



FOR IMMEDIATE RELEASE

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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 FEDERAL JURY RETURNS GUILTY VERDICTS AGAINST  
MANAGEMENT CONSULTANT FOR CRIMINAL VIOLATIONS OF  
IRAN TRADE EMBARGO, UNLICENSED MONEY TRANSMITTING,  
AND FALSE STATEMENTS**

*Jury Also Finds Bank Account Subject to Forfeiture*

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 was found guilty on June 4, 2010, by a federal jury on charges of violating the Iran Trade Embargo, operating an unlicensed money transfer business between the United States and Iran, conspiracy, and false statements. BANKI's guilty verdicts followed a three-week jury trial before United States District Judge JOHN F. KEENAN. Late yesterday, the Manhattan jury also found BANKI's hawala account subject to forfeiture.

According to the Indictment and the evidence at trial:

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 January 2006 to September 2009, BANKI, a United States citizen and resident of Manhattan, New York, provided money transmitting services to residents of 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.

BANKI used the hawala network to receive wire transfers totaling approximately \$3.4 million from companies and individuals -- located in, among other places, Saudi Arabia, Kuwait, Latvia, Slovenia, Russia, Sweden, the Philippines, and the United States -- into a personal bank account he maintained for this purpose at Bank of America in Manhattan.

The transfers into BANKI's account were arranged by BANKI's father, MAHMOUD BANKI, a dual U.S.-Iranian citizen residing in Iran, and associated hawala operators in Tehran, in an attempt to move funds from a family business -- an Iranian pharmaceutical company called Kosar -- out of Iran and invest them in the United States. To accomplish this, BANKI's father paid the Tehran-based hawala operator millions of dollars in Iranian currency, and the hawala operator would arrange to have corresponding amounts of U.S. dollars -- which were already in the United States or in bank accounts abroad -- deposited into BANKI's Bank of America account by wire transfer or check. The owners of the dollars deposited into BANKI's account were dozens of companies and individuals in the U.S. and abroad who wanted to transfer funds to Iran, something restricted by the Iran Trade Embargo.

BANKI facilitated these illegal transfers by accepting funds into his Bank of America account and then notifying his father or one of the Tehran-based hawala operators, so that a corresponding amount of Iranian currency, called Tomans or Rials, could be disbursed in Iran. The hawaladars profited by manipulating the dollar/Toman exchange rate to their benefit, and BANKI benefitted by using the millions of dollars he received into his Bank of America account to purchase real estate and securities, and to pay hundreds of thousands of dollars toward personal expenses.

In 2008, the Office of Foreign Assets Control, the Treasury Department agency responsible for enforcing the Iran Trade Embargo, served BANKI with two administrative subpoenas demanding information concerning the transactions in his Bank of America account. Each subpoena warned BANKI that a false response could subject him to criminal penalties.

In response to the subpoenas, BANKI replied with letters falsely stating that a cousin who was an Iranian citizen, and not his father, was involved with him in arranging the

transfers into the Bank of America account. BANKI also falsely denied that he had facilitated any payments of funds involving Iran. These lies were significant in part because while BANKI's father was a United States citizen subject to OFAC subpoena authority, the Iranian cousin was not.

After just over four hours of deliberation on June 4, 2010, the jury returned its verdict, finding BANKI guilty of one count of conspiracy to violate IEEPA and to operate an unlicensed money transmitting business; one substantive count of violating IEEPA; one substantive count of operating an unlicensed money transmitting business; and two counts of making false statements to a Federal agency. In response to a special verdict form, the jury found that BANKI was an aider and abettor with respect to the substantive IEEPA and unlicensed money transmitting counts.

Yesterday, the jury deliberated separately on forfeiture allegations concerning certain property that was alleged to have been involved in the offense, including the Bank of America account and other accounts, and an apartment located in lower Manhattan. The jury returned a verdict forfeiting the Bank of America account, deadlocked on the apartment, and declined to forfeit certain other accounts.

BANKI, 33, faces a maximum sentence of five years in prison on each of the conspiracy and unlicensed money transmitting counts (Counts One and Three); 20 years in prison on the IEEPA violation count (Count Two); and five years in prison on each of the false statements counts. BANKI is scheduled to be sentenced on July 16, 2010, by Judge KEENAN.

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United States Attorney PREET BHARARA stated: "In violation of our trade laws and in utter disregard of U.S. security concerns, Mahmoud Reza Banki played a pivotal role in a network that poured millions of dollars into Iran, and lied to federal investigators about his illegal transactions. Banki's guilty verdict sends a strong message of deterrence to individuals and entities who would seek to evade Iranian trade sanctions through underground banking systems. Together with our partners at the U.S. Immigration and Customs Enforcement and the U.S. Treasury's Office of Foreign Assets Control, we will continue to pursue those who violate the Iran Trade Embargo."

ICE Special Agent-in-Charge JAMES T. HAYES, JR. said: "This guilty verdict sends a powerful message of deterrence to criminals that violating federal money transmitting laws will not

be tolerated. ICE is committed to investigating financing systems that facilitate in the avoidance of the Office of Foreign Asset Control sanctions. Criminals seeking to financially benefit by breaking the law will be tracked down and brought to justice."

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 and McKinsey and Company for their cooperation.

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

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