

POTOMAC MAN CONVICTED OF CONSPIRING TO ILLEGALLY PROVIDE SATELLITE SERVICES TO IRAN

*Conspiracy Resulted in Launching of an Iranian Earth Observation Satellite;
Front Company Created to Conceal Iranian Involvement*

Greenbelt, Maryland - A federal jury has convicted Nader Modanlo, a/k/a Nader Modanlou, a/k/a Nader Modanlu, age 52, of Potomac, Maryland, a naturalized U.S. citizen born in Iran, of charges arising from a conspiracy to illegally provide satellite related services to Iran in violation of the International Emergency Economic Powers Act, money laundering and obstruction of bankruptcy proceedings. As a result of the conspiracy, an Iranian earth observation satellite equipped with a camera was launched into space from Russia on October 27, 2005. The launch was the first-ever Iranian satellite put into orbit.

The jury verdict was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Special Agent in Charge William Winter of U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI); Special Agent in Charge Thomas J. Kelly of the Internal Revenue Service - Criminal Investigation, Washington, D.C. Field Office; and Special Agent in Charge Robert Craig of the Defense Criminal Investigative Service, Mid-Atlantic Field Office.

"Nader Modanlo violated the law by helping Iran launch communications satellites," said U.S. Attorney Rod J. Rosenstein. "The Iran Trade Embargo prohibits Americans from supplying goods, technology and services to Iran directly or indirectly."

"This conviction is the result of a complex, decade long HSI investigation that spanned multiple countries and involved close partnership with the U.S. Attorney's Office for the District of Maryland, the Defense Criminal Investigative Service and the Internal Revenue Service," said HSI Special Agent in Charge in Baltimore William Winter. "This investigation shows that HSI special agents will tenaciously pursue those who attempt to illegally export sensitive technologies and threaten the security of the United States by willfully violating our customs laws."

"The Defense Criminal Investigative Service (DCIS), the criminal investigative arm of the Office of the Inspector General, Department of Defense, is committed to pursuing cases involving the illegal transfer of critical U.S. Defense Department-related technologies throughout the world," said Robert E. Craig, Jr., Special Agent in Charge of the DCIS Mid-Atlantic Field Office. "Along with our law enforcement partners and as demonstrated in this case, DCIS is diligently pursuing individuals and companies that willingly break the law and unnecessarily place the safety of America's warfighters and all Americans at risk."

"IRS Criminal Investigation is committed to following the money trail across the globe and will not be deterred by the use of front companies and sophisticated financial transactions that hide the real ownership of the proceeds of criminal activity," said Thomas J. Kelly, Special Agent in Charge, IRS Criminal Investigation, Washington DC Field Office. "Today's verdict is a reminder that IRS Criminal Investigation along with our domestic and international law enforcement partners will continue our vigilant pursuit of criminal conspiracies."

The President of the United States issued an Executive Order in 1995 imposing a trade embargo against Iran, after finding that Iran's policies and actions posed a threat to the national security of the United States. Under the embargo, the Department of the Treasury, through the Office of Foreign Assets Control, issued the Iranian Transactions Regulations, which prohibited the export, re-export, sale or supply, directly or indirectly, by a U.S. citizen, of goods, technology or services to Iran or the Government of Iran, without prior governmental authorization.

According to evidence presented at the six week trial, Modanlo was a mechanical engineer who received science and engineering degrees from George Washington University. Modanlo represented that he was an internationally-recognized expert on strategic policy and finances affecting the space-based telecommunications industry, and that he managed space and science programs for the Department of Defense, NASA and the industry.

Trial evidence showed that from January 2000 through November 27, 2007, Modanlo and others concocted a scheme to evade the Iran trade embargo to conceal Iranian involvement in prohibited activities and transactions. Beginning in 1992, Modanlo was the principal owner, chairman and president of Final Analysis, Inc. (FAI) in Maryland. Beginning in 1994, FAI contracted with POLYOT, an aerospace enterprise company owned by the government of the Russian Federation, to launch FAI telecommunications satellites. Between 1995 through 2000, FAI and POLYOT launched a satellite purchased by FAI, and designed, constructed and launched a second satellite, both from Plesetsk, Russia. Modanlo and other FAI personnel met with POLYOT officials as part of that relationship. As required by law, Modanlo obtained U.S. export licenses in order to export and launch the telecommunications satellites and other equipment from Russia.

In November 2001, Modanlo established New York Satellite Industries, LLC, (NYSI) after creditors filed a petition to place FAI into involuntary bankruptcy. NYSI purchased FAI's assets and Modanlo served as chairman and managing member of NYSI, using his home address as NYSI's business address.

Beginning in 2000, Modanlo brokered an agreement between POLYOT and Iran to construct and launch a satellite. Between the summer of 2001 and December 2001, Modanlo engaged in numerous meetings with POLYOT officials to broker Iran's satellite program. In December 2001, several Iranian officials, including Sirous Naseri, a former Iranian Ambassador to Switzerland, went to Switzerland to express interest in "investing" in NYSI by interposing a Swiss company, because "the U.S. ha[d] sanctions in place against Iran," and direct investment would therefore be "problematic." Naseri, Reza Heidari, Mohammad Modares and Modanlo then went to Switzerland in April 2002 to work out the details of forming Prospect Telecom in order to conceal Iranian participation as an investor/lender in Modanlo's satellite telecommunications activities. Between April and June 2002, Heidari, Mohammad Modares and Abdol Mehrdad established Prospect Telecom and opened a bank account in Switzerland in the name of Prospect Telecom.

Heidari, Modares, and Mehrdad then caused \$10 million to be wired from Prospect Telecom's bank account overseas to Modanlo's NYSI account in Bowie, Maryland, in consideration for Modanlo's assistance to Iran and the Iranians in brokering the satellite agreement with Russia, and for NYSI providing telecommunications services in support of that agreement. Modanlo had agreed that NYSI would assist in obtaining telecommunications service provider licenses for the owners of Prospect Telecom and for the benefit of the Islamic Republic of Iran.

In October 2005, as a result of the efforts of Modanlo and his conspirators, POLYOT launched Iran's first-ever satellite, a remote sensing and telecommunications satellite from Russia.

From 2005 to 2007, Modanlo made false statements and concealed information about the creation and ownership of Prospect Telecom during bankruptcy proceedings, including that Modanlo and co-conspirators had arranged for the formation of Prospect telecom to conceal Iranian involvement.

Modanlo faces a maximum sentence of five years in prison for the conspiracy; 10 years in prison on each of two counts of violating the Iran Trade Embargo, 20 years on money laundering related to the transfer of the \$10 million from Switzerland to the defendant's NYSI bank account, 10 years for each of five subsequent money-laundering transactions, which disbursed most of the \$10 million; and 20 years in prison for obstruction of a bankruptcy proceeding. The jury was unable to reach a verdict on one count of violating the Iran Trade Embargo. U.S. District Judge Peter J. Messitte scheduled sentencing for September 11, 2013. The government also seeks the forfeiture of \$10 million, which is the proceeds of the offense.

The other defendants charged in the indictment, Hamid Malmirian, age 53; Reza Heidari, age 52; Mohammad Modares, age 44; Abdol Reza Mehrdad, age 43; and Sirous Naseri, age 55, all Iranian nationals, remain at large.

United States Attorney Rod J. Rosenstein praised the HSI Baltimore, DCIS and IRS - Criminal Investigation for their work in the investigation. Mr. Rosenstein thanked Assistant United States Attorneys David I. Salem and Stuart Berman, who are prosecuting the case.