Post 9/11 SAR Leads to Guilty Plea in Money Laundering and Illegal Transfer of Funds to Iran Investigation

One individual has pled guilty to multiple counts of money laundering, filing false tax returns, failing to file Reports of Foreign Bank and Financial Accounts (FinCEN Form TD F 90-22.) and illegally transferring funds to Iran. The plea agreement also requires forfeiture of over half a million dollars. Sentencing is pending. Law enforcement officers learned about the activity and initiated the investigation because of a Suspicious Activity Report (SAR) that a brokerage firm filed in October 2001.

The individual is a naturalized U.S. citizen originally from Iran. In 2002, Immigration and Customs Enforcement (ICE) and the Internal Revenue Service (IRS) executed a search warrant at his residence where the seized evidence revealed strong support for the current Iranian fundamentalist regime and the late Ayatollah Khomeini.

The individual pled guilty to multiple counts of illegal money transfers to Iran. Pursuant to the International Emergency Economic Powers Act (IEEPA), former President Clinton signed Executive Orders prohibiting any new investments in Iran by a U.S. person. Violating IEEPA carries a potential penalty of a $250,000 fine, 10 years imprisonment, or both.

In order to disguise the illicit nature of the transfers, the individual sent several million dollars from his brokerage account to banks in foreign jurisdictions, which in turn transferred the funds to a bank in Iran between 2001and 2002, in violation of the embargo prohibiting new investments in Iran. When the brokerage firm learned that the ultimate destination of the funds was Iran, it refused to execute any further transfer orders for the individual, and advised the individual that sending funds to Iran was illegal. The individual then on several occasions used alternative remittance systems to transfer more than $100,000 from the United States to Iran. The individual’s guilty plea included violations of IEEPA.

The money laundering violations resulted from transfers and attempts to transfer over half a million dollars from the United States to foreign jurisdictions with the intent to promote a specified unlawful activity, that is, IEEPA violations. Sometimes referred to as the “clean money laundering” provision, there is no requirement that the funds utilized be illegally obtained.

The case began in the days immediately following the September 11 terrorist attacks. Through SARs filed by the securities and futures industries, the Federal Bureau of Investigation identified transactions whereby the individual had sent a substantial amount of money to foreign jurisdictions early in 2001, and determined that this activity was not consistent with the individual’s normal pattern of transactions. When asked about the activity, the individual admitted that the funds were destined for Iran.

(Investigating Agencies: Federal Bureau of Investigation; Immigration and Customs Enforcement; Internal Revenue Service – Criminal Investigation Division; U.S Attorney’s Office.)

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