



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

Clay C. Scott, Jr.  
7501 Inwood Road  
Box 7569  
Dallas, Texas 75209

APR 28 2006

Re: Richard Chichakli, FAC No. LB-273016

Dear Mr. Scott:

I write to inform you that, in response to Mr. Chichakli's requests for reconsideration on April 27 and 28, 2005, and your supplement to that request dated June 23, 2005, OFAC has considered: (1) the initial designation memorandum and supporting exhibits; (2) all communications between Mr. Chichakli or your office and OFAC, including submissions made in support of Mr. Chichakli's petition for reconsideration of his designation; (3) statements Mr. Chichakli has made on his website, [www.chichakli.com](http://www.chichakli.com); and (4) additional unclassified and classified information OFAC has obtained. The additional unclassified material OFAC has obtained and reviewed in response to Mr. Chichakli's petition for reconsideration is attached to this letter.

On April 26, 2005, Mr. Chichakli was designated as a Specially Designated National pursuant to Executive Order 13348. He was designated on the basis of his acting, or purporting to act, for or on behalf of, directly or indirectly, Viktor Bout, an individual included in the Annex to Executive Order 13348.

In his petition for reconsideration, Mr. Chichakli contends that his designation was improper because:

- "he has never acted for or on behalf of Mr. Bout, nor has he purported to, either directly or indirectly."
- "(he) and Viktor Bout are acquaintances of several years, but that they have never been in business together."
- "neither Mr. Chichakli nor any of the designated entities that are or were related to Mr. Chichakli has ever been owned or controlled by Viktor Bout."
- "Mr. Chichakli was not an owner, director, officer, or employee of any of the entities that Viktor or Sergei Bout operated."

However, the above-referenced materials contradict these assertions. First, this evidence shows that Mr. Chichakli and at least one of his companies established and maintained credit cards with sub-accounts for Viktor Bout and his wife, Alla. (Tabs 9, 10) The bills for these cards were paid from Mr. Chichakli's corporate accounts. (Tabs 9, 33) At least one such card remained open until December 2004. (Tab 11)

Second, this evidence shows that Mr. Chichakli established a non-profit entity for Viktor Bout called the Central African Development Fund (CADF). The Articles of Incorporation for this organization show Viktor Bout, Alla Bout, and Mr. Chichakli as directors of CADF, and the Year 2000 IRS filing by CADF shows Victor Bout as Chairman of the Board of Directors, with Mr. Chichakli serving as President and CFO. (Tabs 12, 55) This organization remains active at an address registered to Mr. Chichakli. (Tab 12) Additional documentation indicates that Viktor Bout was actively engaged with the activities of CADF. (Tab 37)

Third, the attached evidence shows Mr. Chichakli having engaged in substantial business activity with Viktor Bout. On his website, Mr. Chichakli states that he set up San Air General Trading for Viktor Bout in April 2000 at Mr. Bout's request for the purpose of manufacturing aircraft panels. Although he admits that he formed the company for Bout (in addition to serving as President, Director and Registered Agent for the company), Mr. Chichakli seeks to minimize the importance of his activities by stating that:

- The company never engaged in any business after completing the registration.
- The company never engaged in any aviation business or had any relations to Viktor's on-going businesses in Africa, UAE, or elsewhere.
- The company never participated in any commercial transaction, nor had ever received compensation, payments or fund from any sources.

(Tab 46). Despite these claims, OFAC is in possession of San Air invoices to the Minister of Defense of Cote d'Ivoire for aircraft, armaments, crew, spare parts and other items totaling \$3.8 million. (Tab 56) OFAC is also in possession of a San Air business letter dated 15 August 2001 from Sergei Denissenko (an individual designated by OFAC in April 2005 along with Mr. Chichakli)<sup>1</sup> and S(anjivan) Ruprah (designated in the Annex to E.O. 13348 in July 2004)—as officers of San Air General Trading—to the Minister of Defense of the Democratic Republic of Congo requesting a large payment (USD 2,220,000) for the leasing of an aircraft by the Ministry of Defense. (Tab 49) Thus, despite Mr. Chichakli's claims, this evidence indicates that San Air was, in fact, an active business that generated substantial revenue for Viktor Bout.

Fourth, Mr. Chichakli's own resume, a document featured in the original evidentiary memorandum supporting Mr. Chichakli's designation, sets forth the significant business Mr. Chichakli was engaged in with, and on behalf of, Viktor Bout and companies that Mr. Bout controlled. (Tab 26) This resume identifies Mr. Chichakli as the controller and chief financial officer for Air Cess, Air Pass, Metavia, and Centrafican Airlines, all companies Mr. Chichakli himself has identified as belonging to Viktor Bout. (Tabs 45-47) Mr. Chichakli's own description of his responsibilities with Air Cess, Air Pass, Metavia, and/or Centrafican Airlines includes:

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<sup>1</sup> Denissenko's name also appears as a member of the board of directors for the Texas version of San Air General Trading.

- "Leading, directing, staffing, coordinating, controlling, monitoring and evaluating day-to-day financial and accounting operations and customer service. Also monitored share performance, liquidity, and investment funds, and managed revenue generation, billing, and collection activities.
- Responsible for directing the accounting, financial, and reporting activities including budgeting, financial and economics analysis, public reporting, funds management, and financial resources development.
- Responsible for providing the overall supervision of the Corporate Financial Information system, including the acquisition and deployment of the EDP equipment."

(Tab 26)

Mr. Chichakli has alleged that the resume used in the original evidentiary was false. However, an identical resume obtained by federal law enforcement officials from their April 26, 2005 search of Mr. Chichakli's office in Richardson, TX, and made available to OFAC, contradicts this assertion. *Id.* This resume bears a print date of November 1, 2004. Mr. Chichakli's possession of an identical resume, more than six months before he was designated, strongly suggests that the resume was not a fabrication, as Mr. Chichakli suggests, but his own, and that he held the offices listed there.

Fifth, OFAC has obtained documentation from Deirdre Ward, a former business partner of Viktor Bout in South Africa, providing detailed information about Mr. Bout's operations there. (Tab 53) In this documentation, Ms. Ward states that Viktor Bout made plans to set up a "Free Zone" in South Africa similar to the one Mr. Chichakli set up in the UAE, and "imported" Mr. Chichakli to South Africa as a hired consultant for this purpose.

OFAC also obtained from Ms. Ward credit card statements for an American Express card held by Petersberg Aviation Services (aka Air Pass), a Viktor Bout front company and alter ego of Air Cess. These statements show several payments made by the company to Mr. Chichakli in 1998. These payments contradict Mr. Chichakli's claim that he never worked for Viktor Bout as well as his statements that he had "no relation to Air Cess." (Tab 53)

In addition, other documents recovered from Mr. Chichakli's office appear to record services he performed for Air Cess, supporting the statements made on his resume and contradicting his website claims denying any relation to Air Cess. These include an annual renewal notice (#25150921, dated 13 July 2000) for a web address called "aircess.com" from Network Solutions, a webhosting firm based in Herndon, Virginia. The bill was sent to Richard Chichakli, care of AirCess Aviation at 225 Syracuse Pl., Richardson, Texas. (Tab 20) A second communication from Network Solutions (no date), again addressed to Mr. Chichakli, indicated that renewal fees for the web address "aircess.com" had been paid in full for 2 years. (Tab 21)

Sixth, OFAC has additional evidence contradicting Mr. Chichakli's assertion in his petition for reconsideration that he "was not an owner, director, officer, or employee

of any of the entities that Viktor and Sergey Bout operated." As an initial matter, Mr. Chichakli himself contradicts his denials of such a relationship within the same petition for reconsideration when he "freely acknowledges that he and Sergey Bout [an individual also designated as a Specially Designated National on April 26, 2005] were business partners in the operation of Airbus Transportation." (Tab 32) As stated above, Mr. Chichakli is also identified in the public listings for San Air General Trading, LLC, a company Chichakli admits he created for Viktor Bout, as the current president, registered agent, member manager, and member of the board. (Tab 46) Similarly, Mr. Chichakli is identified as a board member of CADF, along with Viktor Bout. (Tabs 12, 55)

Seventh, Mr. Chichakli continues to hold himself out as a spokesman and intermediary for Viktor Bout. Both on his public website and in correspondence from your office dated November 1, 2005, Mr. Chichakli has offered to "produce" Viktor Bout for a proposed meeting with Treasury and Department of Justice officials. (Tabs 59, 60)

Finally, Mr. Chichakli has consistently – and publicly – demonstrated intimate knowledge of Viktor Bout's business operations. In particular, Mr. Chichakli has made the following statements on his website;

- "To the best of my knowledge Victor Bout owned, or held interest directly or indirectly in Transavia Cargo, Air Cess, AirPass, Metavia Airlines, Centrafrican Airlines, CET Aviation, Sun Air FZE, TAN Group, and San Air General Trading, Inc."
- "Victor also owned and/or held interest directly or indirectly in other businesses including the creation of a technical college in South Africa, food packing facility in Congo, and cold-storage and distribution centre in Northern South Africa. The non-aviation related businesses provided services to the community where they were located, and employed hundreds of locals in several African countries, where employment is a rare commodity."
- "How can they miss one of only two domestic carriers in South Africa? They did, because they unquestionably relied on the fabrications of Johan Peleman, so they missed METAVIA AIRLINES! No single one has mentioned Metavia, the largest aviation project that had ever been taken by Viktor Bout, the largest amount of cash invested, highest number of employees, largest loss, and...no one even mentioned it? Go figure!"
- "The other-than-aviation businesses Victor got involved in is the telecommunication business, where he started a Swaziland-registered telecom business involving the creation and deployment of a large cellular network in Swaziland, with extensions (roaming service) all the way north and south. The project was large enough for Ernst & Young to be involved? However, the developments that followed the publishing of Peleman's UN report in 2000 caused the collapse of the venture, and that was the second biggest loss Victor suffered prior to the total collapse of his businesses."

(Tab 46)

That Mr. Chichakli would have the knowledge and understanding of Viktor Bout and his operations evident from the above statements only underscores OFAC's original determination that Mr. Chichakli acts or has acted as an employee of, or business partner with, Mr. Bout. Mr. Chichakli also has posted on his website an imaged document that Mr. Chichakli states is a handwritten (by Viktor Bout himself) list of Mr. Bout's fleet at its peak of operations (no date indicated). The list details the following aviation assets:

- 3 Antonov AN-8 cargo aircraft
- 2 Antonov AN-12 cargo aircraft
- 4 Antonov AN-32 cargo aircraft
- 2 Antonov AN-72 cargo aircraft
- 2 Ilyushin IL-76 cargo aircraft
- 1 Tupolev TU-154 passenger aircraft
- 1 Ilyushin IL-62 passenger aircraft
- 8 Ilet L-410 passenger aircraft
- 2 Mil MI-8 passenger/cargo helicopters (Tab 52)

Here again, Mr. Chichakli's possession of detailed information about the composition of Bout's fleet supports OFAC's original determination that Mr. Chichakli acts or has acted as an employee of, or business partner with, Mr. Bout.

Taken together, the information provided to and obtained by OFAC to date contradicts Mr. Chichakli's assertions about his relationship to Viktor Bout and suggests that Mr. Chichakli was properly designated as an individual who acts or purports to act for or on behalf of, directly or indirectly, Viktor Bout, an individual designated in E.O. 13348.

If, in response to this letter, your client has additional material he would like OFAC to evaluate prior to making its final determination, OFAC will accept any such material received by April 21, 2006. Any such response to this notice should be directed to the Director, Office of Foreign Assets Control, U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW, Washington, DC 20220.

Sincerely,



Barbara C. Hammerle  
Acting Director  
Office of Foreign Assets Control

Enclosures