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Southern District of New York***

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**MANHATTAN FEDERAL JUDGE RETURNS GUILTY VERDICT
AGAINST QUEENS BUSINESSMAN FOR VIOLATING
IRAN TRADE EMBARGO AND MONEY LAUNDERING**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that REZA SAFARHA was found guilty yesterday by U.S. District Judge RICHARD J. SULLIVAN on charges of violating the Iran Trade Embargo, money laundering, conspiracy, and theft of government money. Judge SULLIVAN found, among other things, that SAFARHA illegally transmitted approximately \$300,000 through the "hawala" system to Iran and that SAFARHA believed that money was the proceeds from criminal conduct. The guilty verdict followed a one-week bench trial.

Manhattan U.S. Attorney PREET BHARARA stated: "The United States imposes trade sanctions on countries whose governments support policies that are against the interests of the United States. Iran is such a country. Reza Safarha defied the Iran Trade Embargo and sent hundreds of thousands of illicit dollars to a country that has been deemed a threat to our national security. We will continue to work with our law enforcement partners at the Joint Terrorism Task Force, including the Internal Revenue Service and the Federal Bureau of Investigation, to strictly enforce U.S. trade sanctions."

According to the Indictment, the evidence at trial, and Judge SULLIVAN's findings as part of the verdict:

The Iran Trade Embargo, begun by Executive Order in 1995, prohibits U.S. citizens from supplying goods, services, or technology to Iran or the government of Iran. Restricted services include money transmitting services. The Embargo also prohibits any transaction by any United States person or within the United States that evades or avoids, or has the purpose of evading or avoiding, any prohibition set forth in the Embargo. The International Emergency Economic Powers Act ("IEEPA") imposes criminal sanctions for violations of the Iran Trade Embargo.

From 2007 to 2008, SAFARHA, a joint United States-Iranian citizen and resident of New York City, provided money transmitting services to Iran by participating in the operation of a "hawala," a type of informal value transfer system in which money does not physically cross international boundaries through the banking system. In the hawala system, funds are transferred by customers to a hawala operator - also known as a "hawaladar" - or his agent in one country, and corresponding funds are disbursed to recipients in another country by hawaladar associates on that end.

SAFARHA used the hawala network to send wire transfers totaling approximately \$300,000 to and from individuals located in, among other places, Iran and the United States.

The money laundering conviction arose from SAFARHA's belief that some of the money he was transferring to Iran using the hawala system was the proceeds of the sale of stolen property, specifically stolen computers and other electronic goods. In fact, the money was the property of the U.S. Government, at least \$10,000 of which SAFARHA stole and did not transfer to Iran.

The bench trial concluded on February 3, 2011, and Judge SULLIVAN returned his verdict yesterday. Judge SULLIVAN found SAFARHA guilty of one count of conspiracy to violate IEEPA; one substantive count of violating IEEPA; one count of conspiracy to launder money; one substantive count of money laundering; and one count of stealing government money.

SAFARHA, 55, faces a maximum sentence of five years in prison on the IEEPA conspiracy count (Count One); 20 years in prison on the substantive IEEPA violation and each of the money laundering counts (Counts Two through Four); and ten years in prison on the theft of government money count (Count Six). SAFARHA is scheduled to be sentenced on June 3, 2011, by Judge SULLIVAN.

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Mr. BHARARA praised the work of the Joint Terrorism Task Force in conducting the investigation.

This case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorneys JUSTIN S. WEDDLE and MICHAEL FERRARA are in charge of the prosecution.

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