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Southern District of New York*

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**QUEENS BUSINESSMAN SENTENCED IN MANHATTAN FEDERAL COURT  
TO 10 MONTHS IN PRISON FOR VIOLATING IRAN TRADE  
EMBARGO, MONEY LAUNDERING AND OTHER CRIMES**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that REZA SAFARHA was sentenced today in Manhattan federal court to 10 months in prison for violating the Iran Trade Embargo, money laundering, conspiracy, and theft of government money. SAFARHA was found guilty in February 2011 by U.S. District Judge RICHARD J. SULLIVAN, who found, among other things, that SAFARHA illegally transmitted approximately \$300,000 through the "hawala" system to Iran and that SAFARHA believed the money was proceeds from criminal conduct.

Manhattan U.S. Attorney PREET BHARARA stated: "This Office takes violations of the United States' trade embargo with Iran very seriously. Reza Safarha employed a form of financial legerdemain to circumvent the embargo, and added insult to injury by doing this to conceal what he believed were the proceeds from the sale of stolen property."

According to the Indictment, the evidence at trial, and Judge SULLIVAN's public findings:

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 any transaction 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, 56, 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.

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In addition to his prison term, Judge SULLIVAN sentenced SAFARHA to years' supervised release and imposed a \$500 special assessment. Judge SULLIVAN also signed an order imposing a forfeiture money judgment on SAFARHA in the amount of \$300,000, which will be deemed satisfied if SAFARHA pays \$56,845.89 on or before September 2, 2011.

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.

11-153

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