

Department of Justice
U.S. Attorney's Office
Southern District of New York

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**Iranian National Convicted For Scheme To Evade U.S.
Economic Sanctions By Illicitly Sending More Than \$115
Million Through The U.S. Financial System**

Geoffrey S. Berman, the United States Attorney for the Southern District of New York, announced that ALI SADR HASHEMI NEJAD was convicted today after a two-week jury trial. As the jury found, SADR orchestrated a multi-year scheme to funnel more than \$115 million in payments related to a construction project in Venezuela through the U.S. financial system to SADR's Iranian family business, in violation of U.S. sanctions against Iran. The Government established at trial that these payments benefitted Iranian individuals and entities, including the Iranian International Housing Company and its Iranian owner, Mohammad Sadr Hashemi Nejad ("Mohammad Sadr"). The jury convicted SADR of five counts, including conspiring to evade U.S. economic sanctions against Iran, to defraud the United States, and to commit bank fraud.

U.S. Attorney Geoffrey S. Berman said: "As the jury found, Ali Sadr Hashemi Nejad created a network of front companies and bank accounts to mask Iranian business dealings in Venezuela and evade U.S. sanctions. For years, Sadr used front companies in Switzerland, Turkey, and St. Kitts & Nevis to conceal the fact that \$115 million in payments were really for his family business and relatives in Iran. Sadr's conviction shows that U.S. economic sanctions against Iran are for real, and violators will be exposed and prosecuted."

According to the Indictment, evidence presented during the trial, court documents, and statements in open court:

Beginning in or about 1979, the president, pursuant to the International Emergency Economic Powers Act (the "IEEPA"), has repeatedly found that the actions and policies of the government of Iran constitute 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. In accordance with these presidential declarations, the United States has instituted a host of economic sanctions against Iran and Iranian entities. This sanctions regime prohibits, among other things, financial transactions involving the United States or United States persons that were intended for the Government of Iran or Iranian entities and persons.

In August 2004, the Governments of Iran and Venezuela entered into an agreement (the "Agreement"), whereby they agreed to cooperate in certain areas of common interest. The following year, both governments supplemented the Agreement by entering into a Memorandum of Understanding regarding an infrastructure project in Venezuela (the "Project"), which was to involve the construction of housing units in Venezuela.

The Project was led by Stratus Group, an Iranian conglomerate controlled by SADR and his family with international business operations in the construction, banking, and oil industries. In December 2006, Stratus Group incorporated a company in Tehran, which was then known as the Iranian International Housing Company ("IIHC"). IIHC was responsible for construction for the Project. Thereafter, IIHC entered into a contract with a subsidiary of Venezuela's state-owned energy company, Petroleos de Venezuela, S.A. ("PDVSA"), which called for IIHC to build approximately 7,000 housing units in Venezuela in exchange for approximately \$475

million. Stratus Group created the Venezuela Project Committee in Tehran to oversee the execution of the Project. SADR was a founding member of the Committee and was responsible for managing the Project's finances.

In connection with his role on the Project, SADR took steps to evade U.S. economic sanctions and defraud U.S. banks by concealing the role of Iranian parties in U.S. dollar payments sent through the U.S. banking system. For example, in 2010, SADR and a co-conspirator used St. Kitts and Nevis passports and a United Arab Emirates address to incorporate two front companies outside of Iran to receive U.S. dollar payments related to the Project on behalf of IIHC. The first entity, Clarity Trade and Finance, was incorporated in Switzerland, and the second, Stratus International Contracting, J.S., a/k/a "Stratus Turkey," was incorporated in Turkey. Both front companies were owned and controlled by SADR and his family members in Iran, including Mohammad Sadr.

Thereafter, SADR and others conducted a series of international financial transactions using Clarity and Stratus Turkey for the benefit of Iranian parties in a manner that concealed the Iranian nexus to the payments, in violation of U.S. economic sanctions. Specifically, between April 2011 and November 2013, PDVSA, at the direction of SADR and others, made approximately 15 payments to IIHC through Stratus Turkey or Clarity, totaling approximately \$115 million.

During that time, SADR took several steps to hide the Iranian beneficiaries of these funds, including: (1) changing the name of the Iranian International Housing Company to just the initials, IIHC; (2) directing employees to take down websites and articles from the Internet; (3) lying about the owners of the front companies when asked by the banks; and (4) altering payment vouchers and backdating contracts in order to mislead banks about the source of the funds. SADR and others also specifically directed that payments be routed through banks in the United States to Stratus Turkey's or Clarity's bank accounts at a financial institution in Switzerland. The majority of the funds were then transferred to another offshore entity located in St. Kitts & Nevis, which had been incorporated by SADR and Mohammad Sadr in 2009. Between 2011 and 2013, SADR's front companies wired over \$8.6 million directly into the United States. Some of those funds were then used to purchase real property in California for the benefit of the Sadr family.

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SADR, 40, of Iran, was convicted at trial of one count of conspiracy to defraud the United States, one count of conspiracy to violate the IEEPA, one count of bank fraud, one count of conspiracy to commit bank fraud, and one count of money laundering. SADR was found not guilty of one count of conspiracy to commit money laundering. A chart containing the charges and maximum penalties is below. The maximum potential sentences in this case are prescribed by Congress and are provided here for informational purposes only, as any sentencing of SADR will be determined by the judge.

Mr. Berman praised the outstanding investigative efforts of the Federal Bureau of Investigation. Mr. Berman also praised and thanked the New York County District Attorney's Office for its contributions to and assistance with this investigation and trial.

The prosecution of this case is being handled by the Office's Terrorism and International Narcotics Unit. Assistant U.S. Attorneys Michael K. Krouse, Jane Kim, Stephanie Lake, and Special Assistant U.S. Attorney Garrett Lynch, from the New York County District Attorney's Office, are in charge of the prosecution.

Count Number	Description	Maximum Penalty
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One	Conspiracy to Defraud the United States 18 U.S.C. § 371	5 years' imprisonment
Two	Conspiracy to Violate IEEPA 50 U.S.C. § 1705	20 years' imprisonment
Three	Bank Fraud 18 U.S.C. § 1344	30 years' imprisonment
Four	Conspiracy to Commit Bank Fraud 18 U.S.C. § 1349	30 years' imprisonment
Five	Money Laundering 18 U.S.C. § 1956	20 years' imprisonment

Topic(s):

Financial Fraud

Component(s):

[USAO - New York, Southern](#)

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