

Foundation For Defense Of Democracies: Presentation Of The Alberto Nisman Award to
FBI Special Agent Jennifer A. McReynolds

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Speakers: Mark Dubowitz, CEO, Foundation For Defense Of Democracies; Jonathan Schanzer, Senior Vice President, Foundation For Defense Of Democracies; Jennifer A. McReynolds, Special Agent, FBI

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DUBOWITZ: OK folks, so we're going to move to the second part of our program in the -- we're going to be giving the Alberto Nisman Award. So two years ago, my FDD colleague Jon Schanzer and I were surprised to receive a visit at FDD's office by FBI special agents and Justice Department officials from the Southern District of New York.

And we were even more surprised that they wanted to talk about a massive Turkish-Iranian sanctions busting scheme and an individual name Reza Zarrab. This was a scheme that FDD had been researching since 2013.

And since that time, we've really had the distinct honor and pleasure of working with these AUSAs and FBI special agents on the case which became known as the U.S. versus Atilla.

Now as you may be aware or you'll soon hear about, this case has had enormous consequences for U.S.-Turkey relations and for the effort to counter the Islamic Republic of Iran.

The folks from the FBI and -- and DOJ are here today, and these really are outstanding professionals and outstanding patriots. And we really are very privileged to -- to honor you all.

To present them with the FDD Alberto Nisman Award for Courage, I'm pleased to introduce my good friend and FDD colleague Jonathan Schanzer. He's our senior vice president for research.

(APPLAUSE)

SCHANZER: Thank you, Mark. This morning, we honor the memory of Alberto Nisman, who spent over a decade investigating Iran's role in the 1994 bombing of the AMIA Jewish community center in Buenos Aires.

That attack killed 85 people and wounded hundreds more. It was the deadliest attack in Argentina's history. For years, Nisman sounded the alarm over Iranian terrorist networks, which extended beyond Argentina.

He wrote in granular detail about how the Iranian regime planted sleeper cells across the Western hemisphere, he even provided information about Iran's activities here in the United States.

Tragically, Nisman was found murdered in his apartment on January 18, 2015, one day before he was set to give testimony to the Argentine Congress. He had evidence implicating senior Argentine leaders in a cover-up of Iran's involvement in the AMIA bombing.

Some tried to portray his death as a suicide, but a legal investigation in Argentina revealed what we knew all along, he was assassinated for speaking the truth. An Argentine court last year investigated the accusations that Nisman had planned to present at Congress and officials at the highest levels of Argentina's government were ultimately indicted for attempting to cover up Iran's role in the AMIA bombing.

Alberto Nisman's work was vindicated, but vindication was never the goal and it's not ours today. Our goal today is to expose the dangerous reach of Iran and Hezbollah into Latin America.

FDD Senior Fellow Emanuele Ottolenghi does just that, laying bear the threats posed by Iranian backed networks throughout the region. At FDD, we also continue to pursue justice for the victims of the AMIA bombing.

This includes maintaining a focus on the Interpol Red Notices and international arrest warrants for this terrorist attack, no matter how many years go by. FDD Senior Vice President Toby Dershowitz, who worked closely with Alberto Nisman, spearheads this important effort.

To learn more, I encourage you to visit albertonisman.org, which we launched shortly after his death.

It is now my distinct honor to present this year's Alberto Nisman Award for Courage.

We first presented this award in 2015 to famed Manhattan district attorney Robert M. Morgenthau for his relentless pursuit of criminals, terrorists and their enablers. In 2016, the award went to Judge Royce Lamberth, who presided over numerous terrorism cases involving Iran.

This year the award goes to an impressive group of national security professionals who walk in the footsteps of Alberto Nisman. They prosecuted one of the largest sanctions evasion cases in modern history.

They pursued justice and justice prevailed. Ladies and gentlemen, please welcome some of the best and brightest from the U.S. Attorney's Office in the Southern District of New York, I ask them to join me now on stage.

Michael Chang-Frieden, David W. Denton Jr., Sidhardha Kamaraju, Michael D. Lockard, Jennifer A. McReynolds, Dean C. Sovolos and William I. Wikstrom.

(APPLAUSE)

This is the team that prosecuted United States versus Atilla. Theirs was not just another case of money laundering, it was a case involving the ultimate money launderer, a man named Reza Zarrab.

He managed a complex network of businesses, bank accounts and front companies, moving more than \$20 billion on behalf of the Iranian and Turkish governments.

At FDD, we spent considerable time digging into this scheme when not many people knew about it. We tracked the data, which remarkably Turkey did not hide, showing an astronomical spike in Turkish gold exports.

We identified many of the companies and players too. We tried to warn the U.S. government about this massive sanctions busting operation, yet, it was an inconvenient moment to reveal unsavory truths about Iran amidst the push for a nuclear agreement.

At the same time, few wanted to touch the third rail of relations with Turkey, even as it became clear that Ankara was backing terrorist groups like Hamas and a number of Sunni-Jihadi groups in Syria.

When the nuclear deal was reached in 2015, and many of the Iran sanctions were removed, it seemed that these sanctions busters were off the hook. But then, remarkably, in March 2016, Reza Zarrab inexplicably travelled to America.

When his plane landed, U.S. authorities arrested him. You'll hear more about this shortly. At FDD that night, we raised a glass to the tenacity of the Justice Department. To our delight a few weeks later, this group here paid us a visit.

They had obviously accumulated vast evidence of Zarrab's crimes, but they wanted to see what FDD knew about the companies, networks and schemes that Zarrab used to move money from Turkey to Iran.

In the weeks and months that followed, one visit beget another. Both Mark and I were asked to serve as expert witnesses for the prosecution. We poured over countless invoices, tracking the transactions that turned gold into Iranian cash. And we remained in awe of these prosecutors who had mastered the dizzying trail of illicit Iranian and Turkish transactions.

The case took a wild turn last March with the arrest of Mehmet Hakan Atilla, the deputy CEO and general manager of Turkey's state-owned Halkbank. This was the bank that processed the majority of the illicit transactions. But the real drama came last November when Zarrab pled out, making him a witness for the prosecution.

The men entrusted by both Iran and Turkey to launder their money was now set to expose the details of their enormous sanctions-busting scheme. Zarrab's arrest was decidedly inconvenient for the White House while it was pursuing a delicate nuclear deal; Atilla's arrest was similarly inconvenient for those seeking to placate the Erdogan government, even as it continued to backslide into Islamist authoritarianism.

Yet the SDNY team here, doggedly, pursued this important case and they did so irrespective of domestic politics or -- or diplomatic pretense, and that came at a price. Erdogan's mouthpieces attacked former U.S. attorney Preet Bharara. The brave women and men on stage with me today were also maligned and threatened.

Turkish media similarly attacked FDD, calling us terrorists. Then Ankara issued an arrest warrant for FDD senior fellow and former Turkish parliamentarian Aykan Erdemir. Authorities froze his assets and even seized the apartment his grandfather had bequeathed to his family. Yet the trial moved forward. In Turkey, it was the trial of the century but for this group, it was another day at the office.

It was about due process and the rule of law. At the start of the trial, FDD's Mark Dubowitz took the stand and described the sanctions that Turkey and Iran had so thoroughly violated. Reza Zarrab then delivered seven days of compelling testimony. Some said he looked like a college professor teaching a class on corruption.

When the trial concluded, the jury delivered its verdict. Attila was guilty on five of six counts. Justice had prevailed.

All eyes are now on the U.S. government; we're anticipating a large fine against Halkbank for its sanctions violations. Reports suggest that Turkish President Recep Tayyip Erdogan wants the fine dropped in exchange for releasing U.S. Pastor Andrew Brunson; in other words, hostage diplomacy.

Our hope at FDD is that the White House remains resolute and demanding not only the return of Pastor Brunson but also the release of all the other Westerners held hostage by Ankara. And there ought to be a meaningful fine for Halkbank. Justice demands nothing less.

In the meantime, this team here continues to track those who violate our banking laws and sanctions regulations and it does seem like your job continues to be rather difficult.

From all of us at FDD, thank you for your dedication. Thank you for your tenacity. I can think of no group more fitting to receive the Alberto Nisman Award for courage.

(APPLAUSE)

To accept the award on behalf of her team, I welcome FBI Special Agent Jennifer McReynolds.

(APPLAUSE)

MCREYNOLDS: Thank you. It is an honor to be here today, accepting the Alberto Nisman Award for Courage.

I first want to thank everyone at the Foundation for Defense of Democracies for all of your critical work. Your commitment to factual research and nonpartisan analysis in pursuit of national security makes you a unique and necessary voice. That commitment, in fact, made you one of the first to recognize the gas-for-gold scheme.

During trial preparation, we came to know you as friends and we thank you for all your help. We would also like to congratulate Ambassador Nikki Haley for receiving the Jeane J. Kirkpatrick Award for Statesmanship. Your clear voice for truth in the battle against threatening forces in the world is so inspiring.

It is a privilege to have the opportunity to participate in the legacy of Alberto Nisman. Mr. Nisman truly represents courage. It took courage to battle the murderous regime in Iran with all of the tools of secrecy and terror that it regularly deploys to further its extremist missions.

It took courage for Mr. Nisman to engage in the internal battle against the forceful opposition of his own government. Mr. Nisman paid the ultimate price for his courage.

I would like to talk about our investigation of an illicit Iranian finance network that supplied an unprecedented level of support to the regime in Iran. That investigation resulted in the largest sanctions evasion scheme ever prosecuted in federal court. It is a story rooted in lies

and deceit. A story that unmask dangerous criminal acts of government officials, bankers, and businessmen.

These activities provided billions of dollars worth of illicit funding to the regime and its deadly programs. They blew an enormous hole through the economic sanctions that the United States and our allies depended upon as a tool to denuclearize the regime, undermining our U.S. diplomatic position.

I remember January 19, 2015, began as just a regular day. It was a Monday morning and I had just arrived to the FBI office. New York City traffic was particularly congested that day, so I was running a little behind. As I opened the heavy door into the room that contained our Iranian counterintelligence squad, I had a direct view of my desk across the way.

I immediately sensed something happened. My fellow teammates looked up and asked me, "Did you hear what happened yesterday? Alberto Nisman was murdered." The news was a shock. We had been following Mr. Nisman's investigation of the Iran perpetrators of the 1994 AMIA bombing.

Although we never had the privilege of personally knowing Mr. Nisman, we admired him greatly. His relentless fight against Iran's terrorist and intelligence activities strengthened our resolve in our own investigations.

January 2015 was a difficult time for us in another way. We were already several years into this investigation, but felt like David against Goliath.

Over the years, we painstakingly acquired massive volumes of evidence. We investigated millions of U.S. dollar clearing payments and gathered gigabytes of electronic communication data. Days, nights, and weekends for years were spent poring over the evidence to uncover the network strategies, layered transactions, rotating shell companies, falsified business and customs records and other efforts.

It was laborious and exhausting, but the team continued to pursue the case because having the regime in Iran escape accountability for the deep threat that it remains still today, is simply unacceptable.

From the beginning, we have set three goals. First, indict and arrest key facilitators. Second, seize and forfeit illegal proceeds. And third, disrupt and dismantle the banking and financial institutions who knowingly violated sanctions to benefit Iran.

We never imagined that what began as an investigation into a single exchange house in Dubai would uncover a global scheme involving corruption at the highest levels of foreign governments.

At the height of the economic sanctions against Iran, targeting its military nuclear ambitions and ballistic missiles program, an international conspiracy formed to open a huge financial channel for the regime.

The top levels of the Iranian and Turkish governments, senior executives of Turkey's government-owned Halkbank, Iranian bank officers and Reza Zarrab, a Turkish Iranian gold trader, all came together. They conceived an ambitious scheme to unlock a huge pool of Iranian oil revenues that were isolated inside Halkbank, as a result of the sanctions.

They would use a complex system of gold exports and falsified documents to transfer Iran's oil revenues from Turkey to front companies in Dubai, where the regime could use them to secretly transfer money anywhere in the world, including through the U.S. financial system.

Later, the co-conspirators would also transfer money under the cover of fake humanitarian shipments, which would have qualified for -- for exceptions under the sanctions in order to move Iran's money out Halkbank. Over four years, this conspiracy unlocked approximately \$20 billion of Iran's restricted oil funds.

The main beneficiary of the money, besides the corrupt officials that were bribed tens of millions of dollars to support and protect the scheme, was the National Iranian Oil Company, or NIOC. NIOC was an affiliate of the IRGC, a key player in Iran's nuclear and missiles -- missile programs in support to Hezbollah, Hamas and other foreign terrorist organizations.

This same network moved money for other Iranian interests like Bank Mellat, a designated Iranian government-owned bank, and Mahan Air, an Iranian commercial airline designated for supporting the IRGC, Hezbollah and other terrorists.

About one year later, on an evening in March of 2016, I was at home having dinner when one of my teammates called. He asked, "Are you sitting down? Reza Zarrab is flying into Miami on Saturday." Stunned, I questioned him. "Are you sure it's our guy?" He confirmed.

I actually had not been sitting down, but suddenly needed a chair. Among the challenges we face, it is difficult to arrest defendants who operate from overseas safe havens. While always pursuing arrests, we were focusing on other actions. One of the better things to have come out of the nuclear deal implemented in January of 2016 was the impression Iranian proliferators had that the past was erased and they could travel freely.

Soon, we were on the ground in Miami. In the hours leading up to the arrest, we thought about Alberto Nisman. We tried to imagine how he felt on the eve of exposing the truth about the terrible regime in Iran after years spent meticulously building his case.

After the arrest, and as we were about to board our flight back to New York, it hit the news. In the short time we were in flight, Turkey had erupted. After landing and turning on our phones, we saw that the former -- former U.S. attorney Preet Bharara was the biggest trend of Twitter.

You see, Zarrab had been arrested more than two years prior -- prior in Turkey on December 17, 2013, part of a Turkish corruption investigation. But the corruption that the investigation revealed went too high.

It went all the way to the cabinet, into the then-prime minister's office. The investigation was quashed, Zarrab and his co-conspirators were released, and the police officer -- police officers and prosecutors that had conducted the investigation were persecuted, fired and arrested.

At that point, we had long known about the December 17th corruption investigation. We were familiar with the leaked Turkish National Police Report, outlining evidence of high-level bribes to facilitate illicit Iranian finance with Halkbank's involvement, and knew about the aftermath it created in Turkey.

We combed through that report and compared our investigative results with theirs, and it matched perfectly. Almost immediately after the Miami arrest of Zarrab was public, we started to receive letters, lots of letters, all have their own stories of persecution, family members in Turkey fired for doing their jobs or in prison, the same job that we're doing here, investigating crimes and following the evidence where it leads.

Besides heart wrenching stories like these, people contacted us with information and records to share, people wanting to assist in our investigation.

And then one day we received a call from someone who closely knew the lead investigator of the December 17th case; the writer of the leaked Turkish police report, someone who reminds us of Alberto Nisman, a passionate seeker of justice and truth, even when his life depended on it.

And it did. Huseyin Korkmaz was arrested in Turkey for his investigation of Turkish corruption, but by divine intervention, was freed on bail a few months after we arrested Zarrab in Miami.

It was a glitch in the Turkish criminal procedure, but he was momentarily free. Knowing of Zarrab's arrest in the United States, he was as anxious to reach us, as we were to reach him.

I will let Huseyin tell you the courageous story of his long and dangerous journey to bring the truth to light when he is ready. Until then, I can assure you, the time between our first

contact and the day Huseyin arrived to the United States, a time when his life was in limbo as he safeguarded evidence he carried from those who wish to destroy it, and him to protect themselves, in many ways was the most distressing period of this entire journey.

In March of 2017, almost one year to the day of Zarrab's arrest, we received another surprise. We were going over the growing list of subjects, especially evidence of Halkbank and its senior executives' involvement in the scheme.

We asked our analyst to check the names against a few routine databases. After that request, I recall having to leave the office for a meeting across town. By the time I came back up from the subway, we had a hit. Scheduled to arrive into the United States, the very next day, was Mehmet Hakan Atilla, the deputy general manager of Halkbank.

The timing was so coincidental that I had my doubts. "Are you sure it's our guy?" I asked again.

Atilla, like many others, had been under -- had been on our radar since the beginning. And as we gathered more and more evidence and dug through the Turkish wiretaps and records, we learned just how much he and Halkbank, not only knew of Zarrab's scheme, but helped to design it.

By the end of the week, we charged Atilla and he was arrested. A few long months of more hard work, and six weeks of trial later, Zarrab pled guilty and cooperated, and Atilla was found guilty by the jury.

But the entire time, between Zarrab's arrest, when the investigation became public, and Atilla's conviction 20 months later, was filled with serious outside challenges. High-level foreign officials like Turkey's ministers of justice and of foreign affairs, and Turkey's President Erdogan, exerted diplomatic pressure. They lobbied the Department of Justice, the State Department and even the White House to release Zarrab and Atilla without a trial.

Motions were filed in court, attacking the impartiality of the judge. We were accused of being political motivated. The Turkish government and Halkbank made an 11th hour attempt to delay the trial.

FDD expert witnesses suffered cyberattacks and media harassment. Their associates were criminally charged in Turkey. Our witnesses, their family members, and their associates in Turkey and Iran, were threatened, imprisoned or travel banned. They also had their assets seized. It was reported that foreign prosecutors had even opened a criminal investigation into us as well.

But these efforts all failed. The American criminal justice system proved independent and impartial. Our country provided a fair trial, a just verdict and a strengthened national security.

So where are we now, after the convictions of Zarrab and Atilla? To paraphrase Winston Churchill, the trial was only the end of the beginning. The implications from this investigation are far from over. Many other co-conspirators are indicted who have not yet been brought to -- to justice.

The crimes are remarkable, for the extent of corruption involved, and the staggering volume of money, but also because the timing of the scheme had critical implications for U.S. and global security.

These years represented the height of the economic sanctions against the government of Iran as a tool to force the regime to denuclearize in an effort to avoid the necessity of military force. But when the international community relied on the sanctions to apply maximum pressure, thought it had the regime's back against the wall, the wall wasn't there.

These Iranian and Turkish government officials and bankers had broken a hole through the wall, saving the regime from the worst of the pressure during the nuclear negotiations. We may never know what impact it had on the results.

Ravi Zacharias, an author and philosopher, once said, "Justice is the handmaiden of truth. And when truth dies, justice dies along with it."

So thank you to my fellow teammates, who continuously strive for truth and who will not let justice die. We thank everyone who supported this case and we thank the -- the Foundation for Defense of Democracies for this honor. We especially recognize the sacrifices of you, the innocent people in Turkey and Iran, who are persecuted for your struggles against oppression and corruption.

What you and your families have endured, no one should have to. But even in the darkest hours, you have courageously strived for truth and justice, very much like Alberto Nisman. Thank you.

(APPLAUSE)