

Department of Justice

U.S. Attorney's Office

Southern District of New York

FOR IMMEDIATE RELEASE

Tuesday, March 28, 2017

Turkish Banker Arrested For Conspiring To Evade U.S. Sanctions Against Iran And Other Offenses

Complaint Further Alleges That the Defendant Used His Position at Turkish Bank to Facilitate Access to the U.S. Financial System and to Conceal International Financial Transactions for Iranian Entities in Violation of U.S. Sanctions

Joon H. Kim, the Acting United States Attorney for the Southern District of New York, and William F. Sweeney Jr., Assistant Director-in-Charge of the New York Division of the Federal Bureau of Investigation ("FBI"), announced the unsealing of a Complaint charging MEHMET HAKAN ATILLA with conspiring with others, including Reza Zarrab, a/k/a "Riza Sarraf," to use the U.S. financial system to conduct transactions on behalf of the Government of Iran and other Iranian entities, which were barred by United States sanctions, and to defraud U.S. financial institutions by concealing the true nature of these transactions. ATILLA was arrested on March 27, 2017, and will be presented later today in Manhattan federal court before United States Magistrate Judge James C. Francis IV.

Acting U.S. Attorney Joon H. Kim stated: "As alleged, Mehmet Hakan Atilla, a Turkish banker, participated in a years-long scheme to violate American sanctions laws by helping Reza Zarrab, a major gold trader, use U.S. financial institutions to engage in prohibited financial transactions that illegally funneled millions of dollars to Iran. As alleged in the criminal complaint unsealed today, Atilla worked with Zarrab to create and use fraudulent documents to try to disguise prohibited Iranian financial transactions as food that would qualify under the humanitarian exception to the sanctions regime. United States sanctions are not mere requests or suggestions; they are the law. And those who use the American financial system to violate the sanctions laws, as Atilla is alleged to have done, will be investigated and prosecuted aggressively. I thank the FBI and the career prosecutors in my Office for their tireless work and dedication in this and other important investigations of alleged sanctions violators."

FBI Assistant Director-in-Charge William F. Sweeney Jr. said: "Iran continues to illustrate it will use whatever means necessary to evade sanctions and violate U.S. law. Our work in this case shows the unscrupulous behavior by exposing how the men charged allegedly moved massive amounts of money through U.S. banks disguised as humanitarian efforts to feed people in need. In this instance, they allegedly utilized a Turkish national and a financial institution that knowingly shielded the true nature of

the transactions. The FBI and the U.S. Intelligence Community have dedicated investigators and analysts who won't stop weeding out every action Iran takes to continue its alleged illegal activity."

According to the allegations contained in the Complaint^[1]:

Beginning in or about 1979, the President has repeatedly found that the situation in Iran constitutes an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States and declared a national emergency to deal with the threat. Pursuant to these presidential declarations, the United States has instituted a host of economic sanctions against Iran and Iranian entities pursuant to the International Emergency Economic Powers Act (the "IEEPA"). This sanctions regime prohibits, among other things, financial transactions involving the United States or United States persons that were intended for the Government or Iran or Iranian entities.

Specifically, ATILLA, Zarrab, and others protected and hid Zarrab's ability to provide access to international financial networks, including U.S. financial institutions, to the Government of Iran, Iranian entities, and entities identified by the Department of the Treasury Office of Foreign Assets Control as Specially Designated Nationals ("SDNs"). They did so by, among other things, using the Turkish bank at which ATILLA acted as Deputy General Manager of International Banking ("Turkish Bank-1") to engage in transactions that violated U.S. sanctions against Iran. In particular, they took steps to protect and hide Zarrab's ability to supply currency and gold to the Government of Iran, Iranian entities, and SDNs using Turkish Bank-1 without subjecting Turkish Bank-1 to U.S. sanctions. As described in more detail in the Complaint, ATILLA, Zarrab, and others conspired to create and use false and fraudulent documents to disguise prohibited transactions for Iran and make those transactions falsely appear as transactions involving food and thus falling within humanitarian exceptions to the sanctions regime.

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MEHMET HAKAN ATILLA, 47, is a resident and citizen of Turkey. ATILLA is charged with conspiracies to violate the IEEPA and to commit bank fraud. The conspiracy to violate the IEEPA carries a maximum term of 20 years in prison. The bank fraud conspiracy count carries a maximum term of 30 years in prison. The maximum potential sentences are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge.

Mr. Kim praised the outstanding investigative work of the FBI and its New York Field Office, Counterintelligence Division, and the Department of Justice, National Security Division, Counterintelligence and Export Control Section. He also thanked U.S. Customs and Border Protection for their assistance in the arrest, and the Justice Department's Office of International Affairs for its assistance on this case.

The prosecution of this case is being handled by the Office's Terrorism and International Narcotics Unit. Assistant United States Attorneys Michael D. Lockard, Sidhardha Kamaraju, and David W. Denton, Jr., and Special Assistant United States Attorney Dean Sovolos, are in charge of the prosecution, with assistance from Trial Attorney David Recker of the Counterintelligence and Export Control Section.

The charges contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.