



***United States Attorney
Southern District of New York***

**FOR IMMEDIATE RELEASE
DECEMBER 30, 2009**

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**FORMER PRESIDENT OF ALAVI FOUNDATION PLEADS GUILTY IN
MANHATTAN FEDERAL COURT TO OBSTRUCTION OF JUSTICE**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that FARSHID JAHEDI, the former president of the Alavi Foundation, pleaded guilty today to two felony counts of obstruction of justice. The charges arose from his December 18, 2008, destruction of documents responsive to a grand jury subpoena, from the United States Attorney's Office for the Southern District of New York, concerning the Alavi Foundation's relationship with Bank Melli Iran and the ownership of an office tower at 650 Fifth Avenue in Manhattan.

According to the Indictment to which JAHEDI pleaded guilty, other documents filed in this and related cases, and statements made today during the guilty plea proceeding before United States District Judge SHIRA A. SCHEINDLIN in Manhattan federal court:

Background

The Alavi Foundation is the successor organization of the Pahlavi Foundation, a non-profit organization originally operated by the Shah of Iran to pursue Iran's charitable interests in the United States. In the 1970s, the Pahlavi Foundation constructed an office tower at 650 Fifth Avenue, New York, New York (the "Building"). The Building's construction was financed by a substantial loan from Bank Melli Iran ("Bank Melli"), a state-owned bank in Iran.

The Pahlavi Foundation was later renamed the Mostazafan Foundation of New York, and later renamed the Alavi Foundation. In 1989, the Alavi Foundation formed 650 Fifth Avenue Company in partnership with Bank Melli. Bank Melli's ownership interest was, however, disguised. Specifically, the Alavi Foundation transferred 35% of 650 Fifth Avenue Company to Assa Corporation, an entity wholly owned by Assa Company Limited; Assa Company Limited is a Jersey, Channel Islands, United Kingdom, entity,

which was and has since been wholly owned by Iranian citizens who represent the interests of Bank Melli. In conjunction with the transfer of the 35% interest in 650 Fifth Avenue to Assa Corporation, Bank Melli canceled its loan on the Building. Today, the Alavi Foundation owns 60% of 650 Fifth Avenue Company, and Bank Melli owns 40% of 650 Fifth Avenue Company, through Assa Corporation and Assa Company Limited.

In 1995, in order to implement a series of executive orders issued pursuant to the International Emergency Economic Powers Act ("IEEPA"), the Department of Treasury promulgated the Iranian Transaction Regulations ("ITRs"), Title 31, United States Code of Federal Regulations, Part 560. In general, the ITRs prohibit any person from exporting or causing to be exported from the United States to Iran or the Government of Iran, any goods, technology, or services without having first obtained a valid export license from the United States Department of Treasury, Office of Foreign Assets Control ("OFAC").

Following issuance of the ITRs, but without an OFAC license to do so, Assa Corporation and Assa Company Limited continued to provide services to Bank Melli by maintaining Bank Melli's interest in 650 Fifth Avenue Company and transferring income from 650 Fifth Avenue Company to Bank Melli. In 1999, OFAC identified Bank Melli, and all of its offices worldwide, as entities owned or controlled by the Government of Iran.

On December 17, 2008, the United States Attorney's Office for the Southern District of New York filed a forfeiture Complaint which sought to forfeit all right, title and interest of Assa Corporation, Assa Company Limited, and Bank Melli in 650 Fifth Avenue Company, including 650 Fifth Avenue's interest in the Building. The United States also sought to forfeit funds that were seized, pursuant to federal seizure warrants, from Assa Corporation's bank accounts. The forfeiture Complaint alleged that the funds in the bank accounts are forfeitable as proceeds of IEEPA violations, and that Assa Corporation's interest in 650 Fifth Avenue Company was forfeitable as property involved in money laundering and a conspiracy to commit money laundering.

On November 12, 2009, the United States Attorney's Office for the Southern District of New York filed an amended forfeiture Complaint which sought to forfeit all right, title and interest of the Alavi Foundation in 650 Fifth Avenue Company, including 650 Fifth Avenue's interest in the building. The amended forfeiture Complaint also sought forfeiture of all other assets of the Alavi Foundation, and Assa Corporation, as well as bank accounts owned by 650 Fifth Avenue Company, the Alavi

Foundation and Assa Corporation; and real properties owned by the Alavi Foundation in New York, Maryland, Virginia, Texas and California. The amended forfeiture Complaint alleged that these properties were forfeitable as the proceeds of IEEPA violations, together with Executive Orders and the ITRs, and as property involved in and the proceeds of money laundering offenses.

Jahedi's Destruction of Documents and Obstruction of Justice

On December 17, 2008, the same day that the initial forfeiture Complaint against Assa Corporation was filed, JAHEDI was served, as president of the Alavi Foundation, with a grand jury subpoena. The subpoena was directed to the Alavi Foundation and requested the production to the federal grand jury of financial documents concerning the Alavi Foundation, Assa Corporation, Assa Company Limited, and 650 Fifth Avenue Company. JAHEDI was explicitly cautioned by law enforcement agents not to destroy any documents called for by the subpoena.

The next day, December 18, 2008, Federal Bureau of Investigation ("FBI") personnel observed JAHEDI discarding torn documents into a public trash can, near his then-residence in Ardsley, New York. Upon reassembling certain of the torn documents, the FBI determined that the documents referred to Assa Limited, Assa Company, and 650 Fifth Avenue Company, and thus were responsive to the grand jury subpoena. JAHEDI was arrested on December 19, 2008, and charged on May 5, 2009 with the two-count Indictment to which he pleaded guilty.

As a result of his guilty plea today, JAHEDI, 55, faces a maximum penalty of 20 years in prison and a fine of \$250,000 or twice the gross gain or loss from the offense on the charge of destroying a document with the intent to impair that document's availability for use in an official proceeding (Count One). He also faces 10 years in prison and a fine of \$250,000 or twice the gross gain or loss from the offense on the obstruction of justice charge (Count Two). Judge SCHEINDLIN has scheduled JAHEDI's sentencing for April 2, 2010.

Mr. BHARARA said: "Today Farshid Jahedi admitted that when faced with a grand jury subpoena, he chose to obstruct justice by shredding and trashing important records sought in a criminal investigation. If you deliberately throw a wrench into the wheels of justice, you are not saving yourself but risking your freedom."

Mr. BHARARA praised the investigative work of the New York Joint Terrorism Task Force - which principally consists of

agents of the FBI and detectives of the New York City Police Department - and the New York Field Office of the Internal Revenue Service, Criminal Investigation Division.

Assistant United States Attorneys HARRY A. CHERNOFF and JOHN P. CRONAN are in charge of the prosecution.

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