

Islamic charity indicted for money laundering, theft, tax violations

by Bend_Weekly_News_Sources

The U.S. branch of an international Islamic charity and five of its officers, employees or associates have been indicted for illegally transferring funds to Iraq, laundering money, stealing federal funds, and obstructing tax laws by, among other things, falsely denying that a procurement agent of Osama bin Laden had been an employee of the charity, Assistant Attorney General for National Security Kenneth L. Wainstein, U.S. Attorney for the Western District of Missouri Bradley J. Schlozman, and Assistant Director of the FBI's Counterterrorism Division Joseph Billy announced today. The charity named in the 33-count indictment is the Islamic American Relief Agency (IARA), formerly known as the Islamic African Relief Agency-USA. IARA is an Islamic charitable organization headquartered in Columbia, Mo., that was officially formed in 1985 and closed in October 2004, when it was identified by the U.S. Treasury Department as a specially designated global terrorist organization. Also charged in the indictment are Mubarak Hamed, 50, of Columbia, Mo., a naturalized U.S. citizen from Sudan who served as executive director of IARA; Ali Mohamed Bagegni, 53, formerly of Columbia, Mo. and currently of Iowa City, Iowa, a naturalized U.S. citizen born in Libya and a former member of IARA's board of directors; Ahmad Mustafa, 54, of Columbia, Mo., a citizen of Iraq and a former fund-raiser for IARA; Khalid Al-Sudanee, 55, a citizen and resident of Jordan and the regional director of the Middle East office of the Islamic African Relief Agency (also known as the Islamic Relief Agency, or ISRA); and Abdel Azim El-Siddiq, 50, of Palos Heights, Ill., a naturalized U.S. citizen born in Sudan and formerly vice president for international operations for IARA. "Today's indictment paints an alarming picture of theft, money laundering, and fraud by the U.S. branch of an international charitable organization. These charges demonstrate our resolve to thoroughly investigate and prosecute any charities that abuse their tax-exempt status to engage in wide-ranging criminal activity," said Assistant Attorney General Wainstein. "The FBI will continue to work closely with our law enforcement and intelligence community partners to ensure charitable donations are not misused for criminal purposes," said Assistant Director Joseph Billy, Counterterrorism Division, Federal Bureau of Investigation. The indictment, which was returned under seal by a federal grand jury in Kansas City, Mo., on Tuesday, March 6, 2007, was unsealed and made public today upon the arrest and initial court appearance of several co-defendants.

Transfer of Funds to Iraq: Count One of the federal indictment alleges that IARA, Hamed, Bagegni, Mustafa and Al-Sudanee participated in a conspiracy to violate the International Emergency Economic Powers Act and the Iraqi Sanctions Regulations by transferring more than \$1.4 million to Iraq from March 1991 to May 2003. According to the indictment, the defendants decided in March 1991 to provide financial support to persons and organizations located inside Iraq and used IARA's tax exempt status to solicit donations from the public for that purpose. They allegedly engaged the services of Al-Sudanee to transfer funds originating in the United States to Iraq. After funds were transferred from IARA's bank accounts in the Western District of Missouri to ISRA's bank accounts in Amman, Jordan, the indictment alleges, Al-Sudanee then transferred those funds to Iraq. During the course of the conspiracy, Hamed, in response to an inquiry by the Department of Treasury's Office of Foreign Assets Control (OFAC) as to whether IARA was violating the Iraq sanctions, attempted to deceive OFAC by stating that IARA was attempting to aid only those Iraqi people living outside of Iraq. Counts Two through 12 of the federal indictment allege 11 separate instances in which IARA, Hamed, Bagegni and Al-Sudanee, aided and abetted by each other, transferred funds from the United States to Iraq, by and through Amman, Jordan. Count 13 of the federal indictment alleges that IARA, Hamed, Bagegni, Mustafa and Al-Sudanee participated in a conspiracy to commit money laundering by transferring funds overseas with the intent to promote unlawful activity, that is, violating the Iraq sanctions. Counts 14 through 24 of the federal indictment allege 11 separate instances in which IARA, Hamed, Bagegni and Al-Sudanee, aided and abetted by each other, committed money laundering by transferring funds overseas in order to violate the Iraq sanctions.

Theft of Federal Program Funds: Counts 25 through 27 of the federal indictment allege that, beginning in January 1997, IARA, Hamed and Bagegni entered into a series of agreements with the U.S. Agency for International Development (USAID) for relief projects in Mali, Africa. At the time USAID terminated those agreements in December 1999, the amount of money involved totaled approximately \$2 million. IARA had allegedly failed to fully fund the matching contributions required to receive USAID funds. Subsequent to the agreements' terminations, the indictment alleges, IARA, Hamed and Bagegni, without

authorization, retained approximately \$84,922 of USAID money and failed to return the funds to USAID as called for by the agreements. Instead, the defendants allegedly spent \$50,000 from those funds to hire an individual to advocate for IARA's removal from a Senate Finance Committee list of organizations suspected of being involved in supporting international terrorism. Count 28 of the federal indictment alleges that IARA, Hamed, Bagegni and Al-Siddiq participated in a conspiracy to engage in money laundering that began in March 2004 and continued to the date of this indictment. Counts 29 through 31 of the federal indictment allege three separate instances between June 30 and Nov. 16, 2004, in which IARA, Hamed, Bagegni and Al-Siddiq engaged in money laundering by transferring the proceeds of unlawful activity, that is, the theft of public funds alleged in Counts 25 through 27, knowing that the transfers were designed to conceal the nature, source and ownership of the proceeds. Obstructing the Administration of Internal Revenue Laws: Count 32 of the indictment alleges that IARA and Hamed corruptly endeavored to obstruct and impede the due administration of the Internal Revenue laws. The defendants allegedly misused IARA's status as a tax-exempt charitable organization to solicit contributions for projects in Iraq, representing that they were legitimate charitable contributions, and transferred those funds to Iraq in violation of law. In order to avoid IRS detection of the fact that IARA was engaged in violations of Iraq sanctions and to continue to misuse IARA's tax-exempt status to raise funds, the indictment alleges, the defendants filed IRS Forms 990, Returns of Tax-Exempt Organization, which intentionally omitted IARA's transactions with Iraq and failed to disclose relevant requested information regarding the control, history and affiliations of IARA. The indictment alleges that the defendants made false public statements in order to avoid IRS detection of IARA activities not in furtherance of its purported charitable mission. According to the indictment, a person acting on behalf of IARA falsely claimed during a nationally-televised interview on Nov. 6, 2001, that Ziyad Khaleel -- a then-publicly identified associate and procurement agent of Osama bin Laden -- had never been an employee of IARA. It was widely reported that Khaleel (now deceased) helped obtain satellite phones for al-Qaida that were used by Osama bin Laden to coordinate the attacks on the U.S. embassies in Kenya and Tanzania. In fact, the indictment says, Khaleel had been an employee of IARA. Additionally, the indictment alleges, the defendants used funds received from charitable contributions for personal expenses not permitted by the IRS. The defendants allegedly established a \$47,000 contingency fund from the contributions raised for IARA and used \$20,000 of this fund to pay attorney fees and post bond for a person (not identified in the indictment) concerning immigration charges. The use of tax-exempt contributions for personal legal expenses is prohibited. The indictment also alleges that the defendants made false statements to agents and officials of the United States government. Hamed allegedly made a false statement during an interview with federal law enforcement agents, when he claimed that he applied for a job with IARA. That statement was false, the indictment says, because Hamed was actually transferred by the Islamic African Relief Agency, located in Khartoum, Sudan, to work in the IARA office in Columbia, Mo. Forfeiture: Count 33 of the federal indictment is a forfeiture count, which would require IARA, Hamed, Bagegni, Al-Sudanee and Mustafa to forfeit to the government \$1,375,712, which represents the sum of monies involved in the international financial transactions used to promote the unlawful activity alleged in Counts 13 through 24. It would also require IARA, Hamed and Al-Siddiq to forfeit \$46,350, which represents the sum of monies involved in the financial transactions used to conceal the nature, source and ownership of the proceeds of unlawful activity as alleged in Counts 28 through 31.

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