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UPDATE:

On February 12, 2012, an appellate court vacated three of Mahmoud Reza Banki's four convictions. On January 19, 2021, he received a presidential pardon for the fourth conviction. The original press release is found below.

**MANHATTAN U.S. ATTORNEY CHARGES MANAGEMENT CONSULTANT
FOR CRIMINAL VIOLATIONS OF IRAN TRADE EMBARGO**

PREET BHARARA, the United States Attorney for the Southern District of New York, and JAMES T. HAYES, JR., the Special Agent-in-Charge for the Department of Homeland Security's U.S. Immigration and Customs Enforcement ("ICE"), announced that MAHMOUD REZA BANKI, 33 -- a management consultant at a major New York consulting firm -- was arrested today on an Indictment charging him with violating the Iran Trade Embargo and with operating an unlicensed money transfer business between the United States and Iran. BANKI was arrested this morning by ICE agents at his Manhattan residence, and is expected to be arraigned in Manhattan federal court later today.

According to the Indictment unsealed today in Manhattan federal court:

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. 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 January 2006 to September 2009, BANKI, a United States citizen and resident of Manhattan, New York, allegedly provided money transmitting services to residents of Iran by operating 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, or "hawaladar," in one country, and corresponding funds, less any fees, are

disbursed to recipients in another country by hawaladar associates on that end.

BANKI allegedly received wire transfers totaling approximately \$4.7 million from companies and individuals -- located in, among other places, Saudi Arabia, Kuwait, Latvia, Slovenia, Russia, Sweden, the Philippines, and the United States -- in a personal bank account he maintained for this purpose at Bank of America in Manhattan. Generally, BANKI did not know the wire originators personally. He received the funds with the understanding that an equivalent amount of Iranian currency would, in turn, be disbursed to intended recipients residing in Iran. BANKI informed an Iran-based co-conspirator when funds had been received, and the co-conspirator then disbursed the funds, less any fees, in Iran.

BANKI allegedly used certain of the funds transferred into his Bank of America account to make joint investments in the United States with the Iran-based co-conspirator. Among other things, BANKI used the funds to purchase a \$2.4 million condominium in Manhattan; to invest in securities for his own benefit and that of the co-conspirator; and to make payments on his credit card accounts, including approximately \$55,000 in one month alone in the summer of 2007.

BANKI is charged with violating the IEEPA, together with Executive Orders and United States Department of Treasury regulations; conducting an unlicensed money transmitting business; and conspiracy to commit those two crimes. If convicted, BANKI faces a maximum sentence of five years in prison on each of the conspiracy and unlicensed money transmitting counts (Counts One and Three), and 20 years in prison on the IEEPA violation count (Count Two).

United States Attorney PREET BHARARA said: "Our laws recognize a national emergency based upon the threat Iran poses to the security of the United States. Banki allegedly paid no heed to the dangers of breaking laws designed to protect our country's citizens, moving and spending illicit millions. Today's charges make clear that the Iran Trade Embargo will be strictly enforced, and anyone who does illegal business with Iran will be prosecuted to the fullest extent of the law."

Special Agent-in-Charge JAMES T. HAYES, JR. said: "This case demonstrates that individuals will go to great lengths to circumvent the sanctions imposed by the United States against Iran. There is the potential of great danger when individuals illegally move money internationally without the government's

knowledge, since that money often falls into the hands of individuals who threaten our national security and the security of other nations."

Mr. BHARARA praised the work of ICE and the United States Treasury's Office of Foreign Assets Control in conducting the investigation. He also thanked Bank of America for its cooperation.

This case is being handled by the Office's Complex Frauds and Asset Forfeiture Units. Assistant United States Attorneys E. DANYA PERRY and JASON HERNANDEZ are in charge of the prosecution.

The charges and allegations contained in the Indictment are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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