



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
FEBRUARY 2, 2004

CONTACT: U.S. ATTORNEY'S OFFICE
MARVIN SMILON, HERBERT HADAD,
MICHAEL KULSTAD
PUBLIC INFORMATION OFFICE
(212) 637-2600

FBI
JOSEPH A. VALIQUETTE
JAMES M. MARGOLIN
(212) 384-2715, 2720

**U.S. CONVICTS MAN IN SCHEME TO DEFRAUD UKRAINIAN
AIRLINE PROVIDING SUPPORT TO U.N. PEACEKEEPING MISSIONS**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, and PASQUALE D'AMURO, the Assistant Director In Charge of the New York Field Office of the FBI, announced that EDWARD GOYKHMEN was convicted in Manhattan federal court late Friday in connection with a scheme to defraud the International Joint Stock Aviation Company Air Urga ("Air Urga"), a Ukrainian-based airline which serviced United Nations peacekeeping missions. GOYKHMEN was convicted after a three-week jury trial before United States District Court Judge RICHARD OWEN.

The proof at trial established that in the fall of 1994, Air Urga was authorized by the United Nations ("UN") to provide air charter services to UN peacekeeping missions throughout the world. From 1995 through 1997, Air Urga entered into 10 air

charter contracts with the UN to provide air support to UN missions in the Western Sahara, the former Yugoslavia, Liberia, Kuwait and Bosnia, among other places. Air Urga's services included ferrying cargo and UN personnel, and assisting in evacuations when necessary.

According to the trial evidence, in about October 1994, Air Urga entered into the first of several written agreements with EDWARD GOYKHMEN and his company, New Star United ("NSU"), whereby GOYKHMEN and NSU acted as Air Urga's exclusive representative to the UN. Under the contracts, GOYKHMEN assisted Air Urga in becoming an authorized UN vendor; represented Air Urga in the bidding/procurement process for UN air charter contracts; submitted Air Urga invoices to the UN; and acted as a conduit through which Air Urga financed Air Urga's personnel working at the UN missions.

It was established at trial that Air Urga directed UN payments due to Air Urga for its services to be transmitted directly to Air Urga's bank account in Ukraine. In the Spring of 1995, however, before the first Air Urga invoice was even submitted, GOYKHMEN opened a bank account at Republic National Bank in Brooklyn, New York, and arranged for the UN to forward all payments due to Air Urga to that the Republic account that he controlled. Between March 1995 and late 1997, GOYKHMEN diverted more than \$5 million to his Republic Account, it was charged. The evidence at trial established that GOYKHMEN used large portions of the diverted funds for his personal benefit, writing hundreds of

thousands of dollars worth of checks payable to cash and using the funds for personal purchases, including a Jeep Grand Cherokee, a cooperative apartment in Brooklyn, real estate in Florida, private investments and his daughter's college tuition.

According to the evidence at trial, in order to perpetuate the scheme, GOYKHMANN occasionally transferred portions of the UN funds to Air Urga in Ukraine, claiming that such payments were being sent directly from the UN. GOYKHMANN also falsely represented to Air Urga officials that the UN had not paid the remainder of the funds, and that the UN routinely was delinquent in paying for air charter services.

Beginning in approximately the Summer of 1995, through about November 1997, representatives of Air Urga made numerous efforts to determine why Air Urga had not received full payment for the amounts it was owed for the UN missions. Throughout this period, GOYKHMANN continued to represent to Air Urga that payment was delayed because the UN was delinquent in its debt payments.

GOYKHMANN was convicted on all seven counts of wire fraud in the Indictment. The Indictment also seeks forfeiture of all property that constitutes or is derived from proceeds traceable to the offense, including but not limited to a sum of money equal to approximately \$2,096,000 in United States currency, representing the amount of proceeds obtained as a result of the offense for which the defendant is liable.

The jury returned its verdict after deliberating

approximately one and one-half hours. After the verdict was returned, Judge OWEN ordered GOYKHMAN remanded pending his sentencing. Sentencing is scheduled for April 30, 2004.

GOYKHMAN, 54, is a United States national who has residences in Manhattan and Hollywood, Florida.

GOYKHMAN faces a maximum sentence of 5 years in prison and a \$250,000 fine, or twice the gross gain or loss resulting from the crime, on each of the seven counts.

Mr. KELLEY praised the investigative efforts of the FBI.

Assistant United States Attorneys MARCUS A. ASNER and DANIEL RUZUMNA are in charge of the prosecution.

04-22

###