

Viktor Bout's Gunrunning Successors: A Lethal Game of Catch Me if You Can

Brokering Controls Required in the Arms Trade Treaty to Regulate Arms Middlemen

Introduction

In April 2012, convicted international arms trafficker Viktor Bout, dubbed the "Lord of War," was sentenced to 25 years in a U.S. prison for charges of terrorism.¹ In the wake of Bout's downfall, commonly asked questions have been: What will happen to Viktor Bout's billion-dollar arms empire?² Will someone else step in to fill his shoes? If so, who?

In order to answer the questions around what next for Viktor Bout's former weapons delivery networks, we set out on an investigative trail with a three-fold aim: to document the longevity and adaptability of holdovers from Bout's war profiteering business; to illuminate how they go about setting up an arms and military material supply chain; and lastly, to demonstrate the loopholes and gaps Arms Trade Treaty (ATT) negotiators would need to close if they are sincere about curtailing the activities of the illicit middlemen.³

What we discovered was a live network of former Viktor Bout associates who had assembled on the Indian Ocean island of Mauritius to prepare a new launching pad for gunrunning to UN-embargoed countries. From Iran, through United Arab Emirates, to their new base in Mauritius, with tentacles stretching to the Democratic Republic of the Congo and Sudan, this network was awaiting a Mauritius aviation certificate to initiate their new clandestine trafficking activities.

Leading the charge were two Russians, Andrei Kosolapov and Sergey Denisenko, both under U.S. watch.⁴

Kosolapov reportedly is on a visa watch list, and has been refused entry onto U.S. soil.⁵ Sergey Denisenko is currently on a U.S. Specially Designated Nationals List (SDN) due to his close partnership with Viktor Bout as well as his former sanctions-busting activities in Liberia.⁶ U.S. entities are banned from dealing with those whose name appears on the SDN list, a prohibition enforced by the U.S. Department of Treasury.

The enterprise was able to circumvent U.S. sanctions in an attempt to acquire American aircraft without divulging Iran as one of the ultimate destinations, another potential violation of U.S. law.⁷

Besides the spectrum of American individuals and companies, the traffickers supporting cast included Finnish, British, Australian, Mauritian, and South African individuals and firms who wittingly or unwittingly could be considered complicit for financing, sourcing, leasing, piloting, or servicing the traffickers' aircraft operations.

Motivated by money and lavish lifestyles, the orchestrators of this smuggling network had already undertaken elaborate measures to conceal their activities and evade accountability. This was made all too easy by the uneven domestic laws and lack of uniform international standards

for the trade in conventional weapons as well as gaps in international enforcement and cooperation.

However, despite the network’s best attempts at concealment, we were able to pinpoint some of their illicit activities by following an extensive paper trail and conducting field research in UAE, Mauritius, and South Africa. We also contacted a host of players directly involved in Europe, Africa, and the U.S. Our information is based on the collection and review of public records, government documents, court filings and other documentary evidence, as well as our interviews of business associates, eye-witnesses, government officials, and aviation experts.

Concerned for the security of our mission and witnesses, and in the timely interests of preventing Bout’s former lieutenants from activating their clandestine enterprise on a new Indian Ocean frontier, we shared our findings with Mauritius and U.S. authorities in June-July 2012. One result is that the Mauritius authorities have denied the orchestrators of the network an Air Operation Certificate (AOC).⁸

The denial of an AOC is a serious blow to the operational capacity of the network; however, it remains to be seen whether multi-jurisdictional criminal investigations will be launched. What is disconcerting is how dangerously close the network had come to activating their lethal arms transport business by exploiting existing legal loopholes. Our case study spotlights the classic techniques arms traffickers use to conceal and conduct their illicit business.

The Syrian regime’s civilian massacres, Sudan’s bombing raids into Southern Sudan, the militant take-over of Northern Mali, and the recent conflagration in eastern Democratic Republic of the Congo are only some of the reasons for closing the legal gaps by including strong brokering controls in the Arms Trade Treaty.

Background – The Arms Brokers

Shadowy arms merchants operating in conflict zones continue to elude accountability despite the concerted efforts of United Nations sanctions monitoring teams and determined law enforcement officials. Viktor Bout operated with impunity for well over a decade until the U.S.

launched a costly sting operation resulting in his arrest in March 2008.

Communal will to rein in elusive traffickers requires a defining international system—a robust global registration and licensing regime for arms brokers. Such a legally-binding system would assist in separating out the legitimate weapons dealers from the rogue operators that enable war and atrocities and violations of international law in hot spots around the globe.

What is an Arms Broker?

The technical term ‘brokers’ refers to the arms middlemen—the support bridge between the weapons suppliers and the end-user clients. A robust definition includes the entire cast of intermediaries facilitating an arms trade transaction, such as dealers, transporters, financial entities, insurance agents, and holding company managers.

The historic opportunity to put in place strict international controls on arms brokers is upon us. World leaders are engaged in negotiations under UN auspices to finalize the first-ever conventional Arms Trade Treaty (ATT).⁹ Although the draft ATT calls upon states to regulate brokering, the proscription would be ineffectual if it remained in its present form:

“Each State Party shall take the appropriate measures, within its national laws, to regulate brokering taking place under its jurisdiction for conventional arms under the scope of this Treaty. Such controls may require brokers to register or obtain written authorization before engaging in brokering transactions.”¹⁰

The above draft text does little to close existing legislative loopholes or smooth out uneven domestic laws, thus failing to meet the ATT’s stated goals and objectives of setting the highest possible international standard.¹¹

It remains to be seen whether nations exercise the political and moral will to adopt the instruments required, such as a compulsory international registration and licensing scheme with extraterritorial reach; a robust definition of arms broker that includes transporters, financial agents, and holding companies; and the

criminalization of breaches with corresponding penalties. For far too long, states have pinned their reluctance on the shallow excuse that regulating a new set of actors in the arms trade will result in too burdensome paperwork.

The precise number of illegal operators ready to take the place of Viktor Bout is not known. By nature, the black market arms trade operates underground, and even governments are non-transparent as to the scale of their legal trade in conventional armaments.¹²

To complicate matters, arms traffickers sometimes engage in barter transactions in order to remain outside the formal banking system and thus avert the freezing of their assets, preferring instead to exchange arms for diamonds, gold, tantalite, and other valuable natural resources or for cash profits from easily smuggled everyday commodities.¹³ As shown below, traffickers often rely on money-laundering, fraud, and other financial crimes to disguise illicit dealings.¹⁴

However, any additional administrative burden would be a small price to pay compared to cleaning up the continuous and catastrophic impact of successful illicit weapons pipelines: taxpayers' bills for vast UN peacekeeping operations, the enormity of funds required to rebuild bombed out, war-torn regions, and most importantly, the political, moral, and humanitarian costs in unsaved civilian lives.

The reality is that powerful governments benefit from remaining non-transparent about their arms transfers, thus intentionally mystifying the arms trade. Since they depend on clandestine actors to carry out national security operations or other geopolitical objectives, the more obscure these covert operations the better. And some governments consider international loopholes advantageous as these permit them to reap the economic benefits that arms brokers may provide while looking away from the atrocities being committed by the end-users being supplied.

These government rationales run counter to the disastrous results. As has been consistently demonstrated, covert arms dealers often work both sides of conflicts resulting in blowback for both the sponsoring government and their proxies. And, regardless how lucrative for a limited number of benefactors, illicit arms brokers usually spur

organized crime and corruption and undermine rule of law, which costs society as a whole.

The downside of the usual official excuses came into sharp focus during our search for Viktor Bout's successors, which began in May on a small island in the Indian Ocean.

Fresh Start For Bout's Old-Timers

The Players

Roughly two years after Viktor Bout was arrested in Thailand on a sting operation jointly conducted by local Thai police and agents from the U.S. Drug Enforcement Administration (DEA), former Bout operators searched out a virgin jurisdiction to establish a new aviation company.¹⁵ Bout's arrest had sent ripples of worry through his well-honed business empire that certain subsidiaries were exposed. At the same time, old spheres of operations were starting to collapse.

In the Democratic Republic of the Congo (DRC), Bout's last remaining Russian aircraft had crashed or were beyond repairable age.¹⁶ Many non-scheduled charter companies in South Africa had been cannibalized due to fraud and internal mismanagement.¹⁷ UAE operators were feeling the weight of changing aviation regulations and government pressure.¹⁸

Always be prepared to search out new unfettered territory—that was one lesson Bout had taught his lieutenants and partners well as he moved over the past fifteen years from one convenient aviation base to the next to evade justice. His longer-term stops included such cities as Sharjah, Ostende, Johannesburg, and Kigali. The last address before his arrest was his safety net, Moscow.¹⁹

Movement to a new geographical location is the bulwark against sudden outside scrutiny, falls from grace of high-powered sponsors, and the political transitions or changing legal tides of any given country. It is the multi-jurisdictional fast get-away plan that the brokering regulations of an Arms Trade Treaty should readdress through a uniform, international regulatory framework.

The two former Bout associates keen on establishing the aviation platform were squeezed out of their long-standing operating arenas for different reasons.

The primary investor and business czar was Russian citizen Sergey Denisenko, who lists Moscow as his residence.²⁰ For years, Denisenko had run businesses for Bout and himself out of UAE before putting key UAE assets in his wife's name, Irina Denisenko, and working out of Moscow, UAE, and Iran.²¹

Denisenko was out to avoid the long arm of the U.S. As a result of his partnerships with Bout and his Liberia sanctions-busting activities, Denisenko had been placed on the U.S. SDN list. Such a list flags individuals and companies with which American entities are prohibited from doing business. Violations could potentially lead to criminal charges and seizing of assets.

For years, Denisenko had mostly office-managed a good portion of Viktor Bout's aging Russian aircraft fleet.²² The Russian aircraft, however, were increasingly losing their stamina. Already banned in the U.S. and most parts of Europe, they were starting to be ousted out of previously allowable areas whether for noise, pollution or air safety concerns. Many of the Cold War era planes had been poorly maintained and were no longer viable.

To keep his business going, Denisenko needed either a more forgiving environment or non-Russian aircraft. In both cases, he required a more amenable transport ecosystem.

The second individual was former Russian Air Force officer Andrei Kosolapov, who had experience as a navigator during Soviet days. Falling on hard financial times through mismanagement and siphoning off the funds of his own aviation businesses, Kosolapov left South Africa in 2010 with banks, creditors, and angry former associates chasing after him.²³ He resettled in Mauritius where he currently resides.²⁴

Banned from entry into the U.S. under the Visa Viper system, which Kosolapov said was a result of his connections with Bout, the Russian passport holder also considers himself unofficially persona non grata in South Africa given at least three pending civil cases against him

in South African courts, liquidation efforts, and awaiting legal summons.²⁵

Kosolapov aspires to imitate Bout using one word to describe the totality of his hero: *Successful*.²⁶ He looked to Mauritius as the foothold where he desired to copy-cat Bout's empire-building strategies. While fraudulently using a Mauritius aviation certificate, Kosolapov hoped to build a "fleet of aircraft" for his multi-schemed, illicit transport business.²⁷

In need of full aviation crews, Denisenko and Kosolapov began recruiting former pilots, navigators, engineers, and technicians from Bout's now under-employed, multicultural corps including for instance from Australia, South Africa, and the U.S.²⁸

Aviators we were investigating in Mauritius explained to us over dinner one evening: "Everyone sitting around this table, we've all worked for Viktor Bout. For us, it's just a business. And when Bout was stopped, we all had to keep on making a living. We can't afford to quit."²⁹

The cornerstone of the enterprise still depended on an established local operator according to the tried and true stratagem Bout had cleverly pioneered: Find a local in the next country of promise, one that already had an aviation company and an air operation certificate but who was financially needy and could use an investment. Enter into a "sweetheart" deal pledging millions, and then through a series of bureaucratic maneuvers and strong-arm tactics, eventually wrestle away control.³⁰

Although Kosolapov and Denisenko have good connections in places like DRC, Sudan, Rwanda, and Iran, these venues are either under UN sanctions regimes, or over-exposed as places where Bout once operated. To carry out on-going operations in these same places, they required a new guise—and a cozier, out-of-the-way place to base their newly planned aviation undertaking.

The unsuspecting geographical target honed in on was Mauritius.

Location, Location, Location: The Offshore Island of Mauritius

It is not like Mauritius hasn't faced an international smuggling scandal before, but that was nearly sixteen years ago. Then, Mauritius was at center stage because of lucrative piracy fishing operations depleting the protected Patagonia Toothfish.

In order to meet its international obligations, Mauritius quickly cleaned up its fishing piracy problem with concerted action against illicit operators. Besides wanting to cooperate, Mauritius had too much to lose given its new national priority at the time: to attract foreign investment and cultivate a desirable image as one of the fastest-rising offshore financial centers.

As a country, Mauritius offered the Russians and their foreign partners both the business and personal environment they were looking for: robust tax incentives, easy-to-obtain foreign residency, drop-box addresses, holding company paper pushing agents, and offshore banking.

Another attraction was Mauritius' location. Since Mauritius has been a long-standing gateway between Africa, Asia, and the Middle East, it makes for the perfect springboard and meeting venue for internationals planning clandestine activities. Given Mauritius has been expanding its aviation industry, adding a larger runway, building new facilities to support a well-promoted free trade zone, and ramping up its marketing to become a regional aviation hub, nothing would seem unusual about the Russians seeking a share in the aeronautical market place.³¹

As one enterprising Mauritian aviation company owner explained: "There has been a lot of recent interest in the aviation sector beyond the national airlines and normal scheduled flights. Everyone is vying for an AOC. If you get a successful operation going you can sew up the Indian Ocean."³²

Eventually the Russians would develop a perfect front: a Russo-Mauritian travel agency *Island Link* and a charter flight company *Island Air System* promoted as a service for VIP customers wishing to visit neighboring islands and countries.³³ With sufficient infrastructure Mauritius was an idyllic choice: remote enough to be off the radar screen

and yet with enough foreign clientele for its cover to be effective.

Since the establishment of the Ibrahim Index of African Governance in 2007, Mauritius can boast being awarded the superlative of best-governed African nation for five years in a row.³⁴ But as the Russian aviation enterprise began to take off on the island, accompanying the endeavor were signs of high-level influence peddling, the perversion of justice, and pressure exerted on civil aviation authorities and the police by the family of the current Labor Minister.

The Prize: An Air Operation Certificate

The key to any aviation carrier undertaking is an Air Operating Certificate (AOC). No company's plane should be able to get off the ground without one.

Once the Russians had Mauritius in their sights, they looked for a local partnership, as the law required,³⁵ and an obliging local aviation company with a pre-existing AOC that could help them quickly operationalize.

What is an AOC?

An AOC is the approval granted for a national aviation authority to an aircraft operator for use of aircraft for commercial purposes. It lists the aircraft types and registrations to be used, for what purpose, and in what specific airport or geographic region. It also requires personnel, assets and a system in place to assure the safety of its employees and the public.

The aviation business in any given region is like a small world for those involved, including among competitors. Management, flight crews, and maintenance personnel are often interchangeable for non-scheduled cargo and passenger charter flights. Several successful operators in South Africa had undertaken forecasts of Mauritius' potential. Then living in Pretoria, Andrei Kosolapov was a player among this tight circle, which is likely where his idea of Mauritius first arose.

In any case, several times in 2010, Kosolapov approached the former Country Manager of *Norse Air South Africa*, Teddy Harrison, with a view of setting up an aviation

company in Mauritius.³⁶ With dual South African-Mauritian citizenship, Harrison previously had moved to Mauritius as Managing Director of *Catovair*, a local subsidiary of *IBL Aviation*. Nothing between Kosolapov and Harrison was concluded in 2010.³⁷

In February 2011, the Russians changed tactic. For their outreach, they turned to an Australian pilot Paul Crozier. The pilot previously had flown for Bout operations under the Air Cess logo out of South Africa and the Democratic Republic of the Congo and more recently piloted for Kosolapov in Gabon.³⁸ Having previously worked for Harrison as well, the Australian intervened, convincing Harrison to give the Russian investors an opportunity for the Mauritius joint-venture.

This time around, Harrison was attracted by the Russian investment scheme. *Catovair* had closed business, and although it was a defunct airline, Harrison believed he was in a position to revive its dormant AOC. He had already incorporated *Superfly Aviation* with three other Mauritian and South African partners, but they lacked sufficient start-up funds and planes.³⁹

The Russians agreed to buy into Harrison's firm on the precondition that the current directors and shareholders of *Superfly Aviation* be removed with minimal payoffs.⁴⁰ For Kosolapov and Denisenko, reviving a dormant AOC still seemed a speedier and easier approach than trying to obtain a brand new one. As the Mauritius Department of Civil Aviation (DCA)⁴¹ application states, the process is extensive and requires a detailed investigation.⁴²

Furthermore, hiding behind another entity's AOC was a much safer bet for the Russians with Denisenko on a U.S. blacklist and Kosolapov being sued in South African courts and banned from travel to the U.S. They simply couldn't afford to risk scrutiny by the DCA as newcomers onto the scene.

The Russian plan was also a bonus for Harrison. With the Russians hiding behind front companies and a silent partner agreement, Harrison believed he could retain shareholder and management control. As if he hadn't learned from past Bout operations that he'd been privy to—the Russians are hard to beat at their shell games.⁴³

The Disguise – A Spider Web of Companies

Establishing a maze of companies, individuals, financial holdings, and transport leases is another hallmark of a dodgy Bout-style aviation smuggling operation.⁴⁴ As our case study will show, Denisenko and Kosolapov have experience in this tradecraft.

The labyrinthian way that the Russians went about their Mauritius operations remains confusing even to an investigator analyzing the public records of the incorporated companies, the private nominee agreements found amid court records, and interviews with persons directly involved. Company shares were repeatedly transferred and directors flipped, sometimes with multiple actions on a single day. Nonetheless, a broad outline of the Russians' company history is as follows:

Starting in Mauritius with the established company *Gibson & Hills LTD*, the Russians incorporated a new firm with a slight variation in name, *Gibson & Hills Investment LTD*.⁴⁵ They hired several local people without relevant management expertise to act as proxies and ostensibly direct and run some of their business through these entities.⁴⁶

In February 2011, the two Russians made a shareholding deal for *Superfly Aviation* with Harrison, initially through the support services of the offshore consulting company *Belvedere Management*.⁴⁷

According to the deal breakdown, Harrison controlled 48%, Denisenko and Kosolapov through *Gibson & Hills Investment LTD* each controlled 24.5%, and *Gibson & Hills LTD* as a silent partner representing Harrison's shares controlled 3% as an agreed upon mediating entity.⁴⁸

After the new joint Russian-Mauritian partnership was established, the first wrinkle appeared; it became clear that the dormant *Catovair* AOC could not be revived.

However, in a strange twist of events, on February 28, 2011, a fake Air Operation Certificate (AOC) was sent through the general *Superfly Aviation* contact email address info@superflyaviation.com to Harrison and cc'd to Kosolapov and three other individuals.⁴⁹ *Belvedere*

Management included this fraudulent AOC in the company portfolio of *Superfly Aviation*.⁵⁰

The question as to whether Harrison or Kosolapov produced this fraudulent AOC currently remains unresolved and is a matter for which Harrison had been investigated and for which Kosolapov was under suspicion by the Mauritius DCA. What is inexplicable is that in March 2011, Kosolapov then began using the fake AOC to source aircraft in South Africa, Europe, and the U.S., even while going through the process of acquiring a new AOC in Mauritius under the auspices of *Superfly Aviation*.

Subsequently, a distinctly new company *Island Air System* was set up by the Russians with the support of third parties.⁵¹ A compliance check on the Russians seeking private accounts through AfrAsia bank had failed, requiring them to use proxies to handle the finances and to make certain bank transactions through Mauritius Commercial Bank (MCB).⁵² It was the first sign to Harrison that his partners' unseemly past was a potential business liability.⁵³

Nonetheless, Harrison was in need of income and had already invested in setting up the operating mechanisms. The Russians, on the other hand, were glad for the opening to the civil aviation business community and Mauritius government that their local partnership with Harrison initially had provided.

Kosolapov immediately went into action, and in April 2011, through his financial agent, sent Harrison a detailed forecast for passenger service using, among other planes, two SAAB 340a aircraft under a South African register: ZA DOA and ZA PMS.⁵⁴ He made no mention that these two aircraft had been impounded in South Africa on civil claims filed by WesBank and also that they were no longer in serviceable condition.⁵⁵

The forecast also made mention of other aircraft without providing details. It was Denisenko's intention to also add two Ukraine-based YAK 40s operating in Iran under the AOC.⁵⁶ It fit the typical modus operandi of acquiring an AOC and then falsely using that AOC for aircraft operating elsewhere. This is one of the ways that illicit traffickers use flags of convenience.⁵⁷

Mauritius, however, abides by European aviation standards, under the system of the Joint Aviation Authorities (JAA)/JAR-Ops 1 and would never have permitted the YAKs, which are banned.⁵⁸ The Russians were unaware of the Mauritius operating environment being on new and unfamiliar territory.⁵⁹ The Russian aircraft could not be allowed.

On May 16, 2011, as initially agreed, all of the previous *Superfly Aviation* shareholders and directors, with the exception of Harrison, had been bought out by the time Denisenko and Kosolapov were appointed directors of the company. On the same day, the two Russians took over from their proxies as directors of *Island Air System*.⁶⁰

As an investment arm, the Russians facilitated an agreement signed in May between Dubai-based *Avialinx TRD*, with Denisenko's wife Irina as signatory, and *Island Air System*.⁶¹

On May 21, 2011, the Russians' initiated a transfer of \$300,000 into the Mauritius account of *Island Air System*.⁶² Through the *Superfly Aviation* corporate structure, Harrison began to accept payments from *Island Air System* for the set up of aviation operations on the islands of Mauritius and neighboring Rodrigues.

Now that the shadowy corporate structures had been set up, on behalf of *Superfly Aviation*, Kosolapov signed a Letter of Intent (LOI) dated May 24, 2011 with Finnish-based *Alandia Air* for the leasing of another SAAB 340a aircraft.⁶³ The plane was an American registered aircraft N255AJ at the time located in Bangor, Maine.⁶⁴ A requirement of the dry leasing agreement was that the aircraft remain under the maintenance plan of Australia-based *C & L Aerospace*.⁶⁵ Subsequently, Harrison transferred a \$64,000 deposit for the American-registered aircraft to *Alandia Air*.⁶⁶

In June, Denisenko and Kosolapov signed a Nominee Representative Service Agreement with *Gibson & Hills LTD* in hopes of weaving a tighter web over the assets they intended ultimately to control.⁶⁷ This act would prove illicit since *Gibson and Hills LTD* had a share as a silent partner representing Harrison, and therefore was not in a position to act independently.⁶⁸

By this point, their shell structure more or less looked like this:

Avialinx TRD (Dubai) > *Island Air System* (MU) > Gibson & Hills Investment LTD (MU) > *Superfly Aviation* (MU) and eventually, the Russians would lay claim to the *Gibson & Hills LTD* shares as well.

With the multiple relationships, proxies, and shadowy agreements, the enterprising Russians believed they would effectively gain control over a prized AOC without attracting much notice. That assumption would not change until our first meeting with Kosolapov in June 2012. During our first interview, he made mention numerous times that our presence meant to him that he was finished in Mauritius.⁶⁹

The Battle for the AOC

Based on the shadowy company structures, business plan, preparations around certain planes and types of aircraft, discussions with other potential business associates and clients, and their past patterns of operations, it is likely the Russians intended to use the Mauritius AOC as a flag of convenience. Although Bout's operations were known to use fake AOCs in the past, sanctions monitoring and worldwide regulations were tightening up, making the use of fraudulent AOCs a riskier venture.

Acting on behalf of *Superfly Aviation*, Harrison made an appointment with the Office of the Prime Minister to introduce the incipient aviation project. The June 15, 2011 meeting of Mauritian parties was successful. *Superfly Aviation* was then invited to meet with the DCA on June 17, 2011 in order to more thoroughly discuss the AOC application process. Kosolapov attended that meeting as a consultant for *Avialinx*.⁷⁰ Denisenko preferred to keep a low profile. He usually flew into Mauritius for less than 24 hours and avoided official Mauritius meetings although he was the primary financier.⁷¹

The *Superfly Aviation* cover letter and application for an AOC was submitted by Harrison on July 5, 2011. The purpose of operations cited in the business program was for VIP charter flights operating from Mauritius. But Kosolapov's forecasted business plan, provided to Harrison in March, was more extensive than this.

Furthermore, our interviews with Kosolapov's associates as well as Kosolapov's email correspondence with potential *Superfly Aviation* partners indicate that other kinds of aviation operations were being prepared unbeknownst to Mauritius authorities.

By this point, Kosolapov had secretly reached out to Mauritian partners other than Harrison and the *Superfly Aviation* staff. These partners had high-level influence as close family members of the Labor Minister, Mr. Shakeel Mohamed. Kosolapov hired the Minister's father, Senior Council Yousouf Abdul Razack Mohamed as his lawyer. Later, Yousouf Mohamed acted on behalf of a plaintiff from *Gibson & Hills LTD*, for a case that turned out to be a conflict of interest due to the pre-existing silent partnership agreement between *Gibson & Hills LTD* and Harrison.⁷² Kosolapov also began using a tourist hotel belonging to the Minister's nephew as a meeting place and base of operations.⁷³ The Labor Minister's brother Barrister Zakia Mohamed would eventually become the CEO of *Island Air System*.⁷⁴

With the development of *Island Air System* and the foothold Harrison had provided, the scene was set for an eventual fall out with Harrison's side of the planned aviation enterprise. On June 12, 2011, Harrison received a letter from the DCA that the application was being considered. Almost immediately, Harrison's joint-venture agreement with the Russians began to unravel.

In papers submitted to the Mauritius Supreme Court, Harrison claims that the Russians demanded he cede his control of *Superfly Aviation* in return for a CEO contract. When he refused, Kosolapov and his team began taking over the *Superfly Aviation* offices and operations, including all project-related documents.⁷⁵ Suddenly, Kosolapov's wife, Anastasia, was claiming shareholder's rights – not unlike what had happened previously in South Africa when overnight, unbeknownst to other business associates, Kosolapov had transferred a particular plane out of the reach of creditors and into her possession.⁷⁶

The Russians, backed by their new, more influential benefactors, had little concern for Harrison's financial interests; if the Russians couldn't control Harrison, then *Superfly Aviation* was losing its value according to the Russians' plan. Their actions indicate they felt confident enough to oust *Superfly Aviation*, and, instead, use *Island*

Air System as a stronger platform with the Labor Minister's brother on board as CEO.

This was similar to Viktor Bout's typical pattern of always including politically-tied players for influence-peddling, or worse, to benefit from corruption.

There was only one glitch: it would be impossible for *Island Air System* to obtain an AOC for more or less the same business plan as *Superfly Aviation*. Both Harrison and *Superfly Aviation* would have to be eliminated from the process before *Island Air System* stood a chance.

A series of events then occurred that would make for a dramatic thriller if it weren't for the tragic consequences.

Yousouf Mohamed, representing Kosolapov and *Gibson & Hills LTD*, filed to have *Superfly Aviation* declared insolvent in the Mauritius Commercial Courts. However Harrison's case was too strong: first, as Harrison's silent partner, *Gibson & Hills LTD* was holding its three percent in Harrison's name and therefore could not sue as it would be a conflict of interest; related to the first point, Mohamed was not authorized to represent *Gibson & Hills LTD*; and thirdly, there were inadequate grounds to call for *Superfly Aviation's* bankruptcy.⁷⁷

When it appeared Harrison would win the Commercial Court case and survive attempts to oust him from his own company, three weeks before the scheduled court appearance, Harrison found himself arrested.

On orders from Kosolapov, another employee sent a fraudulent Mauritius AOC to the Civil Aviation Authorities claiming he had received it from Harrison. Subsequently, the police detained Harrison on charges of forgery. After his release, Harrison was then arrested several more times including on embezzlement charges filed by Kosolapov and for giving a false statement to police regarding a case from several years back.

Ultimately, Harrison was held in police custody in several different stations around the country on provisional charges of two counts of forgery of public documents and one count of embezzlement; all of his assets and accounts were frozen.⁷⁸ He was held without the opportunity for bail ostensibly because he had "no fixed abode."⁷⁹ A

presiding magistrate stated the case was "tainted with a number of murky issues."⁸⁰

Although, Harrison's detention caused him to miss his Commercial Court date, Yousouf Mohamed nonetheless withdrew the filed petition on behalf of *Gibson & Hills LTD*—an unusual move unless Mohamed feared losing even without Harrison available to defend himself.⁸¹ Kosolapov's embezzlement case against Harrison is due to be heard in the Mauritius Intermediate Court in February 2013.

Following a close examination of Harrison's criminal charges and the circumstances of his police detention, there were indications that the Labor Minister's family exerted high-level influence over the Mauritius police. Regardless of the likely perversion of justice due to corrupt influence over the police, Harrison's reputation was discredited and *Superfly Aviation* tarnished.

With the start of controversy surrounding *Superfly Aviation*, in particular, the appearance of the fake AOC, the Civil Aviation Authorities ceased processing the pending application for an authentic AOC in July 2011.⁸² The way was now clear for *Island Air System* to apply for its own AOC.⁸³

In a letter date November 4, 2011, the Office of the Prime Minister invited *Island Air System* to submit an application for an AOC to the Department of Civil Aviation.⁸⁴ It was this letter of invitation that the Russians would use around the globe to jump-start its activities and acquire additional aircraft, ultimately for concealed destinations.

To unsuspecting foreign companies and aviation personnel, the Denisenko-Kosolapov enterprise would appear legitimate having been given a green light from the Mauritius Prime Minister's office.

On November 26, 2011, *Island Air System* trading as *Island Link* submitted its business plan to the Mauritius Department of Civil Aviation (DCA).⁸⁵ The cover letter was signed by the CEO, Zakir Mohamed, the son of Yousouf Mohamed who had represented two petitioners against Harrison: *Gibson & Hills LTD* and Andrei Kosolapov. A revised version of the business plan had to be submitted following an initial rejection. Some officials complained that the Minister of Labor had exerted pressure in order to

further the passage of *Island Air System's* AOC application.

Following the Conflict Awareness Project's meeting with the Department of Civil Aviation and the Foreign Ministry in Mauritius, a dossier on the potential arms trafficking enterprise was sent to the Office of the Prime Minister in June 2012.

In July 2012, *Island Air System's* application for an Air Operation Certificate was denied by Mauritius authorities.

The AOC denial should only be seen as the first step in the dismantling of a potential global weapons supply chain, which was gearing up to supply forces under UN sanctions regimes and likely committing gross human rights abuses and violations of international law.

Note: Upon meeting Yousouf Mohamed in his Port Louis office, he claimed that the Central Criminal Investigations Department (CID) had been tracking our movements. He also made clear that CID had called to inform him that we were questioning others about his client Kosolapov's activities.⁸⁶ Along with other aggressive statements, we considered Yousouf Mohamed's comments a serious threat. We immediately reported the incident to officers at CID headquarters, and fearful for our safety, left Mauritius that same afternoon on a flight to South Africa. The direct threat against us impeded the completion of our investigation in Mauritius.

State of Play Outside of Mauritius

A New Technique – The Switch from Russian to Western Aircraft

The 1990s and early 2000's were a different era for arms traffickers on the African continent, and elsewhere, like Afghanistan. Russian aircraft ruled the skyways for charters and unscheduled cargo freight, and often were contracted by mining companies, UN agencies, humanitarian organizations, and foreign governments to ferry men and supplies. The legitimate flights made the illicit side of their operations easier to disguise.

In fact, Kosolapov was proud in pointing out the UN operations he had listed on his CV for Mauritius aviation authorities. Furthermore, while setting up his Mauritius

base, Kosolapov was engaged in seeking a new UN contract in the Horn of Africa, which according to his associates was meant to conceal his future arms deliveries to Sudan and Somalia.⁸⁷

During the previous 20 years, Russian air carriers not only were ubiquitous, they also were cheaper. No matter that Cold War Antonov's were aging, Russian-speaking pilots, especially ex-military, came inexpensive and there seemed little regard for their safety. The short-haul Antonov series were often flown overloaded until they dropped due to poor maintenance.

Useful in areas of unpaved runways, Ilyushin IL 76's have had a greater shelf life, but they consume a lot of fuel, which was not as much a problem back when aviation fuel was less expensive.

As the Mauritius case reveals, Bout's old networks, even disreputable ones, have not faded as quickly as Russian aircraft. But to breathe new life into their operations, they have been forced to switch from what they commonly called "Russian technology" to predominantly "Western" aircraft and aviation personnel. One result is that more Western entities are exposed to criminal and moral culpability for their association with sanctioned, blacklisted, or illegal trafficking enterprises.

This is exactly the situation that American and European firms and individuals now face as a result of their illicit connections to Denisenko and Kosolapov through their business transactions with *Superfly Aviation* and *Island Air System*.

Island Air System's Supporting Cast – In Violation of U.S. Law

Since Sergey Denisenko is on the U.S. SDN list, it is illegal for any U.S. person to do business with him or his companies. American individuals and firms, therefore, would be prohibited from commercial relationships with *Superfly Aviation* and *Island Air System* given Denisenko's role as their shareholder, director, and financier.

Even with Denisenko and Kosolapov barred from entering the U.S., nonetheless they managed to get around U.S. sanctions and laws with the ultimate goal of acquiring U.S. pilots, pilot training, aircraft, and aviation services in

support of their trafficking operations. For the two Russian orchestrators, obtaining American assets would provide them respectable cover and add another powerful layer of legitimacy.

In May 2011, Kosolapov signed a lease agreement with the Finnish company *Alandia Air* to take possession of a U.S. registered aircraft N255AJ, located in Bangor, Maine and originally belonging to *Lambert Leasing* out of Sterling, Virginia.⁸⁸ According to *Alandia Air* and *C & L Aerospace*, *Lambert Leasing* was not directly involved in any transactions with *Superfly Aviation* or *Island Air System*.

The lease agreement also stipulated that the Australia-based firm *C & L Aerospace* would be required to service and maintain the Saab 340B plane for the duration of the dry leasing contract with *Superfly Aviation*. Dry leasing in this regards means that the aircraft would be operating under the AOC of the lessee. However, it was the American branches of *C & L Aerospace* that would be primarily responsible for supplying parts and maintenance for the aircraft leased by *Superfly Aviation*. For this reason, the aircraft was housed at *C & L Aerospace* premises in Bangor, Maine.

Once the \$64,000 deposit was transferred into the U.S. dollar bank account to activate the contractual terms, the leasing arrangement elements out of the U.S. could be considered within the scope of an unlawful act since the transaction involved a deal with Denisenko.

At the helm of *Superfly Aviation*, Kosolapov also searched out pilots with American pilot licenses to fly the Saab 340B. During our interview with Kosolapov, he expressed pride at having found an American bush pilot in the wilds of Alaska, Captain Dave M. Henley.⁸⁹ The second pilot, Australian Paul Crozier, likewise operated on an American pilot license.⁹⁰

Mauritius documents revealed that approximately \$15,000 was paid by *Superfly Aviation* to cover the cost for Henley's pilot training course at *Pan Am International Flight Academy* facilities in the U.S.⁹¹ Crozier confirmed that Kosolapov also paid for his training course at the *Pan Am Training Center*.⁹² It was unlawful for Henley, *Pan Am International Flight Academy*, or an American pilot license

holder to accept money from Denisenko's company for the reasons cited above.

According to Crozier, when he arrived to pickup the aircraft from *C & L Aerospace* in Maine, he grew concerned because from his perspective the aircraft was not in a condition to leave American airspace on the requisite flight path due to the absence of a certain High-Frequency (HF) radio.⁹³

Kosolapov had already indicated to the pilots that he ultimately intended the aircraft to go East Africa for potential weapons deliveries to Somalia. With the behind-the-scenes controversy growing over the U.S. release of the aircraft, Crozier had second thoughts about doing any Somalia-based work. Meanwhile, *Alandia Air* grew anxious for how the plane would be used. Kosolapov had written that the aircraft might fly "only on private flight basis to set up the operation at the beginning."⁹⁴

While Crozier and Henley were in Maine, a lengthy email correspondence followed between *Alandia Air*, Harrison of *Superfly Aviation*, and Kosolapov, now representing *Island Air System*. The correspondence concerned the fallout between the two Mauritius-based entities. By this point, Harrison was sharing information on Kosolapov and Denisenko's past arms trafficking with potential business partners and Mauritius officials.

Then, on August 5, 2011, *Alandia Air* sent *Superfly Aviation* a notice of default. Although *C & L Aerospace* initially told us that the plane was not released due to the absence of a legitimate AOC, upon further correspondence, *Alandia Air* and *C & L Aerospace* state that the plane was not released because the required payment and information had not been received from the lessee.⁹⁵

Whatever mishaps around *Superfly Aviation* or *Island Air System's* failure to acquire N255AJ, Captain David Henley joined *Island Air System* as part of its key personnel. His name appears on the company's flow chart as Chief Pilot and his CV is included in the paperwork along with other senior operators.⁹⁶

Crozier declined any further involvement once he departed Bangor, Maine, though he claims both Russians continued to pursue him for their operations in Iran and in

the Horn of Africa. With his past experience flying in East Africa, Crozier fit neatly into Kosolapov's plans to base a plane out of either Sudan or South Sudan and use that for weapons deliveries into Somalia. Crozier and Kosolapov parted ways over the potential Somalia operation with Crozier preferring to pursue a legitimate job in Mauritius or neighboring Rodrigues.⁹⁷

As of June 2011, both *C & L Aerospace* and *Pan Am International Flight Academy*—along with several other non-American companies—were still listed on the *Island Air System* business plan, which was submitted as part of the Mauritius AOC application requirement.⁹⁸

U.S. Culpability and Blowback

In the current U.S. commercial era of *know your customer*, and with the publication of Specially Designated Persons lists (SDN) in the U.S. Federal Register, the American actors involved with Denisenko and Kosolapov should find it difficult to plead ignorance of the law. Despite Denisenko being on the U.S. SDN list, he is copied by name on multiple email business transactions with his American associates.

Confronted with their Denisenko connection, the problem of blowback became obvious to Chris Kilgour, the Chief Executive Officer of *C & L Aerospace*: "On one side, we are unintentionally servicing illicit arms traffickers operating in Africa, while on the opposing side, we are servicing companies carrying out operations in Africa for the U.S."⁹⁹

C & L Aerospace had familiarity with their Russian clients and had dealt with them in the past although there was no indication they were aware of the Russians' past illicit activities. As the CEO of *C & L Aerospace* stated, "We did not even think to check the possibility that they were performing illegal activities."¹⁰⁰

Because the leasing agreement was terminated before *Superfly Aviation* took possession of the aircraft in Maine, *C & L Aerospace* never actually provided any parts or maintenance services directly to *Superfly Aviation*.

Aware of the ramifications of their failure at due diligence in this particular case, *C & L Aerospace* pledged that they would enhance vetting requirements and start to include

background checks for violations of U.S. law and sanctions as part of their standard procedures.¹⁰¹

By evading U.S. sanctions and laws designed to prevent sanctions-busting, threats to international peace and security, terrorism, and violations of international human rights and humanitarian law—whether intentional or not—*Lambert Leasing*, *C & L Aerospace*, Captain Henley, and *Pan Am International Flight Academy* assisted an illicit network that was coming dangerously close to completing its illegal gunrunning preparations.

Even though the U.S. has one of the best laws in the world to regulate the arms intermediaries, including transport agents, it should do more to close the gaps in implementation and enforcement. Otherwise, like Mauritius, the U.S. risks complicity with illicit arms trafficking networks operating in conflict zones and in violation of UN arms embargoes.

South Africa's Aircraft Sourcing Experts

South Africa was one of Viktor Bout's forward operating bases in the late 1990's and early 2000s. Consequently, a large pool of South African aviation actors have worked for Bout or been associated with his cargo enterprises.¹⁰²

During our June-July interviews with ten former business associates or company representatives operating in South Africa, everyone agreed on Bout's oft-quoted, most salient business tip: "It is all about knowing the loopholes."

Over the years, South Africa has worked hard to fill the gaps on arms export controls, including tighter regulation of the aviation sector. South Africa has particularly strong arms brokering legislation in the National Conventional Arms Control Act, extending extra-territorial reach.¹⁰³

But despite South Africa's best intentions to curtail illicit arms trafficking from its territory into conflict zones, veteran traffickers have kept apprised of the legal vacuums, particularly in the sphere of aviation. Traffickers' ability to exploit the uneven regulatory frameworks in other countries creates a problem for South Africa, undermines the controls South Africa has championed, and strongly underscores the critical need for uniform standards in the ATT.

As we tracked Denisenko and Kosolapov's business associates from Mauritius to South Africa, we found at least six South African aviation brokers attempting to source planes for Kosolapov and/or Denisenko for possible placement in Iran, Sudan, South Sudan, and/or the Democratic Republic of the Congo.¹⁰⁴ None of the proactive brokers we interviewed had been asked to source planes for use in Mauritius.

The South African aviation brokers described to us how they were at a distinct advantage as brokering agents not only because of their long-standing experience in the business and their previous ties with the Russians, but also because of the ease with which South African civilian registered planes may operate outside of the nation's territory and in places that might raise red flags in the U.S. and Europe.

Since Denisenko and Kosolapov were looking for Western-style aircraft, they sought the expertise of South African and European brokers particularly adept at evading laws and civil aviation authorities where the desired planes were registered—such as the U.S., which has strict Iranian and Syrian sanction regimes, including for certain aircraft and parts.¹⁰⁵ These experienced brokers can undertake multiple sales, lease agreements, and registration of aircraft even during a single day.

The intended plan as repeatedly described to us was that the Russian-led enterprise would take possession of American planes by securing their entry first into South Africa on South African registrations, before flipping them over for use, or, if necessary, for registration elsewhere.¹⁰⁶ For the time being, the only hold up seemed to be the pending Mauritius AOC.

Despite the potential fallout from the illicit use of the air carriers outside of South Africa, the local aviation brokers excused their transactions as commercially benefiting the South African aviation industry via brokering commissions, the sale of parts and profits from maintenance services, and employment for administrative and management personnel, pilots, and crews. Labeling them 'politicized,' the South African brokers expressed uniform disrespect for UN sanctions and international proscriptions that circumscribed their business interests in Africa.

The Conflict Awareness Project met with two South African government officials responsible for arms control to discuss the feasibility of an official investigation into the activities of South African firms sourcing aircraft for possible sanctions-busting activities as well as arms transfers to conflict zones.¹⁰⁷ The Conflict Awareness Project agreed to withhold the names of individuals and companies in the interest of a potential official South African inquiry.¹⁰⁸

Another outcome of our meeting with South African officials was the detection of a potential vulnerability in South Africa's arms control legislation. Whereas military aircraft or aircraft designed for war are included under the National Conventional Arms Control Act, civilian aircraft, including passenger carriers, have remained effectively outside the scope of the law. This legal gap concerning civilian aircraft was the precise loophole that Denisenko and Kosolapov intended to exploit.

While outside the parameters of our mandated investigation, the Conflict Awareness Project also is concerned by indications that several South African aviation entities we investigated may be involved in financial crimes, money-laundering, and/or other financial irregularities in South Africa.¹⁰⁹

Therefore, in addition to a criminal investigation, we would welcome a Parliamentary inquiry that might lead to the closing of legislative arms control loopholes in the aviation sector as well as tightening of other regulatory controls to prevent financial crimes and other illicit financial activities by actors in the aviation and transport field.

Lastly, South Africa is home to a large number of former Viktor Bout associates as well as veteran traffickers who have militarily supplied some of Africa's deadliest wars over the past two decades. Some of these traffickers appear willing to divulge past activities if the appropriate mechanism or forum—perhaps in Parliament—could be established. We believe this would be a worthy initiative, particularly if it helps shed light on the loopholes and techniques traffickers until now have exploited—and remain to be fully understood, corrected and redressed.

European and Multi-National Transporters, Accountants & Holding Companies

In the absence of robust definitions of arms brokers in domestic and international law, transporters as well as holding companies, financial agents, and other facilitators are not incentivized to steer clear of illicit arms transfers. For the most part, these agents remain lax about vetting potential clients, contract arrangements, and delivery of goods.

Better vetting procedures and due diligence methods could have prevented the involvement of various European-based transport companies in the illicit Mauritius dossier, such as the Finnish-based company, *Alandia Air*.

Incorporated in the Eriksson Capital Group, *Alandia Air* is an aircraft-leasing specialist with headquarters in Marehamn, Finland, on the island of Åland and outside the jurisdiction of the European Customs Union.

Adding an air of respectability and the cover of legitimacy, *Alandia Air* was integral to Kosolapov and Denisenko's plan for acquiring leased American aircraft for some of its clandestine activities. Email correspondence indicates more than one aircraft was sought.¹¹⁰ In May 2011, *Alandia Air* and *Superfly Aviation* signed a lease agreement for the first, and as it turns out, only, aircraft leased to the Mauritian company.¹¹¹

Alandia Air included its American service provider, *C & L Aerospace*, within the terms of the lease agreement. Therefore, once Denisenko's Dubai-based *Avialinx* company made the first payment to *Alandia Air* for the aircraft, its American service provider likely would have been in violation of U.S. law.¹¹²

On August 18, 2011, *Alandia Air* wrote Denisenko an email informing him that *Superfly Aviation* was declared in default of its lease agreement and that the firm was putting the Saab 340B back on the open market. *Alandia Air* expressed concern about the controversy surrounding the partnership split between Teddy Harrison representing *Superfly Aviation* and the Russians representing *Island Air Systems* as well as the liquidity of the companies.¹¹³

Alandia Air's Commercial Director Jörgen Gustafsson cooperated with our investigation by providing a comprehensive set of documentation related to its transactions with *Avialinx*, Denisenko, and Kosolapov. This documentation further reveals other individuals involved, including Kosolapov's wife Anastasia and his South African accountant, Johannes (Johan) Petrus Jacobs, who operated under the auspices of a UK-based company.¹¹⁴

In the interest of preventing an illicit trafficking network from gaining traction with a Mauritius Air Operation Certificate, the Conflict Awareness Project has released our report findings expeditiously. In the future, we will explore the full range of applicable domestic and European-wide regulations and laws that may be in place and could have restricted *Alandia Air* and other European entities from doing business with the illicit Denisenko-Kosolapov enterprise in the same way that the American entities are barred.

Besides transporters, other types of arms brokers play a vital facilitating role for illegal arms transfers. As evidenced in the Denisenko-Kosolapov case, these intermediaries include holding companies, brass plate accountants, and offshore management firms operating under UK, British Crown, and Mauritius jurisdictions.

Johan Jacobs, a South African and Kosolapov's long-standing business manager, worked with Kosolapov and Denisenko from the start to set up the Mauritius aviation enterprise.¹¹⁵ Jacobs is director of the UK-based *Cardinal Aviation*, which is incorporated under the jurisdiction of England and Wales with a brass plate address in London.¹¹⁶ However, Jacobs has physically resided and worked out of South Africa.¹¹⁷

According to former Kosolapov business associates and investors directly connected to *Cardinal Aviation*, this firm was initially set up in the UK to circumvent currency, tax, and other financial requirements related to Kosolapov's South Africa and Gabon-based operations. The *Wilton Group* based out of the Isle of Man and Mauritius has provided accounting and holding company services for *Cardinal Aviation*.¹¹⁸ *Belvedere Management*, with offices in Guernsey and Switzerland, also provided initial services to the *Superfly Aviation* group.¹¹⁹

As Denisenko is on the U.S. SDN list, any use of the American banking system by any of the above-named holding or accounting companies on behalf of Denisenko-related companies likely would have been in violation of U.S. law.

The Usual Targets: UN Sanctions Zones

Guided by our past knowledge and experience of how arms trafficking networks function, the Conflict Awareness Project embarked on the Mauritius/UAE/South Africa investigation hoping to uncover what we suspected was a fast expanding arms trafficking ring. As a result, we have been able to expose an intricate system of holding companies, aviation sourcing, and multi-jurisdictional financial and operational capacities uniquely structured to elude official oversight and to service illicit arms transport.

Most importantly, with support from sources in the field as well as concerned Mauritius officials, a specific operation has been thwarted before any illegal arms transfers appear to have taken place. This early intervention likely saved lives and averted the traffickers from potentially aiding and abetting atrocities and other violations of international law. In this regard, we hope that this case study also illuminates the type of early warning signals that should trigger synergistic approaches to atrocity prevention.

Whether nationals and foreign entities are appropriately investigated, prosecuted or penalized, we believe the report stands as a stark reminder of how close one network of unscrupulous and experienced traffickers had come to concealing their activities in an effort to possibly contravene domestic and international law and launch operations in UN sanctions-busting zones.

The three primary regions that the trafficking networks had in their gunrunning sights include: the Middle East via Iran; the Great Lakes Region via the Democratic Republic of the Congo; and the Horn of /East Africa via Sudan and Somalia.

Iran & Syria

Denisenko already has established aviation operations in Iran through his UAE-based firm *Avialinx*.¹²⁰ When Denisenko transferred investment money into both

Superfly Aviation and *Island Air System* from *Avialinx*, he immediately created a link between Iran and his new Mauritius companies. This Iranian connection troubled certain Mauritius authorities, particularly civilian aviation officials. The concern was compounded when Denisenko also intended to add two Yak 40 aircraft based in Iran to the Mauritius AOC.

Denisenko and Kosolapov's firms were not the only ones trying to acquire a Mauritius AOC for Iranian operations. We also collected data on other African and Middle Eastern entities worth follow up research. For example, one such company we stumbled upon was the UAE-based charter aircraft *Palm Aviation*, whose AOC application request had been denied by Mauritius authorities in January 2012.¹²¹

Looking for a Mauritius Flag of Convenience?

At the time of the AOC application, *Palm Aviation* operated aircraft for *Mahan Air* in Iran. In October 2011, the U.S. Department of Treasury designated *Mahan Air* as an entity providing support to the Iranian terrorist organization, Islamic Revolutionary Guard Corps-Qods Force, including military training flights to Syria and arms deliveries.¹²²

A review of Mauritius DCA records show that *Palm Aviation* failed to explain adequately why it wished to add certain planes on a Mauritius AOC for use in Iran; these included a Cessna C12 and two 747-422s based in Fujairah, UAE but on an Iranian registration.¹²³ In their response to the Conflict Awareness Project, *Palm Aviation* states that the Mauritius authorities "felt unable to handle the aircraft" and that *Palm Aviation* never received a firm denial of their application.¹²⁴

With Denisenko's Iranian connections acting as a warning to the Mauritius civil aviation authorities, the DCA made a thorough check through specialized civil aviation databases of *Avialinx*, the investment wing of *Superfly Aviation* and *Island Air System*. The *Avialinx* connections to UN and/or U.S. sanctioned parties in Iran identified in the database search can be described as follows:

Avialinx (UAE)>Avialinx Air Cargo (Iran)>Contract with National Iranian Oil Company¹²⁵

Avialinx (UAE)>Avialinx Air Cargo (Iran)>freight forwarders FKJ Cargo Iran Co LTD>Six subsidiary companies, one which is ERAM Air Cargo LLC (UAE) – the latter raising red flags.

Other than our direct contact with Mauritius DCA officials and a personal review of these records, we have been unable to verify independently Denisenko's alleged ties to Iranian embargoed parties. However, if established, principals and foreign business associates of *Superfly Aviation* and *Island Air System* could be implicated further in Iranian sanctions-busting.

In May 2012, President Obama issued Executive Order 13608, which prohibits U.S. entities from transactions with foreign evaders of U.S. sanctions on Iran and Syria. Several Iranian and Iranian-linked firms are already on the U.S. SDN list.¹²⁶ The U.S. aviation sector should be particularly alert for cargo and passenger aircraft sourced for Iran and for foreign cargo companies financing such activities. A new tactic being pursued by the Denisenko-Kosolapov operation was the potential use of passenger aircraft to disguise delivery of arms and ammunition.

Five South African aviation brokers we met in the Johannesburg-Pretoria area as well as one British broker described Denisenko and Kosolapov's proactive search for aircraft to upgrade their Iranian aviation activities. However, it appears that the Russians were having difficulty sourcing Western planes for such operations for a host of technical reasons.

Both UN and U.S. sanctions have impacted the Iranian aviation industry.¹²⁷ However, if the past is any indication, Denisenko and Kosolapov thrive financially when operating aircraft on turf under sanctions regimes. The Syrian regime's particular dependence on military and armament support from Iran at this stage in the conflict creates a unique opportunity for weapons and other military resupply missions—exactly the type of niche both Russians historically have filled.

As a cautionary tale, and given the gravity of the situation in Syria, we believe it is imperative to state that our interviews and circumstantial evidence point to the Denisenko-Kosolapov enterprise also gearing up operations for the Syria context.¹²⁸ Damascus already is a regularly scheduled route for some of *Avialinx* and

Denisenko's aviation partners. Further research is necessary to document this possible deadly linkage.

As Kosolapov explained in our interview, referring to arms trafficking activities, whatever the Russian government does not sanction, he and Denisenko believe it permissible for them to do, regardless of the will of the international community.¹²⁹

Democratic Republic of the Congo, Sudan, South Sudan & Somalia

As the investigation progressed, the public business plan for an Indian Ocean inter-island passenger air travel service appeared increasingly to be a smokescreen. Besides Iran, both Kosolapov and certain South African aviation brokers working on his behalf explained Kosolapov's proactive sourcing of aircraft and pilots for Sudan, South Sudan, and the DRC pending approval of the Mauritius AOC.

Past DRC operations by Denisenko and Kosolapov involved the supply of military hardware as well as transport for coltan conflict mineral supplies from interior DRC mines to Bukavu and subsequently traded by their local contacts, including Rwandan, Congolese, Ukrainian, and Iranian businessmen.¹³⁰

As our investigation continued, Kosolapov emailed the Conflict Awareness Project a copy of a preliminary business plan for his Congolese aviation project.¹³¹ During our interview with him, he also described his initiatives underway for Sudan and the large profits he expected to reap.¹³² However, we detected two flaws: First, Mauritius likely would not allow foreign aircraft to fly elsewhere under its AOC as a flag of convenience, and second, the aircraft Kosolapov purported to use were discovered to be no longer accessible or in serviceable condition.¹³³ In any case, the African and Iranian operations had no connection to either a Mauritius VIP charter service or inter-island charter flights.

Further revelations make it apparent that the ostensible business plan Denisenko-Kosolapov were presenting publicly and officially did not coincide with their actual intended operations. In interviews with the Conflict Awareness Project, Australian pilot Paul Crozier stated Kosolapov wanted him to fly aircraft based out of the Horn

of Africa or Kenya for illicit operations into Somalia. Harrison and several South African and European former associates of Kosolapov and Denisenko independently provided details of these traffickers' concrete actions in preparation for their non-Mauritian sphere of activities.

The aviation brokers we spoke to all were sourcing planes, at Denisenko and Kosolapov's request, for use only in Iran, DRC, Sudan, and/or South Sudan. Notably, not one entity we interviewed had been asked by Denisenko and Kosolapov to source aircraft for Mauritius.

Additionally, we were informed that passenger services in the Indian Ocean region would have required the alteration of bilateral trade agreements with other nations and would have met fierce competition from Air Mauritius, the national airline. When we asked Kosolapov and his associates how they intended to deal with these issues as well as what marketing and ticketing schemes they had in place, these questions consistently were shrugged off.

In fact, the geographical targets of the Denisenko-Kosolapov operation were becoming quite clear. Kosolapov informed us that if Mauritius became operationally non-viable, he intended instead to base himself preferably in the Democratic Republic of the Congo, Sudan, or South Sudan. If all else failed, stated Kosolapov, he would move to Moscow, which serves as Denisenko's predominant base at present.

Mauritius Dossier At Last Check

During the course of our investigation and briefings, we met with Mauritius authorities from the Department of Civil Aviation, the Foreign Ministry and the Permanent Mission of the Republic of Mauritius to the United Nations. At each stage, we received excellent cooperation from Mauritius authorities all of whom expressed a commitment to uphold their international obligations and promote good governance and rule of law.

While we were in Mauritius, we also made several attempts to meet the Commissioner of Police and one attempt to meet the head of Home Affairs. However, neither of these officials was available on short notice.

On July 11, 2012, the Mauritius authorities denied the AOC for *Island Air System*. The Government has informed the Conflict Awareness Project that its authorities will investigate

the findings in this report and will take required legal or regulatory action.¹³⁴

Speaking before the Mauritius National Assembly late July, the Prime Minister announced that the Commissioner of Police, the Financial Intelligence Unit, the Financial Services Commission, and the Independent Commission Against Corruption (ICAC) had opened inquiries based on the matters explored in our report.¹³⁵ The Conflict Awareness Project has agreed to cooperate with any official Mauritius inquiry.

In the interest of striking a balance between promoting foreign investment and ensuring adequate regulation, control, and monitoring by law enforcement and regulatory Bodies, additionally, the Prime Minister announced his government would "consider all additional measures that would be necessary to strengthen our control monitoring and detection systems," including possibly additional measures to be taken by airlines.¹³⁶

In August, we were informed by the Mauritius Independent Commission Against Corruption (ICAC) that it had opened a money-laundering and corruption investigation. We expect to assist, and are awaiting instructions accordingly.¹³⁷

Along with his family, Andrei Kosolapov hastily departed Mauritius in July 2012.¹³⁸ Beforehand, Kosolapov was still sourcing aircraft for Iran, Sudan and the Democratic Republic of the Congo. Liquidators, banks, and civil plaintiffs in South Africa still have pending cases and asset collection efforts against both Andrei and Anastasia Kosolapov.¹³⁹ After three in-person interviews and several email exchanges, Kosolapov refuses any further contact with the Conflict Awareness Project.

Sergey Denisenko currently operates out of Russia, UAE, and Iran. His wife Irina Denisenko remains publicly registered at the helm of UAE-based Avialinx. Sergey Denisenko continues to try to source aircraft out of South Africa for his Iranian operation. Denisenko refused to be interviewed despite our efforts, including traveling to UAE to meet with him as suggested by Andrei Kosolapov as well as our email request for his right to reply.

Teddy Harrison's next court appearance in Mauritius is scheduled for February 2013. Harrison has filed for a separate AOC for a new aviation operation incorporated as *StellAir*.¹⁴⁰ Currently, Harrison is a senior manager for a real estate development project in Mauritius. Harrison has

expressed his intention to cooperate with Mauritius authorities.

Yusouf Mohamad continues to represent Kosolapov in his business and legal affairs in Mauritius. Zakia Mohamad remains CEO of *Island Air Systems*. The Labor Minister continues to serve as a cabinet member of the Mauritius Government.

Paul Crozier currently is working for a UAE sky diving outfit.

Dave Henley currently is flying clients at a fishing lodge in a remote area of Alaska and refused to respond to our request for his right to reply.

Alandia Air continues to lease aircraft to foreign operators, now with a greater awareness of the need to appropriately vet customers.

C & L Aerospace continues to provide services to U.S. operations in Africa and has pledged to update its procedures to vet clients and check for relevant violations of U.S. laws and UN sanctions.

Pan Am International Flight Academy did not return our calls.

Before launching an official investigation, South Africa is awaiting the Conflict Awareness Project's in-country visit to discuss the involvement of South African aviation brokers.

The opposition party in South Africa, the Democratic Alliance, has stated it will request the Chairperson of the Portfolio Committee on Transport to provide a briefing on: (1) the current state of the registration and de-registration of civilian aircraft on the South African Civil Aircraft Register; (2) the current state of regulation of the import and export of civilian aircraft and civilian aircraft parts; and (3) possible solutions to the regulatory loopholes related to the import and export of civilian aircraft and civilian aircraft parts in South Africa.¹⁴¹

While conducting our research, we learned that the U.S. Attorney General Eric Holder is considering the return of Viktor Bout to Russia, along with another Russian arms and drug trafficker, Konstantin Yaroshenko.¹⁴² Both men previously had been flagged internationally for providing weapons into African conflict zones. They are currently serving extended prison sentences in the U.S. on other charges.

Allowing Bout's transfer to Russia would pose a risk both to

international peace and security and to U.S. national security interests. This threat is especially grave given the evidence of Moscow's strong links to the revamped arms smuggling web being developed to operate out of Mauritius, and according to Kosolapov, Moscow's authorization of those activities.¹⁴³ More importantly, it would fail as a deterrent by sending the wrong message that arms traffickers need not fear stringent penalties for their criminal activities.

In regards to the UN Arms Trade Treaty negotiations, the Ministry of Foreign Affairs informed us that Mauritius supports the African common position.¹⁴⁴ The Mauritius Permanent Representative to the UN likewise informed us that Mauritius is engaged in promoting the highest international standards with respect to transfers of conventional arms. In a follow-up letter to the Conflict Awareness Project, the Permanent Representative from Mauritius to the UN reiterated the Mauritius Government's robust position on the Arms Trade Treaty.¹⁴⁵

In particular, Mauritius Foreign Affairs officials advocate that the ATT include an internationally regulated registration and licensing scheme for brokers in order to help prevent illicit operations. According to the Foreign Ministry, any administrative burden of such a scheme is justified considering not only the impact on countries otherwise victimized, especially in conflict zones, but also in unsuspecting jurisdictions like Mauritius.¹⁴⁶

On July 27, 2012, the Mauritius Prime Minister addressed the National Assembly reaffirming Mauritius' commitment to promote a "legally binding instrument setting the highest international standards with respect to transfers of conventional arms."¹⁴⁷

Conclusion

To date, international arms brokers remain uniquely unregulated in the global arms business. Out of the approximate 52 countries that regulate the arms middlemen, few have robust definitions to capture the full array of intermediaries including transporters, financial agents, and other facilitators such as offshore company managers.¹⁴⁸ Viktor Bout's successors, Andrei Kosolapov and Sergey Denisenko, have relied upon the same excuse as their former boss, insisting that they are just in the transport business. This decoy almost served them well as they ensnared associates around the globe for their potential sanctions-busting enterprise.

Given the paucity of national controls on brokering, the lack of forward movement on strengthening international standards is not surprising. Tragically, this has made a mockery of UN resolutions and sanctions regimes as well as communal will to prevent violations of international humanitarian and human rights law. A robust and comprehensive Arms Trade Treaty (ATT) is one framework for restricting the permissive environment that allows brokers to aid and abet the weaponization of conflict zones.

While the draft ATT in its current form is a good start for regulating the annual state-to-state weapons trade, it fails to close the loopholes and smooth out uneven domestic laws on arms brokers. Leaving the standard for national law up to the discretion of individual State Parties unfortunately will solidify the status quo of having national systems with varying effectiveness. Those countries with less stringent requirements will remain attractive bases for agents circumventing more stringent legislation in other jurisdictions and will compromise the aims of the ATT.

Since the U.S., South Africa, and Mauritius all have strong brokering legislation, they should exert moral and political leadership in the promotion of a higher standard for brokering controls in the ATT based on their own model laws.

Additionally, the countries named in the report should set a strong example in advancing justice and accountability for traffickers and their co-conspirators complicit in fueling war and violations of UN arms embargoes. To do so, they should undertake adequately resourced investigations of matters contained in this report, and when relevant, prosecutions of all national and foreign entities falling under their jurisdiction. Legislative loopholes, particularly in the transport and financial sectors, should also be tightened to ensure strict requirements for arms control protocols.

Finally, as we hope we have illustrated, action can be taken before international crimes are committed if adequate attention is paid to early warning signals. With appropriate monitoring and detection systems in place, early interventions can be triggered as part of an atrocities prevention program. Such an approach requires more holistic cooperation between various branches of law enforcement, including for predicate offenses, and interdepartmental synergy spanning such sectors as finance and banking, transport, aviation, and immigration.

Recommendations

To Arms Trade Treaty Negotiators:

Alter the current provisions in the draft text as follows to ensure that brokering controls fulfill the stated objectives of the ATT:

1. Call for a robust definition of arms brokers which includes transporters and financial agents;
2. Establish a compulsory requirement for the national registration of brokers and the licensing of their arms trade transactions;
3. Ensure the extra-territorial application over nationals;
4. Require the classification of brokering violations as criminal offenses and establishment of adequate penalties.

To Mauritius:

Follow through on criminal investigations of both nationals and foreign entities operating under Mauritius jurisdiction;

Ensure adequate resources and governmental support for inquiries undertaken by the Independent Commission Against Corruption (ICAC), the Financial Intelligence Unit, the Financial Services Commission, and Human Rights Commission;

Follow through on Prime Minister's pledge to consider all additional measures that would be necessary to strengthen Mauritius control monitoring and detection systems, including measures to be taken by airlines and amendments to the Business Facilitation Act 2006.

To the U.S.:

Ensure relevant cooperation with Mauritius on criminal investigations;

Follow through on criminal investigations of both nationals and foreign entities operating under U.S. jurisdiction, possibly in violation of sanctions regimes;

Undertake measures to ensure that the transport sector, especially the aviation industry and pilot training facilities adopt stricter vetting procedures to prevent violations of UN and U.S. sanctions regimes and U.S. law;

Undertake measures to close regulatory gaps in civilian aircraft controls, notably around American civilian registered planes operating outside of national borders and the export of air carriers.

To South Africa:

Ensure relevant cooperation with Mauritius on criminal investigations;

Follow through on criminal investigations of nationals and foreign entities operating under South African jurisdiction, including possible violations of sanctions regimes;

Examine the feasibility of amending the National Conventional Arms Control Act to include regulations on civilian aircraft, including passenger carriers, similar to the inclusion of military aircraft or aircraft designed for war;

Undertake measures to improve vetting procedures and compliance checks and provide civilian aviation authorities with access to relevant information;

Undertake measures to close regulatory gaps in civilian aircraft controls, notably around South African civilian registered planes operating outside of national borders and the import and export of air carriers, and to better monitor and detect financial crimes related to the aviation sector.

To Finland:

Ensure relevant cooperation with Mauritius on criminal investigations;

Follow through on criminal investigations of both nationals and foreign entities operating under Finnish jurisdiction, possibly in violation of sanctions regimes;

Undertake measures to ensure that the transport sector, especially the aviation industry, adopt stricter vetting procedures to prevent violations of UN and European Union sanctions regimes and EU regulations;

Undertake measures to close regulatory gaps around civilian aircraft and/or leasing arrangements by Finnish companies or their subsidiaries for foreign aircraft operating outside of national borders.

To UK:

Ensure relevant cooperation with Mauritius on criminal investigations, particularly around money-laundering from UK-based firms and individuals;

Follow through on criminal investigations of both nationals and foreign entities operating under UK jurisdiction, possibly in violation of sanctions regimes;

Undertake measures to strengthen regulatory controls on accounting and management services firms, including offshore financial centers under jurisdiction of the UK Crown.

To UAE:

Ensure relevant cooperation with Mauritius on criminal investigations, particularly around money-laundering through UAE-based firms and individuals;

Follow through on criminal investigations of both nationals and foreign entities operating under UAE jurisdiction, possibly in violation of Iran and other sanctions regimes;

Undertake measures to strengthen regulatory controls on aviation sector, in particular firms operating from Dubai, Sharjah, and Fujairah;

Strengthen sanctions monitoring, detection, and compliance procedures, particularly as it pertains to sanctions on Iran and Syria.

END NOTES

- 1 For archival material related to the Viktor Bout 2011 trial in NY, go to www.trackingbout.posterous.com
- 2 During Viktor Bout's 2011 trial in NY, both the defense and prosecuting lawyers made reference to a purported 6 billion dollars of frozen assets belonging to Bout
- 3 For the official United Nations Web site on the July 2-27 UN Conference on the Arms Trade Treaty go to <http://www.un.org/disarmament/ATT/> Additionally, a useful fact sheet is available from the Arms Control Association at http://www.armscontrol.org/factsheets/arms_trade_treaty
- 4 The Russian passports of both men on file with CAP
- 5 Interviews, U.S. officials, Andrei Kosolapov, and former Kosolapov associates, June-July 2012. Since the visa watch list is classified, it could not be independently verified
- 6 U.S. entities are banned from dealing with those whose name appears on the SDN list. Denisenko was added to the U.S. Office of Foreign Assets Control (Specially Designated Nationals and Blocked Persons) List because of involvement in Liberia on or before April 26, 2005, and remains on the SDN list as of June 7, 2012. See <http://www.treasury.gov/ofac/downloads/t11sdn.pdf>
- 7 Such a shipment should have required an export license since Iran is under a U.S. sanctions regime. See for example: <https://www.federalregister.gov/articles/2012/05/03/2012-10884/prohibiting-certain-transactions-with-and-suspending-entry-into-the-united-states-of-foreign>
- 8 Letter to Kathi Lynn Austin, Executive Director, Conflict Awareness Project dated July 16, 2012 from Ambassador Milan J.N. Meetarban, Permanent Representative of the Republic of Mauritius Mission to the United Nations
- 9 For the official United Nations Web site on the July 2-27 UN Conference on the Arms Trade Treaty go to <http://www.un.org/disarmament/ATT/>; Additionally, a useful fact sheet is available from the Arms Control Association at http://www.armscontrol.org/factsheets/arms_trade_treaty
- 10 <http://www.geneva-academy.ch/RULAC/pdf/Comprehensive-Draft-Arms-Trade-Treaty-of-26-July-2012.pdf>
- 11 <http://www.geneva-academy.ch/RULAC/pdf/Comprehensive-Draft-Arms-Trade-Treaty-of-26-July-2012.pdf>
- 12 See for example: <http://www.sipri.org/research/armaments/production/researchissues/transparency>
- 13 See for example earlier reports I co-authored as arms trafficking expert for DRC Expert Group: S/2005/30 (January 25, 2005) and S/2005/436 (July 26, 2005).
- 14 See for example outstanding U.S. indictments against Viktor Bout that include financial crimes and money laundering; On file at U.S. Federal Court, Manhattan, NY, and referenced on www.trackingbout.posterous.com
- 15 Interviews, Teddy Harrison and Andrei Kosolapov, June 2012, Grand Baie & Port Louis, Mauritius; Email correspondence between Harrison and Kosolapov October 2010; Court records on file in Mauritius for Supreme Court Co 386/11 and Intermediate Court Co 1672/11; Multiple interviews with Kosolapov and Harrison associates June-July, 2012, Mauritius, South Africa and UAE
- 16 References made to Bout's depleted aircraft during his 2011 trial in NY; [Plane crash in Congo kills 13](#) (Reuters, 26-8-2007); [Crash in Congo: 1 Russian, 2 Ukrainians die](#) (Russia Today, 27-8-2007); Interviews with South African aviation brokers, June-July 2012, South Africa
- 17 South Africa North Gauteng High Court, Pretoria Case No: 52917/2011 and Case No: 13898/11; Interviews with lawyers associated with the two cases, Pierre Smit of Smit Jones & Pratt on behalf of WesBank and Braan Grove of Groves Attorneys on behalf of Nationale Regionale Transport; Interviews, South African aviation brokers, June-July 2012, South Africa
- 18 For insight into changing U.S./UAE cooperation on terrorism and proliferation issues, see Congressional Research Service, The United Arab Emirates (UAE): Issues for U.S. Policy, Kenneth Katzman, March 10, 2011
- 19 DEA wiretaps of Viktor Bout played during his 2011 trial in NY. Some trial material can be found on www.trackingbout.posterous.com
- 20 Denisenko's address is listed on Mauritius Registrar of Companies documents for Island Air System and Gibson & Hills Investment LTD; Interview, Andrei and Anastasia Kosolapov. June 21, 2012, White Shell Restaurant and Lounge, Flic-En-Flac, Mauritius
- 21 Interviews, Denisenko associates in Mauritius, South Africa and UAE, June-July 2012; Documents on file with CAP, including banking information, passports and official company records

22 Ibid

23 Interviews, former Kosolapov associates, Mauritius and South Africa, June-July 2012; South Africa North Gauteng High Court, Pretoria Case No: 52917/2011 and Case No: 13898/11; Interviews with lawyers associated with the two cases, Pierre Smit of Smit Jones & Pratt on behalf of WesBank and Braan Grove of Groves Attorneys on behalf of Nationale Regionale Transport

24 Interview, Andrei Kosolapov, June 19 & 21, 2012, White Shell Restaurant and Lounge, Flic-En-Flac, Mauritius

25 Kosolapov and a former associate spoke of Kosolapov's denial of entry into the U.S. when he arrived to take possession of an American aircraft; June-July 2012, Mauritius and South Africa; Interviews, former Kosolapov associates, June-July 2012, Mauritius and South Africa; South Africa North Gauteng High Court, Pretoria Case No: 52917/2011 and Case No: 13898/11. Interviews, lawyers associated with the two cases, Pierre Smit of Smit Jones & Pratt on behalf of WesBank and Braan Grove of Groves Attorneys on behalf of Nationale Regionale Transport

26 Interview, Andrei Kosolapov, June 19, 2012, White Shell Restaurant and Lounge, Flic-En-Flac, Mauritius

27 Interview, Andrei Kosolapov June 21 2012, White Shell Restaurant and Lounge, Flic-En-Flac, Mauritius; Fake *Superfly Aviation* AOC on file and provided by former American and European business partners

28 Company flowchart on file with CAP; Review of Mauritius DCA documents at DCA headquarters, June 18, 2012, Mauritius

29 Interview, former Bout associates, June 9 & 15, 2012, Port-Louis, Mauritius

30 Author's experience as UN arms trafficking expert for UN Liberia and DRC Expert Groups; Witness testimony during Bout 2011 trial, NY

31 Interview, Girish Appaya, Communications Officer, Airports of Mauritius (AML), June 22, 2012, AML House, Mauritius; Best of Mauritius, Volume 1.

32 Interview, Drags Muhammad, Al Jameer Aviation, June 24 & 25, 2012, Port Louis, Mauritius

33 See <http://www.islandlink.mu/index.php>. Island Air System Incorporation papers from Mauritius Registrar of Companies on file with CAP; Review of DCA documents at DCA Headquarters, June 18, 2012, Mauritius

34 <http://www.moibrahimfoundation.org/en/section/the-ibrahim-index/>; <http://en.wikipedia.org/wiki/Mauritius>

35 Interview, Ambassador Milan J.N. Meetarban, Permanent Representative of the Republic of Mauritius Mission to the United Nations, July 2012, NY

36 Interviews, Teddy Harrison and Andrei Kosolapov, June 2012, Port Louis, Grand Baie, Flic N Flac, Mauritius; Email correspondence between Harrison and Kosolapov October 2010; Court records on file in Mauritius for Supreme Court Co 386/11 and Intermediate Court Co 1672/11

37 Ibid

38 Interviews, Teddy Harrison, Andrei Kosolapov, Paul Crozier, and other Kosolapov associates, June-July 2012, Mauritius, South Africa, and UAE; Email correspondence between Kosolapov, Crozier and other business partners on file with CAP

39 interviews, Teddy Harrison, Paul Crozier, Andrei Kosolapov, and previous *Superfly Aviation* Director, Mauritius South Africa, UAE, June-July 2012; Court records on file in Mauritius for Supreme Court Co 386/11 and Intermediate Court Co 1672/11

40 Ibid; Review of Mauritius Registrar of Companies documents, June 2012, Port Louis, Mauritius

41 Mauritius DCA website: <http://www.gov.mu/portal/site/cad/menuitem.059e04185af64a49b581b61c79b521ca/>

42 For Mauritius AOC application process see <http://www.gov.mu/portal/goc/cad/file/certificate.pdf>. Accordingly, it states: The application for, and grant of, an AOC is a complicated process involving much effort and detailed work by both the applicant and officers from the Authority. Hence, an applicant should contact the Authority (in this case the Department of Civil Aviation Airworthiness/Flight Operations Division (A/FO)) as far in advance as possible, in any case AT LEAST 6 MONTHS BEFORE the anticipated start of operations. The time taken to process an application will depend on the completeness of the information submitted and the progress the applicant makes in demonstrating an adequate organisation, method of control and supervision of flight operations, training programme and maintenance arrangements consistent with the nature and extent of the operations specified. Nevertheless, no undertaking can be given that the Authority will be able to grant an AOC within any particular time period.

43 For most recent examples, review South African court case files against Kosolapov: South Africa North Gauteng High Court, Pretoria Case No: 52917/2011 and Case No: 13898/11; Interviews with lawyers associated with the two cases, Pierre Smit of Smit Jones & Pratt on behalf of WesBank and Braan Grove of Groves Attorneys on behalf of Nationale Regionale Transport

44 Author's experience as UN arms trafficking expert for UN Liberia and DRC Expert Groups

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- 45 Review of Mauritius Registrar of Companies documents, June 2012, Port Louis, Mauritius; Both Gibson & Hills company records on file with CAP; Court records on file in Mauritius for Supreme Court Co 386/11 and Intermediate Court Co 1672/11
- 46 Some of these individuals include for instance a Registrar and Exams Manager, a teacher and a so-called business consultant as listed on documents reviewed at the Mauritius Registrar of Companies, June 2012, Port Louis, Mauritius; Interviews with associates of Superfly Aviation and Island Air System, June 2012, Port Louis, Mauritius
- 47 According to company representative Kevin Mallard, Belvedere Management accepted partial payment and then ceased its business with Superfly Aviation due to lack of final payment. Phone interview July 22, 2012
- 48 Gibson & Hills documents on file with CAP, including Sales and Purchase Agreement (SPA) entered into and subsequently renewed in March 2011
- 49 Email correspondence on file with CAP, including fraudulent AOC
- 50 Email correspondence on file with CAP; Phone interview, Kevin Mallard, Belvedere Management, July 22, 2012
- 51 Review of Mauritius Registrar of Companies documents, June 2012, Port Louis, Mauritius; *Island Air System* company records on file with CAP
- 52 Interview, Teddy Harrison, June 2012, Port Louis, Mauritius; Analysis of banking transfers and records on file with CAP; Meeting with Ahmad Sahib of AfrAsiaBank, June 25, Port Louis, Mauritius and follow up email correspondence July 2-3, 2012 on file with Cap
- 53 I have reason to believe that Teddy Harrison knew of his Russian associates past relationship with Viktor Bout and their previous trafficking activities; however, I can accept that Harrison was unaware of the extent to which these past connections could impact his project as well as the legal ramifications until he began to experience the negative outcomes.
- 54 Email to Teddy Harrison from Johan Jacobs dated May 2011; Email to Teddy Harrison from Andrei Kosolapov dated May 2011; The Cessna Kosolapov proposed was under the South African registration ZS OAX and belongs to Titan Air Cargo; Documents on file with CAP
- 55 South African court records concerning Andrei Kosolapov on file with CAP; South Africa North Gauteng High Court, Pretoria Case No: 52917/2011 and Case No: 13898/11; Interviews with lawyers associated with the two cases, Pierre Smit of Smit Jones & Pratt on behalf of WesBank and Braan Grove of Groves Attorneys on behalf of Nationale Regionale Transport
- 56 Interviews with Teddy Harrison, June 2012, Port Louis, Mauritius; Filmed interview of Teddy Harrison, June 25, 2012; Interviews with DCA official at DCA headquarters, June 2012, Mauritius
- 57 [http://en.wikipedia.org/wiki/Flag_of_convenience_\(business\)](http://en.wikipedia.org/wiki/Flag_of_convenience_(business))
- 58 For more info on JAR-OPS 1 see http://en.wikipedia.org/wiki/JAR-OPS_1 For more info on JAA see http://en.wikipedia.org/wiki/Joint_Aviation_AuthoritiesReference
- 59 Interviews, former Andrei Kosolapov associates, June-July 2012, Mauritius, South Africa, UAE; Court records on file in Mauritius for Supreme Court Co 386/11 and Intermediate Court Co 1672/11
- 60 Company documents on file with CAP
- 61 US dollar account bank transfer from *Avialinx* in Dubai to *Island Air System* in Mauritius; banking documents on file with CAP
- 62 US dollar account bank transfer from *Avialinx* in Dubai to *Island Air System* in Mauritius; banking documents on file with CAP
- 63 Letter of Intent dated 24 May 2011 between Andrei Kosolapov on behalf of *Superfly Aviation* and *Alandia Air* on file with CAP
- 64 Web-based research indicates the plane originally belonged to Lansing Leasing in Sterling, Virginia, but had subsequently been deregistered in the US on 2011-11-2 and was currently flying for Happy Air Travelers Co, LTD in Thailand as HS-HPA; Phone interviews with Jorgen Gustafsson, *Alandia Air*, and Chris Kilgour of *C & L Aerospace*, July 2012
- 65 Letter of Intent dated 24 May 2011 between Andrei Kosolapov on behalf of *Superfly Aviation* and *Alandia Air* on file with CAP
- 66 Interview, Teddy Harrison, June 2011, Port Louis, Mauritius;
- 67 Banking documents on file with CAP; Phone interview and email correspondence, Jorgen Gustafsson, *Alandia Air*, July 2012
- 68 It was later shown that Mohamed was not entitled to represent *Gibson & Hills Ltd* as this company was under a silent partnership with Harrison: interview Me. B.R. Venkatasamy of Venkatasamy Chambers representing Harrison in his Mauritius Commercial Court case; Mauritius Supreme Court document, Case No. 286/11, in matter of *Gibson & Hills LTD vs. Superfly Aviation*; Harrison; Documents on file with CAP
- 69 Interview with Andrei Kosolapov on June 19, 2012, White Shell Lounge & Restaurant; Flic-En-Flac, Mauritius with colleague and Kosolapov's associates present

- 70 Court records on file in Mauritius for Supreme Court Co 386/11 and Intermediate Court Co 1672/11
- 71 Interviews, former Andrei Kosolapov associates, June-July 2012, Mauritius and South Africa
- 72 Interview Me. B.R. Venkatasamy of Venkatasamy Chambers representing Harrison in his Mauritius Commercial Court case; Mauritius Supreme Court document, Case No. 286/11, in matter of Gibson & Hills LTD vs. Superfly Aviation; Harrison; Documents on file with CAP: Interview, Yousouf Mohamed, June 25 2012, Port-Louis, Mauritius; Interview with Andrei Kosolapov on June 21 2012, White Shell Lounge & Restaurant, Flic-En-Flac, Mauritius; Yousouf Mohamed's name appears on court case file documents on behalf of Kosolapov, including in South Africa.
- 73 Interview, Andrei Kosolapov and "Sam Rogers", June 19 & 21 2012, White Shell Lounge & Restaurant, Flic-En-Flac, Mauritius; Interview, "Sam Rogers", June 17 2012. White Shell Lounge & Restaurant, Flic-En-Flac, Mauritius
- 74 Review of DCA at DCA headquarters, June 18, 2012, Mauritius; Interviews with Mauritius DCA officials on 18 June 2012 in Port Louis, Mauritius
- 75 Review of Court records on file in Mauritius for Supreme Court Co 386/11 and Intermediate Court Co 1672/11; Documents on file with CAP
- 76 Review South African court case files against Kosolapov: South Africa North Gauteng High Court, Pretoria Case No: 52917/2011 and Case No: 13898/11; Interviews with lawyers associated with the two cases, Pierre Smit of Smit Jones & Pratt on behalf of WesBank and Braan Grove of Groves Attorneys on behalf of Nationale Regionale Transport
- 77 Interview with Me. B.R. Venkatasamy of Venkatasamy Chambers representing Harrison in his Mauritius Commercial Court case; Mauritius Supreme Court document, Case No. 286/11, in matter of Gibson & Hills LTD vs. Superfly Aviation; Harrison; Documents on file with CAP
- 78 Interview with Me. B.R. Venkatasamy of Venkatasamy Chambers representing Harrison in his Mauritius Commercial Court case; Mauritius Supreme Court document, Case No. 286/11, in matter of Gibson & Hills LTD vs. Superfly Aviation; Harrison; Documents on file with CAP
- 79 Mauritius Intermediate Court (Criminal Division), Application for bail in matter of Police v. Harrison, Case No 1672/11; Documents on file with CAP
- 80 Mauritius Intermediate Court (Criminal Division), Application for bail in matter of Police v. Harrison, Case No. 1672/11; Documents on file with CAP
- 81 Interview with Me. B.R. Venkatasamy of Venkatasamy Chambers representing Harrison in his Mauritius Commercial Court case; Mauritius Supreme Court document, Case No. 286/11, in matter of Gibson & Hills LTD vs. Superfly Aviation; Harrison; Documents on file with CAP
- 82 <http://www.gov.mu/portal/goc/pm/file/Statement24jul.pdf>
- 83 Island Air System, Mauritius Registrar of Companies No. 102012 also publicly trades as Island Link though refers to itself also as Link Aviation
- 84 Document on file with CAP
- 85 Review of Mauritius DCA documents at DCA Headquarters, June 18, 2012, Mauritius; Another reference lists the date November 29, 2011, which may be the difference between the date submitted and date received
- 86 Interview, Yousouf Mohamed, June 25, 2012, Port-Louis, Mauritius
- 87 Interviews with Andrei Kosolapov, former Kosolapov associates, pilots and South African aviation brokers, June-July 2012, Mauritius, South Africa, UAE
- 88 Lease agreement document on file with CAP
- 89 Interview, Andrei Kosolapov, June 21, 2012, White Shell Restaurant and Lounge, Flic-En-Flac, Mauritius
- 90 Interviews, Paul Crozier, July 2012, Dubai, UAE and follow-up correspondence
- 91 Review of Court records on file in Mauritius for Supreme Court Co 386/11 and Intermediate Court Co 1672/11; Documents on file with CAP; Email correspondence Dave Henley, July 2012
- 92 Interviews, Paul Crozier, July 2012, Dubai, UAE and follow-up correspondence
- 93 Interviews, Paul Crozier, July 2012, Dubai, UAE and follow-up correspondence
- 94 Andrei Kosolapov email to Jorgen Gustafsson dated August 18, 2011; Email on file with CAP
- 95 Phone interview with Chris Kilgour of C & L Aerospace on July 10, 2012; Email from Jorgen Gustafsson to Andrei Kosolapov dated August 18, 2011; Email on file with CAP
- 96 Review of DCA records at DCA headquarters, June 18, 2012, Mauritius
- 97 Crozier was a pilot for the Mauritius-Rodrigues passenger service Catovair operation until it closed down in 2007

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- 98 Review of DCA records at DCA headquarters, June 18, 2012
- 99 Phone interview, Chris Kilgour, CEO of *C & L Aerospace*, July 10, 2012, Bangor, Maine
- 100 Chris Kilgour email, July 11, 2012
- 101 Phone interview, Chris Kilgour, CEO of *C & L Aerospace*, July 10, 2012, Bangor, Maine
- 102 Interviews, former Bout associates, June-July 2012, Mauritius and South Africa; See for example, South African air transporter Andrew Smulian worked for Bout's Air Cess business in South Africa and later pled guilty as Bout's co-conspirator in NY;
<http://www.nytimes.com/2012/05/24/nyregion/andrew-smulian-star-witness-against-viktor-bout-gets-5-years-in-prison.html>
- 103 National Conventional Arms Control Act 2002, Government Gazette, February 20, 2003, No.24575; National Conventional Arms Control Regulations, Government Notice, April 20, 2012, No. 35283
- 104 Interviews, South African aviation brokers June-July 2012, including at Wonderboom National Airport, Centurion, and Johannesburg, South Africa; Names have been withheld at the request of South Africa and in the interest of an official inquiry
- 105 <http://www.treasury.gov/resource-center/sanctions/Programs/Documents/iranship.pdf>
- 106 Interview, Mauritius DCA officials, South African aviation brokers, and former Kosolapov/Denisenko associates, June-July 2012, Mauritius and South Africa
- 107 Meeting with South African arms control officials, including an inspector, July 2012, UNHQ, New York
- 108 The South African government has specific legislation that allows for the appointment of inspectors to carry out inspections and the investigation of suspected offences; See for example: <http://www.thedti.gov.za/nonproliferation/ArmsControl.html#11>
- 109 See for example South African court case dossiers filed against Kosolapov: South Africa North Gauteng High Court, Pretoria Case No: 52917/2011 and Case No: 13898/11; Interviews with lawyers associated with the two cases, Pierre Smit of Smit Jones & Pratt on behalf of WesBank and Braan Grove of Groves Attorneys on behalf of Nationale Regionale Transport
- 110 Email between Jorgen Gustafsson and Sergey Denisenko dated August 18, 2011
- 111 Lease agreement on file with CAP
- 112 See <http://www.treasury.gov/ofac/downloads/t11sdn.pdf>
- 113 Email between Jorgen Gustafsson and Sergey Denisenko dated August 18, 2011
- 114 Documents provided by Jorgen Gustafsson of Alandia Air on file with CAP
- 115 Email correspondence between Andrei Kosolapov and Johan Jacobs, 2010-2011; Interviews, Teddy Harrison, Andrei Kosolapov, former Andrei Kosolapov associates, and South African aviation brokers, June-July, Mauritius, South Africa
- 116 Registration No 5913907; Address listed as 26 Grosvenor Street, Mayfair, London
- 117 Interviews, former Andrei Kosolapov and Johan Jacobs business associates, June-July, South Africa
- 118 UK public records available on web; Interviews with former Andrei Kosolapov and Johan Jacobs business associates, June-July, South Africa
- 119 Phone interview, Kevin Mallard, Belvedere Management, July 22, 2012
- 120 Interviews, Teddy Harrison, former Andrei Kosolapov business associates, South African aviation brokers, June-July 2012, Mauritius, South Africa, UAE; Review of DCA records at DCA headquarters, June 18, 2012, Mauritius
- 121 Review of DCA records at DCA headquarters, June 18, 2012, Mauritius
- 122 <http://www.treasury.gov/press-center/press-releases/Pages/tg1322.aspx>
- 123 Review of documents on file at Mauritius DCA; Interviews with Mauritius DCA officials on 18 June 2012 in Port Louis, Mauritius. According to Palm Aviation's website, it is operating two BAe 146-300 for Manhan Air, Iran.
- 124 Email from Bob Smith, Palm Aviation, July 17, 2012
- 125 <http://www.treasury.gov/resource-center/sanctions/Programs/Documents/iran.pdf>
- 126 <https://www.federalregister.gov/articles/2012/05/03/2012-10884/prohibiting-certain-transactions-with-and-suspending-entry-into-the-united-states-of-foreign>
- 127 <http://www.treasury.gov/resource-center/sanctions/Programs/Documents/iran.pdf>
- 128 Based on interviews with South African aviation brokers, aviation experts and former pilots and business associates of Kosolapov and Denisenko, June-July 2012, Mauritius, UAE, South Africa, and by phone from the U.S.

129 Summarized from taped audio interview with Andrei Kosolapov on June 19, 2012, White Shell Restaurant and Lounge, Flic-En-Flac, Mauritius

130 Interviews, South Africa aviation brokers, former Kosolapov and Denisenko business associates, South Africa aircraft maintenance providers June-July 2012; phone conversations with associates in Rwanda and DRC, July 2012; DRC flight logs on file with CAP

131 Andrei Kosolapov email to CAP, June 23, 2012

132 Summarized from taped audio interview with Andrei Kosolapov on June 19, 2012, White Shell Restaurant and Lounge, Flic-En-Flac, Mauritius

133 Interviews, former Andrei Kosolapov associates, South African aviation brokers, South African lawyers, June-July, South Africa. Also see South Africa North Gauteng High Court, Pretoria Case No: 52917/2011 and Case No: 13898/11

134 Letter to Kathi Lynn Austin, Executive Director, Conflict Awareness Project dated July 16, 2012 from Ambassador Milan J.N. Meetarbhan, Permanent Representative of the Republic of Mauritius Mission to the United Nations;

<http://www.gov.mu/portal/goc/pm/file/Statement24jul.pdf>; <http://www.gov.mu/portal/goc/assemblysite/file/hansardsecd1712.pdf>

135 <http://www.gov.mu/portal/goc/pm/file/Statement24jul.pdf>; <http://www.gov.mu/portal/goc/assemblysite/file/hansardsecd1712.pdf> ;
<http://www.gov.mu/portal/goc/pm/file/Statement24jul.pdf>

136 <http://www.gov.mu/portal/goc/assemblysite/file/hansardsecd1712.pdf>

137 Email correspondence from ICAC to Kathi Lynn Austin, dated August 2, 2012

138 <http://www.gov.mu/portal/goc/assemblysite/file/hansardsecd1712.pdf>

139 See for example South African court case dossiers filed against Kosolapov: South Africa North Gauteng High Court, Pretoria Case No: 52917/2011 and Case No: 13898/11; Interviews with lawyers associated with the two cases, Pierre Smit of Smit Jones & Pratt on behalf of WesBank and Braan Grove of Groves Attorneys on behalf of Nationale Regionale Transport.

140 See www.stellairgroup.com

141 Footnote: <http://www.politicsweb.co.za/politicsweb/view/politicsweb/en/page71654?oid=315571&sn=Detail&pid=71616>

142 See for examples: <http://en.ria.ru/russia/20120607/173893608.html>; http://english.ruvr.ru/2012_06_01/76721385/;
<http://en.rian.ru/russia/20120529/173741055>

143 Interview with Andrei Kosolapov, June 19 & 21, 2012, White Shell Restaurant and Lounge, Flic-En-Flac, Mauritius

144 Meeting with Ministry of Foreign Affairs, 22 June, Port Louis, Mauritius

145 Letter to Kathi Lynn Austin, Executive Director, Conflict Awareness Project dated July 16, 2012 from Ambassador Milan J.N. Meetarbhan, Permanent Representative of the Republic of Mauritius Mission to the United Nations

146 Meeting with Ministry of Foreign Affairs, 22 June, Port Louis, Mauritius

147 <http://www.gov.mu/portal/goc/assemblysite/file/hansardsecd1712.pdf>

148 <http://americanvaluesnetwork.org/wp-content/uploads/2011/10/finalbrokersreport.pdf>