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Department of Justice Press Release

For Immediate Release
September 29, 2009

United States Attorney's Office
Southern District of New York
Contact: (212) 637-2600

Westchester Man Pleads Guilty to Terrorism Financing and Perpetrating Multimillion-Dollar Investment Fraud

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that ABDUL TAWALA IBN ALI ALISHTARI pleaded guilty today to charges of terrorism financing and conspiracy to commit wire fraud. The plea was entered in Manhattan federal court before United States District Judge ALVIN K. HELLERSTEIN.

According to documents filed in this case, including the Information to which he pleaded guilty, and statements made during today's proceeding:

ALISHTARI, 56, of Ardsley, New York, facilitated the transfer of \$152,000, with the understanding that the money would be used to fund training for terrorists. In the latter half of 2006, ALISHTARI agreed to discreetly transfer these funds for an undercover officer, believing that the money was going to be used to purchase night vision goggles and other equipment for a terrorist training camp in Afghanistan. During his guilty plea, ALISHTARI admitted that he sent the money from the United States knowing that the funds were to be used to help finance alleged terrorist activity in Pakistan and Afghanistan.

ALISHTARI also pleaded guilty to stealing millions of dollars from victims through his fraudulent operation of a loan investment program he called the "Flat Electronic Data Interchange" ("FEDI"). FEDI was purportedly a high-yield investment program, in which ALISHTARI falsely promised his investors that, in exchange for their investment, they would receive high, guaranteed rates of return. ALISHTARI admitted today that he made false representations and promises with regard to the FEDI program. ALISHTARI also acknowledged that a portion of the money he collected was used to pay personal expenses and for purposes other than the investment program.

ALISHTARI faces a maximum sentence of 20 years in prison on the terrorism financing charge and five years in prison on the wire fraud conspiracy charge; a fine on each count of the greater of \$250,000 or twice the gross gain or loss from the offense; and the imposition of restitution and forfeiture.

United States Attorney BHARARA stated: "ALISHTARI today admitted that he stole millions from investors and knowingly financed what he believed to be tools of terror. In enriching himself, ALISHTARI displayed a deliberate disregard for the financial and personal security of others."

Mr. BHARARA praised the work of the Joint Terrorism Task Force of the

Federal Bureau of Investigation and the New York City Police Department, and thanked the Securities and Exchange Commission for its assistance in the investigation.

Assistant United States Attorneys JOHN CRONAN and PETER SKINNER are in charge of the prosecution.