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Department of Justice Press Release

For Immediate Release
September 10, 2010

United States Attorney's Office
District of Oregon
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Defendant Convicted of Lying About Funds Bound for Religious Extremist Militants
Federal Jury Convicts Leader of Al-Haramain Islamic Foundation of Two Felonies

PORTLAND, OR—Last night, a jury in Eugene, Oregon, convicted the former leader of the U.S. Chapter of the Al-Haramain Islamic Foundation of two felonies related to the organization's efforts to send nearly \$150,000 to support religious extremist militants in Chechnya. Pirouz Sedaghaty, 52, was convicted of all charges, which included a charge that he filed a false tax return and conspired to file a false tax return as part of Al-Haramain's efforts to hide the trail of money. Both the U.S. Chapter of Al-Haramain and its parent organization in Riyadh, Saudi Arabia, have been listed as Specially Designated Global Terrorist Organizations by the United States government. The Riyadh-based organization was disbanded in 2004 by the Saudi government.

U.S. District Judge Michael Hogan set sentencing for November 23, 2010. Sedaghaty faces a maximum prison sentence of eight years. Sedaghaty, who had been released on bail prior to and during trial, was taken into federal custody after the verdict.

The \$150,000 at issue was wired by an Egyptian citizen from London, England to a bank in Ashland, Oregon, where the U.S. chapter of Al-Haramain was based. From there, the funds were converted into \$130,000 in traveler's checks and a cashier's check for the balance. The funds were hand carried by fugitive co-defendant Soliman Al-Buthe back to Saudi Arabia. The traveler's checks were then cashed in for Saudi riyals at the Al Rahji Bank and disappeared, presumably to be smuggled into Chechnya. Al-Buthe deposited the remainder into his personal bank account.

"The lifeblood of terrorism is money—if we can stop the flow of money to violent extremist organizations, we'll be safer both here and abroad," said U.S. Attorney Dwight C. Holton. "By lying to the IRS about where this money went, the defendant sought to hide the true destination of this money." Holton continued, "The jury's verdict demonstrates once again the critical role—and effectiveness—of civilian criminal courts in the battle against terrorism."

"The FBI's role in battling crime takes many forms," said Arthur Balizan, Special Agent in Charge of the FBI in Oregon. "Our agents and our partners have to aggressively chase the evidence down whatever path we find... in this case, a trail of cash leading half way around the world. Once again, this case proves that partnerships between law enforcement agencies can bring solid, positive results for the American people."

"IRS Criminal Investigation will always be there to partner with the FBI, the U.S. Attorney's Office, and all other law enforcement in combating those who support violent extremism," said Marcus Williams, the IRS Special Agent in Charge of the Pacific Northwest. "Our agents will not sit idly by while those who attempt to finance terrorism violate the tax laws in order to hide their crimes."

The prosecution was led by Assistant U.S. Attorneys Charles Gorder and Chris Cardani. The IRS – Criminal Investigation and the FBI investigated the case. U.S. Attorney Holton praised the joint efforts of the Department of Justice, the IRS and the FBI, as well as other agencies that helped prepare the case and obtain evidence from points around the world, including the Departments of State and Treasury.

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