

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. _____
v.	:	DATE FILED: _____
NICHOLAS HOVAN	:	VIOLATIONS:
ZHENYU WANG	:	18 U.S.C. § 371 (conspiracy to violate
a/k/a “Bill Wang,”	:	IEEPA – 1 count)
ROBERT THWAITES	:	50 U.S.C. §§ 1701–1707 (engaging and
DANIEL RAY LANE	:	attempting to engage in transactions
	:	prohibited by IEEPA – 1 count)
	:	18 U.S.C. § 1956(h) (money laundering
	:	conspiracy – 1 count)
	:	18 U.S.C. § 2 (aiding and abetting)

INDICTMENT

COUNT ONE

(Conspiracy to Violate the International Emergency Economic Powers Act)

THE GRAND JURY CHARGES THAT:

At all times material to this Indictment:

BACKGROUND

1. Defendant NICHOLAS HOVAN was a citizen of the United States of America.

2. Defendant ZHENYU WANG, a/k/a “Bill Wang,” was a citizen of the People’s Republic of China and a lawful permanent resident of the United States of America.

3. Defendant ROBERT THWAITES was a citizen of the United States of America.

4. Defendant DANIEL RAY LANE was a citizen of the United States of America.

5. Co-Conspirator #1, charged elsewhere, was a citizen of the United States of America.

6. The Islamic Republic of Iran (“Iran”) was a country that supported international terrorism and was designated a “state sponsor of terrorism” by the U.S. Secretary of State.

7. The International Emergency Economic Powers Act (“IEEPA”), 50 U.S.C. §§ 1701–1707, granted the President of the United States authority to deal with unusual and extraordinary threats to the national security, foreign policy, or economy of the United States. 50 U.S.C. § 1701(a). The President was authorized to declare a national emergency and to impose economic sanctions in response to those threats. Pursuant to that authority, the President and the executive branch have issued orders and regulations governing and prohibiting certain activities and transactions with Iran by U.S. persons or involving items of U.S. origin or exported from the United States.

8. Under IEEPA, it was a crime to willfully violate, attempt to violate, conspire to violate, or cause a violation of any license, order, regulation, or prohibition issued pursuant to the statute. 50 U.S.C. §§ 1705(a) and 1705(c).

9. Presidents of the United States have exercised their authority to declare a national emergency with respect to Iran. For example, on or about March 15, 1995, President William J. Clinton issued Executive Order 12,957, which, among other things, stated that “the actions and policies of the Government of Iran constitute an unusual and extraordinary threat to

the national security, foreign policy, and economy of the United States,” and therefore declared “a national emergency to deal with that threat.” The national emergency with respect to Iran has been extended annually through successive presidential notices. The most recent continuation of this national emergency was on March 12, 2020. See 85 Fed. Reg. 14,731 (Mar. 12, 2020).

10. Presidents of the United States later issued additional Executive Orders — Executive Orders 12,959 (1995) and 13,059 (1997) [collectively, and together with Executive Order 12,957, the “Executive Orders”] — that subjected Iran to a comprehensive trade embargo. The Executive Orders prohibited, among other things, the exportation, re-exportation, sale, or supply, directly or indirectly, to Iran of any goods, technology, or services from the United States or by a United States person, or U.S. persons, wherever located, from engaging in any transaction, or dealing in or related to, goods or services of Iranian origin or owned or controlled by the Government of Iran. The Executive Orders also prohibited any transaction by any United States person or within the United States that evaded or avoided, or had the purpose of evading or avoiding, any prohibition set forth in the Executive Orders.

11. The Executive Orders authorized the Secretary of the Treasury, in consultation with the Secretary of State, “to take such actions, including the promulgation of rules and regulations . . . as may be necessary to carry out the purposes” of the Executive Orders. Pursuant to this authority, the Secretary of the Treasury promulgated the Iranian Transactions and Sanctions Regulations (“ITSR”), 31 C.F.R. Part 560, to implement the sanctions imposed by the Executive Orders. Within the Department of the Treasury, the Office of Foreign Assets Control (“OFAC”) was responsible for administering the ITSR and adjudicating requests for licenses to engage in otherwise prohibited transactions with Iran.

12. Among other things, the ITSR prohibited the following:
 - a. the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, technology, or services to Iran or the Government of Iran, including the exportation, reexportation, sale, or supply of any goods, technology, or services to a person in a third country undertaken with knowledge or reason to know that such goods, technology, or services are intended specifically for supply, transshipment, or reexportation, directly or indirectly, to Iran or the Government of Iran (31 C.F.R. § 560.204);
 - b. U.S. persons, wherever located, engaging in any transaction or dealing in or related to (i) goods or services of Iranian origin or owned or controlled by the Government of Iran; or (ii) goods, technology, or services for exportation, sale, supply, directly or indirectly, to Iran or the Government of Iran (31 C.F.R. § 560.206); and
 - c. any transaction by any United States person or within the United States that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions contained in the ITSR (31 C.F.R. § 560.203).

13. Defendant NICHOLAS HOVAN never obtained a license to engage in transactions, investments, or other activities involving Iran.

14. Defendant ZHENYU WANG, a/k/a “Bill Wang,” never obtained a license to engage in transactions, investments, or other activities involving Iran.

15. Defendant ROBERT THWAITES never obtained a license to engage in transactions, investments, or other activities involving Iran.

16. Defendant DANIEL RAY LANE never obtained a license to engage in transactions, investments, or other activities involving Iran.

17. Co-Conspirator #1 never obtained a license to engage in transactions, investments, or other activities involving Iran.

THE CONSPIRACY

18. From in or about May 2019 through in or about February 2020, in the Eastern District of Pennsylvania, and elsewhere, defendants

**NICHOLAS HOVAN,
ZHENYU WANG,
a/k/a “Bill Wang,”
ROBERT THWAITES, and
DANIEL RAY LANE,**

United States persons, conspired and agreed, together and with Co-Conspirator #1 and others known and unknown to the Grand Jury, to commit an offense against the United States, that is, to knowingly and willfully violate IEEPA and the regulations promulgated thereunder, in violation of Title 50, United States Code, Sections 1701–1707, Title 31, Code of Federal Regulations, Sections 560.203, 560.204, and 560.206, and Executive Orders 12,957, 12,959, and 13,059.

MANNER AND MEANS

It was part of the conspiracy that:

19. The conspirators conspired and agreed to evade U.S. economic sanctions against Iran by facilitating and attempting to facilitate the purchase of petroleum directly from Iran, to mask the origins of the petroleum due to the U.S. economic sanctions, and to sell the petroleum under masked origins to a company in the People's Republic of China.

20. The conspirators communicated among themselves and with third parties relating to, among other things, (a) financing for such transactions; (b) the preparation of contractual and other documentation; (c) the transportation and shipment of the sanctioned Iranian petroleum; (d) the obtaining of Antigua passports to facilitate the contemplated transactions and to establish offshore financial accounts for the movement of funds; (e) efforts undertaken and to be undertaken to conceal and to avoid detection of their conspiracy and the origin of the Iranian petroleum; (f) the distribution of any proceeds from the sale of Iranian petroleum; and (g) efforts to be undertaken to conceal or to disguise the nature, the location, the source, the ownership, or the control of any proceeds of their activities.

21. The conspirators solicited prospective investors to obtain funds for the purchase of sanctioned Iranian petroleum.

22. The conspirators prepared and executed contractual and other documentation to facilitate the transactions involving sanctioned Iranian petroleum.

23. The conspirators took steps to avoid detection, including conducting communications through an encrypted voice and text application.

24. The conspirators took steps to transfer funds between the United States and places outside the United States.

25. The conspirators undertook steps to conceal or to disguise the nature, the location, the source, the ownership, and the control of any proceeds of their activities, including through the use of shell and other entities, layering of transactions, and offshore financial accounts.

OVERT ACTS

In furtherance of the conspiracy and to accomplish its objects, defendant NICHOLAS HOVAN, defendant ZHENYU WANG, a/k/a “Bill Wang,” defendant ROBERT THWAITES, defendant DANIEL RAY LANE, Co-Conspirator #1, and others known and unknown to the Grand Jury committed the following overt acts, among others, in the Eastern District of Pennsylvania and elsewhere:

1. On or about July 31, 2019, defendant NICHOLAS HOVAN met with Person #1 and Person #2 in Philadelphia, Pennsylvania, and discussed undertaking transactions in sanctioned Iranian petroleum.
2. On or about September 18, 2019, Co-Conspirator #1, Person #2, and Person #3 met in Dallas, Texas, and discussed undertaking transactions in sanctioned Iranian petroleum, including the logistics of transporting the petroleum and the use of offshore accounts and shell entities to move funds.
3. On or about September 19, 2019, defendant ZHENYU WANG, a/k/a “Bill Wang,” defendant ROBERT THWAITES, Person #2, and Person #3 met in Dallas, Texas, and discussed undertaking transactions in sanctioned Iranian petroleum, including utilizing a shell company to facilitate a transaction whereby a Chinese company would purchase and refine the petroleum.

4. On or about September 19, 2019, defendant DANIEL RAY LANE, Co-Conspirator #1, Person #2, and Person #3 met in Dallas, Texas, and discussed how they could conceal and disguise the proceeds of their transactions in sanctioned Iranian petroleum and other activities.

5. On or about October 22, 2019, defendant ZHENYU WANG, a/k/a “Bill Wang,” and Person #3 had a voice call and discussed the transactions in sanctioned Iranian petroleum, including using a shell company to facilitate the sale of the petroleum to a company in the People’s Republic of China.

6. On or about November 12, 2019, defendant ROBERT THWAITES and Person #3 had a voice call and discussed the transactions in sanctioned Iranian petroleum, including a discussion of the use of a purchase order.

7. On or about November 14, 2019, defendant ROBERT THWAITES and Person #3 had a voice call and discussed the transactions in sanctioned Iranian petroleum, including a discussion of the use of a Polish shell company to facilitate the transactions.

8. On or about November 20, 2019, defendant ROBERT THWAITES and Person #3 had a voice call and discussed the transactions in sanctioned Iranian petroleum, including a discussion of a Chinese refinery and the planned shipment of the petroleum to the People’s Republic of China.

9. On or about November 25, 2019, defendant NICHOLAS HOVAN, Person #1, Person #2, and Person #3 had a voice call and discussed the transactions in sanctioned Iranian petroleum, including a potential lead for financing, based in Philadelphia, Pennsylvania.

10. On or about January 8, 2020, defendant NICHOLAS HOVAN, Person #1, Person #3, Person #4, and Person #5 met at a hotel in Philadelphia, Pennsylvania, during which defendant HOVAN and Person #1 provided details of the proposed Iranian petroleum deal for the purpose of obtaining financing and an investment.

11. On or about January 9, 2020, defendant DANIEL RAY LANE, Co-Conspirator #1, and Person #3 had a voice call and discussed using an entity, with which defendant LANE, defendant ROBERT THWAITES, and Co-Conspirator #1 were associated, to conceal and to disguise the proceeds of their activities.

12. On or about January 13, 2020, defendant ROBERT THWAITES, Co-Conspirator #1, and Person #3 had a voice call and discussed obtaining Antigua passports to establish an offshore, Swiss bank account that would not be reported to U.S. authorities.

13. On or about January 13, 2020, defendant DANIEL RAY LANE and Person #3 had a voice call and discussed the use of purported mineral rights investments to conceal and to disguise the proceeds of the Iranian petroleum deal.

14. On or about January 15, 2020, defendant ROBERT THWAITES had a voice call with Person #3, and defendant ZHENYU WANG, a/k/a "Bill Wang," was conferenced in to the call. Defendant THWAITES, defendant WANG, and Person #3 discussed concealing the fact that the petroleum was Iranian, including by bribing an official of the People's Republic of China.

15. On or about January 17, 2020, defendant DANIEL RAY LANE and Person #3 had a voice call and discussed the use of purported mineral rights investments to conceal and to disguise the proceeds of the Iranian petroleum deal.

16. On or about January 23, 2020, defendant NICHOLAS HOVAN, Person #2, and Person #3 had a voice call and discussed the transactions in sanctioned Iranian petroleum, including the shipment of the petroleum and the distribution of the proceeds of these activities.

17. On or about February 10, 2020, defendant NICHOLAS HOVAN, defendant ZHENYU WANG, a/k/a “Bill Wang,” defendant ROBERT THWAITES, and Co-Conspirator #1 traveled to a hotel in Philadelphia, Pennsylvania, to discuss and execute documents related to their transactions in sanctioned Iranian petroleum and to take possession of Antigua passports.

18. On or about February 10, 2020, defendant DANIEL RAY LANE traveled to a restaurant in Dallas, Texas, to take possession of approximately \$4 million in U.S. currency and to execute a purported Mineral Acreage Purchase Agreement.

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

COUNT TWO

(Violation of the International Emergency Economic Powers Act)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1–17 and 19–25 and the Overt Acts of Count One of this Indictment are realleged and incorporated by reference as though fully set forth here.
2. From in or about May 2019 through in or about February 2020, in the Eastern District of Pennsylvania and elsewhere, defendants

**NICHOLAS HOVAN,
ZHENYU WANG,
a/k/a “Bill Wang,”
ROBERT THWAITES, and
DANIEL RAY LANE,**

United States persons, willfully and knowingly violated IEEPA and the regulations promulgated thereunder, attempted to violate IEEPA and the regulations promulgated thereunder, and aided and abetted the violation of IEEPA and the regulations promulgated thereunder, that is, without obtaining the required OFAC approval, defendants NICHOLAS HOVAN, ZHENYU WANG, a/k/a “Bill Wang,” ROBERT THWAITES, and DANIEL RAY LANE engaged in, attempted to engage in, and aided and abetted engaging in transactions relating to and dealing in goods and services of Iranian origin and owned and controlled by the Government of Iran.

All in violation of Title 50, United States Code, Sections 1701–1707, Title 31, Code of Federal Regulations, Sections 560.203, 560.204, and 560.206, Executive Orders 12,957, 12,959, and 13,059, and Title 18, United States Code, Section 2.

COUNT THREE
(Money Laundering Conspiracy)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1–17 and the Overt Acts of Count One of this Indictment are realleged and incorporated by reference as though fully set forth here.

2. From in or about May 2019 through in or about February 2020, in the Eastern District of Pennsylvania and elsewhere, defendants

**NICHOLAS HOVAN,
ZHENYU WANG,
a/k/a “Bill Wang,”
ROBERT THWAITES, and
DANIEL RAY LANE**

knowingly and intentionally conspired and agreed together and with Co-Conspirator #1 and others known and unknown to the Grand Jury (a) to transport, transmit, and transfer, and attempt to transport, transmit, and transfer funds from a place in the United States to and through a place outside the United States and to a place in the United States from and through a place outside the United States, specifically: the People’s Republic of China, the Islamic Republic of Iran, and the Swiss Confederation, with the intent to promote the carrying on of a specified unlawful activity, that is: engaging and attempting to engage in transactions prohibited by IEEPA and the regulations promulgated thereunder, in violation of Title 50, United States Code, Sections 1701–1707, Title 31, Code of Federal Regulations, Sections 560.203, 560.204, and 560.206, and Executive Orders 12,957, 12,959, and 13,059, in violation of Title 18, United States Code, Section 1956(a)(2)(A); and (b) to transport, transmit, and transfer, and attempt to transport, transmit, and transfer funds from a place in the United States to and through a place outside the United States and to a place in the United States from and through a place outside the United

States, specifically: the People's Republic of China, the Islamic Republic of Iran, and the Swiss Confederation, knowing that the funds involved in the transportation, transmission, and transfer, and the attempted transportation, transmission, and transfer, represented the proceeds of some form of unlawful activity and knowing that such transportation, transmission, and transfer, and the attempted transportation, transmission, and transfer were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(2)(B)(i).

MANNER AND MEANS

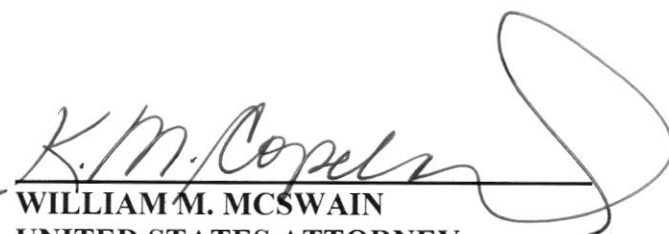
It was part of the conspiracy that:

3. Paragraphs 19–25 of Count One of this Indictment are realleged and incorporated by reference as a description of the manner and means of the conspiracy.

All in violation of Title 18, United States Code, Sections 1956(h), 1956(a)(2)(A), and 1956(a)(2)(B)(i).

A TRUE BILL:


GRAND JURY FOREPERSON


for **WILLIAM M. MCSWAIN**
UNITED STATES ATTORNEY

No. _____

UNITED STATES DISTRICT COURT

Eastern District of Pennsylvania

Criminal Division

THE UNITED STATES OF AMERICA

vs.

NICHOLAS HOVAN, et al.

INDICTMENT

Counts

18 U.S.C. § 371 (conspiracy to violate IEEPA – 1 count)
18 U.S.C. §§ 1701-1707 (engaging and attempting to engage in transactions prohibited by IEEPA – 1
count)
18 U.S.C. § 1956(h) (money laundering conspiracy – 1 count)
18 U.S.C. § 2 (aiding and abetting)

A true bill.

Foreman

Filed in open court this _____ day,
Of _____ A.D. 20 _____

Clerk

Bail, \$ _____
