



*United States Attorney  
Southern District of New York*

**FOR IMMEDIATE RELEASE  
SEPTEMBER 21, 2009**

**CONTACT: U.S. ATTORNEY'S OFFICE  
YUSILL SCRIBNER,  
REBEKAH CARMICHAEL,  
JANICE OH  
PUBLIC INFORMATION OFFICE  
(212) 637-2600**

**MANHATTAN U.S. ATTORNEY CHARGES  
HASSAN NEMAZEE IN \$292 MILLION PONZI SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced the indictment today of HASSAN NEMAZEE, the Chairman and Chief Executive Officer of Nemazee Capital Corporation, for defrauding Bank of America, N.A. ("BofA"), Citibank, N.A. ("Citibank"), and HSBC Bank USA, N.A. ("HSBC"), of more than \$290 million in loan proceeds.

According to the Indictment returned today by a grand jury and other documents filed in court following NEMAZEE's arrest on August 25, 2009:

From approximately 1998 through 2009, NEMAZEE obtained hundreds of millions of dollars worth of loans from BofA, Citibank, and HSBC. As of August 2009, NEMAZEE owed approximately \$142 million to BofA and approximately \$74.9 million to Citibank. Documents and signatures that NEMAZEE used to obtain these loans, including documents he submitted to purportedly show that he had hundreds of millions of dollars worth of collateral, were fake.

NEMAZEE made partial repayments on his borrowings from BofA with proceeds of his fraud on Citibank. Similarly, NEMAZEE made at least one partial repayment on his borrowings from Citibank with proceeds of his fraud on BofA. Moreover, in August 2009 -- when Citibank began to ask questions in order to verify the existence of the purported collateral that NEMAZEE had pledged, and after Special Agents of the Federal Bureau of Investigation ("FBI") had interviewed him -- NEMAZEE drew down on a line of credit that he had fraudulently obtained from HSBC and used the monies to pay Citibank the \$74.9 million he owed them.

In addition to using the proceeds of his fraudulent schemes on one bank victim to make payments to another bank victim, NEMAZEE took the following steps to commit his crimes:

- providing fake account statements that contained a telephone number purportedly for the broker-dealer at which NEMAZEE allegedly held United States Treasury and other securities, but that was, in fact, assigned to a "virtual office" that NEMAZEE himself had established;
- forging the signatures of representatives of the broker-dealer at which NEMAZEE purportedly held the collateral for his loans; and
- establishing at least two "virtual offices" at locations in Manhattan that held themselves out, at NEMAZEE's direction, as being associated with the broker-dealer at which NEMAZEE purportedly held securities that were the collateral for his loans.

Among other things, NEMAZEE used the proceeds of his fraudulent schemes (1) to make donations to the election campaigns of federal, state, and local candidates; (2) to make donations to political action committees; (3) to make donations to charities; (4) to purchase real property in Italy; and (5) to make monthly maintenance payments on real properties in Manhattan and Katonah, New York.

NEMAZEE, 59, currently resides in Manhattan. He is charged with three counts of bank fraud, each of which carries a maximum prison term of 30 years and a maximum fine of \$1,000,000 or twice the gain or loss resulting from the crime. NEMAZEE is also charged with one count of aggravated identity theft, which carries a mandatory prison term of two years and which must be consecutive to any sentence imposed on the bank fraud counts.

The Indictment also seeks \$292 million in forfeiture against NEMAZEE. In addition, the Indictment identifies NEMAZEE's interest in the following assets as subject to forfeiture: five real properties, 16 corporate entities and one hedge fund, 14 securities accounts, 32 bank accounts, a 2008 Maserati Quattroporte, and a 2007 Cessna aircraft.

The case was assigned to United States District Judge SIDNEY H. STEIN. NEMAZEE is expected to be arraigned in Manhattan federal court at a later date.

"For more than ten years, Hassan Nemazee projected the illusion of wealth, stealing more than \$290 million so that he could lead a lavish lifestyle and play the part of heavyweight political fundraiser," said United States Attorney PREET BHARARA. "Today's indictment exposes the sheer brazenness of Nemazee's schemes and marks the end of his decade of deception."

Mr. BHARARA praised the investigative work of the FBI. He said that the investigation is continuing.

The case is being prosecuted by the Office's Major Crimes Unit. Assistant United States Attorneys JOHN M. HILLEBRECHT, DANIEL W. LEVY, and MICHAEL D. LOCKARD are in charge of the prosecution.

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

09-306

###