

Rich oligarchs with private jets may be able to evade a U.S. ban on Russian planes

FAA records on foreign owners of U.S.-registered planes are often incomplete, creating national security risks



By [Ian Duncan](#) and [Michael Laris](#)

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Government watchdogs have repeatedly warned in recent years that the Federal Aviation Administration often lacks information about the true owners of planes even on its own registry, a gap that highlights the challenges Western authorities face as they enforce sanctions and bans on the private jets of rich Russians entering their airspace.

European nations, as well as the United States and Canada, have issued sweeping prohibitions on Russian aircraft in their skies in response to [the invasion of Ukraine](#), part of a package of measures designed to [isolate Russia's aviation industry](#).

But while blocking Russian passenger and cargo airlines is fairly straightforward, clamping down on private jets owned and registered by secretive trusts and corporations could be more difficult.

The FAA said in a statement that it's own staff and "multiple federal agencies" are working to enforce the airspace restrictions. It declined to say what sources of information it was relying on.

The oligarchs' private jets — along with their massive yachts — are one of the most visible signs of their extraordinary wealth. The leaders of Western governments have highlighted the planes as they have rolled out [increasingly tight sanctions on Russians in recent days](#).

On Thursday, the White House tweeted a picture of a jet owned by Alisher Usmanov, one of Russia's richest men, saying it was "blocked from use in the United States." The airliner-sized Airbus A340 has a distinctive burgundy livery, and officials said it is one of Russia's largest private planes.

The White House  @WhiteHouse · Mar 3, 2022



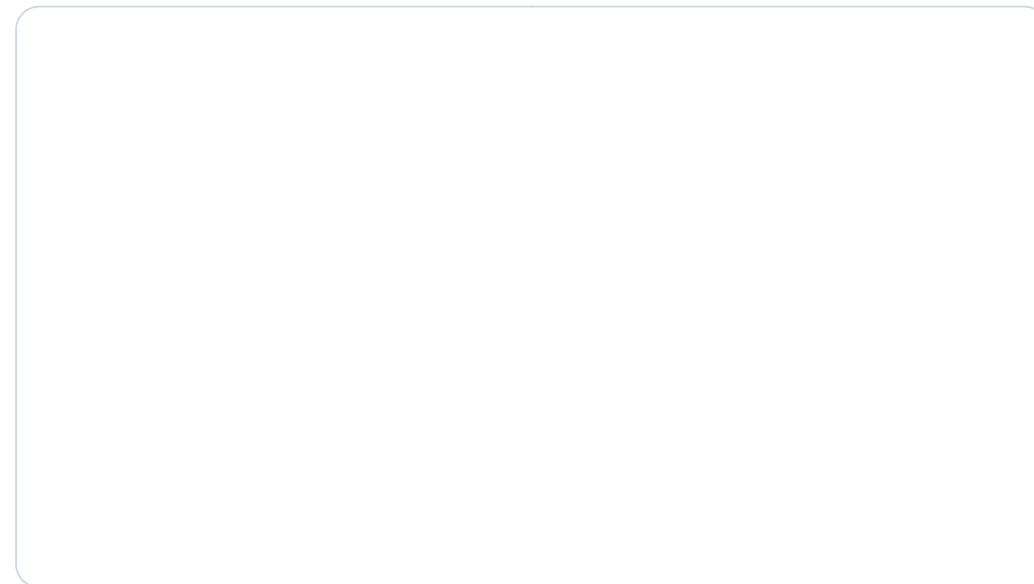
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The United States will sanction an expansive list of Putin's cronies and their family members. One of the elites is Alisher Burhanovich Usmanov, one of Russia's wealthiest individuals and a close ally of Putin.

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Usmanov's property is blocked from use in the United States and by U.S. persons – including his superyacht and his private jet.



7:14 PM · Mar 3, 2022



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“Let me be very clear,” EU commission president Ursula von der Leyen said Sunday, “Our airspace will be closed to every Russian plane — and that includes the private jets of oligarchs.”

Yet transparency advocates say enforcement efforts will be hampered by the opacity surrounding the ownership of jets.

Rep. Stephen F. Lynch (D-Mass.) said the FAA’s aircraft registration system is flawed and undercuts the nation’s ability to oversee or punish Russian oligarchs and a range of other potential bad actors. He said the FAA has for years been “highly unresponsive” on the issue of making sure the agency knows who is registering and leasing planes in the United States.

Lynch said he agrees with the measures President Biden took to bar Russian flights. “But knowing the state of the law and administrative inadequacies, I’m less optimistic for his success unless we change the registration process,” Lynch said.

“We can’t tell if they’re Sinaloa or Hezbollah,” Lynch said, citing the Mexican drug cartel and Lebanese militia. “We can’t tell if they’re Russian either.”

The Aircraft Ownership Transparency Act, a bill Lynch first introduced in 2017, was meant to address that. It would have required the FAA to obtain the identity of a plane’s “beneficial owners,” meaning the people who actually control the entity seeking to register the plane, or those who have an interest in its assets. Updated legislation he introduced last year seeks to achieve many of the same goals.

Without that basic information, powerful Russians with U.S.-registered aircraft could keep using their planes, or secretly sell them to fund their lifestyles, said Gary Kalman, director of U.S. office for the anti-corruption group Transparency International.

“Those sanctions are trying to squeeze the oligarchs who are close Putin,” Kalman said. “We don’t want those oligarchs to be able to fly around the world, especially under the cover of a U.S. flag.”

Kalman said the Corporate Transparency Act, which passed Congress and was signed into law last year, will require many corporate entities to send the U.S. Treasury information about their actual owners, including for many of the corporate entities used to register airplanes. The rules implementing that law are still being finalized.

Kalman said there are also exemptions to those new requirements, including for some trusts, that would still allow abuse in aircraft registrations — loopholes that should be shut with legislation such as Lynch’s.

When it comes to yachts, the Coast Guard has not implemented an earlier transparency push, which could have aided current efforts to track the holdings of Russian elites, despite a congressional deadline.

Congress passed “large recreational vessel” regulations in the summer of 2018 that gave the Coast Guard one year to require information on the actual “beneficial owners” or such craft. The Coast Guard said in a statement Friday that it “is in the process of developing the regulations” and “due to the regulatory process, there is not an estimated time for issuance of a final rule.”

The terms of the sanctions and airspace bans are broad. The Department of Transportation said a U.S. order issued this week prohibits flights by “all aircraft owned, certified, operated, registered, chartered, leased, or controlled by, for, or for the benefit of, a person who is a citizen of Russia.”

A Twitter account, Russian Oligarch Jets, has found viral popularity since the war began by sharing the movements of oligarchs’ suspected jets. It tracked Usmanov’s plane taking off from Munich on Monday. Germany closed its airspace to Russians on Sunday afternoon, but German and European aviation authorities did not respond to questions about whether they consider the flight a violation of the ban.

Usmanov could not be reached via the companies he owns.

Yet the account has had to come to grips with the difficulties of conclusively linking individuals to aircraft, removing some planes it concluded were actually no longer connected to oligarchs.

Colby Howard, the president of Paragon Intel, a consulting firm that tracks corporate aviation, said the most prominent Russian oligarchs have been reliably linked to their planes, but tracking less well known figures is harder — “especially when people are going out of their way to make sure you can’t figure out who it is.”

“You’re talking about LLCs. You’re talking about trusts. You’re talking about data that is never real time,” Howard said. “None of this is perfect.”

The world's super-rich have many options for where to register their planes. Usmanov's jet is registered in the Isle of Man, off the coast of Britain. Dale Nickerson, a retired private pilot, said Bermuda is a popular option for Russians. The island's aviation authority maintains an office in Moscow and advertises "low-profile registration marks."

But registering jets with the FAA is appealing, offering a coveted "N" tail number — a visible link to the United States that serves as a form of protection around the world. And it allows owners to avoid hefty value added taxes imposed by other nations.

The current U.S. registration system, "while affording a world-class reputation" for those registering planes here, "also affords a great deal of secrecy" and ends up inviting abuse, said Lakshmi Kumar, policy director for Global Financial Integrity, a D.C.-based think tank focused on illicit finances and trade.

"If you're someone who wants to enjoy the perks of a system that protects your property rights while also hiding your identity, why wouldn't you choose to do that?" Kumar said.

The FAA typically allows American citizens and permanent residents to register planes, but foreigners can obtain the services of a trust based in the United States to do the job on their behalf. The noncitizen is supposed to face limits on their control over the trust, but in a LinkedIn post, one major registrar of planes said in practice the limits don't impede the true owner from using the plane how they want.

The Department of Transportation's inspector general raised concerns about the system in 2013 and again in 2014. In 2020, the Government Accountability Office, a congressional watchdog, issued a 92-page report [saying problems persisted](#). The office's auditors estimated there were 3,300 planes registered to noncitizen trusts in the United States.

"Without a risk assessment," the auditors concluded, "FAA is limited in its ability to prevent fraud and abuse in aircraft registrations, which enable aircraft-related criminal, national security, or safety risks."

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By Ian Duncan

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By Michael Laris

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