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**SCHEMER IN FRAUD OF UKRAINIAN AIRLINE PROVIDING SUPPORT
TO UN MISSIONS SENTENCED TO 46 MONTHS IN FEDERAL PRISON**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that EDWARD GOYKHMEN was sentenced late yesterday in Manhattan federal court to 46 months' imprisonment following his January 2004 conviction on charges stemming from a scheme to defraud the International Joint Stock Aviation Company Air Urga ("Air Urga"), a Ukrainian-based airline which services United Nations peacekeeping missions.

GOYKHMEN's conviction on all seven counts of wire fraud in the Indictment followed a three-week jury trial before United States District 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 that that UN payments due to Air Urga for its services were 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 the Republic account that he controlled. Between March 1995 and late 1997, GOYKHMEN diverted more than \$5 million to his Republic Account. 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 in or 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.

In addition to sentencing GOYKHMANN to the 46-month prison term, Judge OWEN ordered him to pay \$1,398,132 in restitution to Air Urga, representing the sum the GOYKHMANN diverted from the company. Judge OWEN also ordered GOYKHMANN to forfeit to the United States a sum of \$1,398,132. GOYKHMANN has been in custody since the jury convicted him on January 30, 2004.

GOYKHMANN, 54, is a United States national who has residences in New York, New York and Hollywood, Florida.

Mr. KELLEY praised the investigative efforts of the FBI.

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

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