporter Services has also decided to revoke any BIS-issued licenses in which Naum Morgovsky had an interest at the time of his conviction.³

Accordingly, it is hereby *ordered*:

First, from the date of this Order until November 13, 2028, Naum Morgovsky, with last known addresses of: currently incarcerated at: Inmate Number: 92623-111, FMC Fort Worth, Federal Medical Center, P.O. Box 15330, Fort Worth, TX 76119, and with an address at: 1423 Avondale Road, Hillsborough, CA 94010, and when acting for or on his behalf, his successors, assigns, employees, agents or representatives (“the Denied Person”), may not directly or indirectly participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as “item”) exported or to be exported from the United States that is subject to the Regulations, including, but not limited to:

A. Applying for, obtaining, or using any license, license exception, or export control document;

B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or engaging in any other activity subject to the Regulations; or

C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or from any other activity subject to the Regulations.

Second, no person may, directly or indirectly, do any of the following:

A. Export, reexport, or transfer (in-country) to or on behalf of the Denied Person any item subject to the Regulations;

B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United

States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;

C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;

D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or

E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

Third, pursuant to section 1760(e) of ECRA (50 U.S.C. 4819(e)) and sections 766.23 and 766.25 of the Regulations, any other person, firm, corporation, or business organization related to Naum Morgovsky by ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business may also be made subject to the provisions of this Order in order to prevent evasion of this Order.

Fourth, in accordance with part 756 of the Regulations, Naum Morgovsky may file an appeal of this Order with the Under Secretary of Commerce for Industry and Security. The appeal must be filed within 45 days from the date of this Order and must comply with the provisions of part 756 of the Regulations.

Fifth, a copy of this Order shall be delivered to Naum Morgovsky and shall be published in the **Federal Register**.

Sixth, this Order is effective immediately and shall remain in effect until November 13, 2028.

John Sonderman,

Director, Office of Export Enforcement.

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¹ The U.S. Court of Appeals for the Ninth Circuit affirmed the conviction on September 22, 2020.

² The Regulations are currently codified in the Code of Federal Regulations at 15 CFR parts 730-774 (2022).

³ The Director, Office of Export Enforcement, is the authorizing official for issuance of denial orders, pursuant to recent amendments to the Regulations (85 FR 73411, November 18, 2020).