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President of Alavi Foundation Indicted for Obstruction of Justice

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Wed May 6, 12:32 pm ET

To: NATIONAL EDITORS

Contact: Yusill Scribner, Rebekah Carmichael or Janice Oh, all of the office of Acting United States Attorney Lev L. Dassin, Southern District of New York, +1-212-637-2600

WASHINGTON, May 6 /PRNewswire-USNewswire/ -- Lev L. Dassin, the Acting United States Attorney for the Southern District of New York, announced today that Farshid Jahedi, the president of the Alavi Foundation, was indicted for allegedly destroying documents subpoenaed by a grand jury investigating the Alavi Foundation's relationship with Bank Melli Iran and the ownership of a Manhattan office building. On December 19, 2008, Jahedi was arrested in New York City on a criminal complaint in this case.

According to the indictment filed yesterday, the criminal complaint, and other documents filed in Manhattan federal court:

On December 17, 2008, in connection with a grand jury investigation concerning the Alavi Foundation and its financial relationship with Bank Melli Iran (Bank Melli) and two offshore entities controlled by Bank Melli - Assa Company Limited and Assa Corporation -- Jahedi was served, as president of Alavi, with a grand jury subpoena. The subpoena was directed to the Alavi Foundation and commanded the production to the federal grand jury of financial documents concerning the Alavi Foundation, Assa Corporation, Assa Company Limited, and the building located at 650 Fifth Avenue Company. Jahedi was explicitly cautioned by law enforcement agents not to destroy any documents called for by the subpoena. The next day, Federal Bureau of Investigation (FBI) personnel observed Jahedi discarding torn documents into a public trash can. Further investigation revealed that these documents concerned Assa Limited, Assa Corporation, and 650 Fifth Avenue Company.

As previously made public in the complaint filed in this matter, the Alavi Foundation is a successor organization of the Pahlavi Foundation, a non-profit organization originally operated by the Shah of Iran to pursue Iran's charitable interests in the United States. In the 1970s, the Pahlavi Foundation constructed an office tower (the "Building"), located at 650 Fifth Avenue, New York, N.Y. A substantial loan from Bank Melli Iran (Bank Melli), a state-owned bank in Iran, financed the construction of the Building.

In 1989, the Alavi Foundation, in partnership with Bank Melli, formed 650 Fifth Avenue Company. To disguise Bank Melli's ownership interest, the parties agreed to transfer 35% of 650 Fifth Avenue Company to Assa Corporation (an entity wholly owned by Assa Company Limited). Assa Company Limited is a Jersey, Channel Islands, entity, which was and has since been wholly owned by Iranian citizens who represent the interests of Bank Melli. In conjunction with the transfer of the 35% interest in 650 Fifth Avenue to Assa Corporation, Bank Melli cancelled its loan on the Building. Today, the Alavi Foundation owns 60% of 650 Fifth Avenue Company, and Bank Melli, through Assa Corporation and Assa Company Limited, owns 40% of 650 Fifth Avenue Company.

In 1995, in order to implement a series of executive orders issued pursuant to the International Emergency Economic Powers Act (IEEPA), the Department of Treasury promulgated the Iranian Transaction Regulations (ITRs) -- which prohibit any person from exporting or causing to be exported from the United States, to Iran or the Government of Iran, any goods, technology, or services without having first obtained a valid export license from the United States Department of Treasury, Office of Foreign Assets Control (OFAC).

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Following issuance of the ITRs, but without an OFAC license to do so, Assa Corporation and Assa Company Limited continued to provide services to Bank Melli by maintaining Bank Melli's interest in 650 Fifth Avenue Company and transferring income from 650 Fifth Avenue Company to Bank Melli.

In 1999, OFAC identified Bank Melli, and all of its offices worldwide, as entities owned or controlled by the Government of Iran.

On December 17, 2008, the United States filed a forfeiture Complaint which seeks to forfeit all right, title and interest of Assa Corporation, Assa Company Limited, and Bank Melli in 650 Fifth Avenue Company. The United States also seeks to forfeit funds that were seized, pursuant to federal seizure warrants, from Assa Corporation's bank accounts. The forfeiture Complaint alleges that the funds in the bank accounts are forfeitable as proceeds of IEEPA violations, and that Assa Corporation's interest in 650 Fifth Avenue Company is forfeitable as property involved in money laundering and a conspiracy to commit money laundering.

Jahedi is charged in the indictment with two felony offenses. Count one charges Jahedi with destroying a document, with the intent to impair that document's availability for use in an official proceeding, which carries a maximum penalty of 20 years in prison. Count two charges Jahedi with obstruction of justice, which carries a maximum penalty of 10 years in prison.

Jahedi is scheduled to be arraigned on the indictment by United States District Judge Shira A. Scheindlin on May 8, 2009, at 4:00 p.m.

Mr. Dassin praised the investigative work of the New York Joint Terrorism Task Force -- which principally consists of agents of the FBI and detectives of the New York City Police Department -- and the New York Field Office of the Internal Revenue Service, Criminal Investigation Division.

Assistant United States Attorneys Harry Chernoff, David Leibowitz, and John Cronan are in charge of the prosecution.

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

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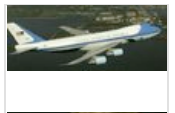


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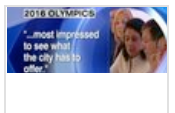
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