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ICE agents arrest Manhattan management consultant on charges of criminally violating the Iran Trade Embargo

NEW YORK - A management consultant for a major New York consulting firm was arrested on Thursday following an indictment charging him with violating the Iran Trade Embargo and with operating an unlicensed money transfer business between the United States and Iran. The arrest was announced by U.S. Attorney Preet Bharara, Southern District of New York, and U.S. Immigration and Customs Enforcement (ICE) Special Agent in Charge James T. Hayes Jr.

ICE agents, acting as part of the El Dorado Task Force, arrested Mahmoud Reza Banki on Jan. 7. The investigation is being conducted jointly by ICE and the U.S. Treasury's Office of Foreign Assets Control. The El Dorado Task Force, consisting of more than 260 members from more than 44 law enforcement agencies in New York and New Jersey, specializes in investigating financial crimes.

According to the indictment unsealed Jan. 7, from January 2006 to September 2009, Banki, 33, a U.S. citizen, allegedly provided money transmitting services to residents of Iran by operating a "hawala," which is 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 in a personal bank account he maintained at Bank of America in Manhattan totaling about $4.7 million from companies and individuals located in the following countries: Saudi Arabia, Kuwait, Latvia, Slovenia, Russia, Sweden, the Philippines, the United States, and other countries. 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 in Iran, less any fees.

Banki allegedly used specific 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 Manhattan condominium; to invest in securities for his own benefit and that of the co-conspirator; and to make payments on his credit card accounts, including about $55,000 in one month alone in the summer of 2007.

The Director for the ICE Office of Investigations in Washington D.C., James Dinkins, commends Bank of America for its cooperation in this complex case. "Bank of America's assistance was instrumental in shutting down a scheme that disregarded the Iran Trade Embargo and placed the nations security at risk," said Dinkins.

"This case demonstrates that individuals will go to great lengths to circumvent the sanctions imposed by the United States against Iran," said James T. Hayes Jr., special agent in charge for the ICE Office of Investigations in New York. "There is the potential for great danger when individuals illegally move money internationally without the governments knowledge, since that money often falls into the hands of individuals who threaten our national security and the security of other nations."

"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, said Preet Bharara, the U.S. Attorney for the Southern District of New York. "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."

Banki is charged with violating the International Emergency Economic Powers Act (IEEPA), together with Executive Orders and U.S. Department of Treasury regulations; conducting an unlicensed money transmitting business; and conspiracy to commit those 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).

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 U.S. 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 IEEPA imposes criminal sanctions for anyone who violates the Iran Trade Embargo.

This case is being prosecuted by the Complex Frauds and Asset Forfeiture Units of the U.S. Attorney's Office, Southern District of New York. Assistant U.S. Attorneys E. Danya Perry and Jason Hernandez are in charge of the prosecution.

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