

Turkish Azeri Iranian Billionaire Gold Trader Fights Iran Sanctions Violations Charges in US Court Hearing



Reza Zarrab, Turkish Azeri Iranian Gold Trader at arrest in
Istanbul December 2013

Source: AFP/Getty Images

Yesterday, lawyers for 34 year old Reza Zarrab, a Turkish Azeri Iranian gold trading billionaire appeared in a Manhattan US court hearing, before Judge Richard Berman contesting his arrest and indictment while in the US on vacation in Miami on

March 22, 2016. We wrote about Zarrab's key role and alleged complicit involvement of Turkish President Erdogan, in both a *New English Review* January 2014 article on corruption in then Premier Erodgan's regime and an Iconoclast post on the occasion of Zarrab's arrest and detention in the US in March 2016, "[US Arrests Iranian Turk in Florida implicating President Erdogan in a \\$100 Billion gold for gas deal with Tehran.](#)"

A Radio Free Europe/AP/Reuters [report](#) on the New York federal court hearing noted Zarrab's US lawyers request to drop the charges because of "overreach":

A wealthy gold trader charged with violating U.S. sanctions against Iran asked a U.S. court to dismiss the charges on October 5, saying U.S. prosecutors overreached in bringing the case.

Prosecutors accuse Reza Zarrab, 33, a prominent Turkish-Iranian financier, of using a network of companies in Turkey and the United Arab Emirates to carry out hundreds of millions of dollars of financial transactions on behalf of Iranians in violation of U.S. sanctions.

But Zarrab's defense team, made up of some of the country's best-known lawyers, said Manhattan District Judge Richard Berman should drop the case because prosecutors overreached in charging a foreign citizen doing business in countries where the transactions were not considered illegal.

The "unprecedented and expansive" prosecution of Zarrab, if successful, would bring about a "radical expansion" of the sanctions law, said one Zarrab attorney, former U.S. Solicitor-General Paul Clement.

The government countered that it has jurisdiction because Zarrab's transactions moved through U.S. banks and the sanctions law covers property that moves through the

country.

“Foreign nationals who violate [the statute] can be criminally charged,” Assistant U.S. Attorney Michael Lockard told the court.

Patrick Goodenough of *CNS* in his [report](#) on the original March 2016 indictment noted the charges against Zarrab and accomplices and involvement of Turkish AKP ministers:

The Department of Justice [announced](#) Monday the unsealing of an indictment in the in the Southern District of New York against dual Turkish-Iranian citizen Zarrab, 33, who was arrested in Florida on Saturday; and two Iranian nationals who remain at large, Camelia Jamshidy, 29, and Hossein Najafzadeh, 65.

John Carlin, assistant attorney-general for national security, said that according to the charges the three had “circumvented U.S. sanctions by conducting millions of dollars-worth of transactions on behalf of the Iranian government and Iranian businesses.”

“These alleged violations, as well as the subsequent efforts taken to cover up these illicit actions, undermined U.S. laws designed to protect national security interests,” he said.

According to the indictment, between 2010 and 2015 the three allegedly conspired to thwart U.S. and international economic sanctions against Iran by concealing financial transactions that were on behalf of the Iranian government or government-controlled banks and other entities.

They used a network of companies located in Iran, Turkey and elsewhere to conceal from U.S. banks, the Treasury Department’s Office of Foreign Assets Control (OFAC) and others the fact that the transactions were benefiting and on behalf of Iranian entities.

The indictment quotes from a Dec. 2011 letter from Zarrab, addressed to the general manager of the Central Bank of Iran saying in part, “[i]t is not secret that the trend is moving towards intensifying and increasing the sanctions, and since the wise leader of the Islamic Revolution of Iran has announced this to be the year of the Economic Jihad, the Zarrab family, which has had a half a century of experience in foreign exchange, ... considers it to be our national and moral duty to declare our willingness to participate in any kind of cooperation in order to implement monetary and foreign exchange anti-sanction policies ...”

[...]

Earlier [research](#) into the “gas for gold” scheme by the Foundation for Defense of Democracies (FDD) and Roubini Global Economics found that Iran and Turkey’s Halkbank were exploiting loopholes in U.S. sanctions law.

Despite the excellent work of the FDD team and the US prosecutor charges, circumstances have dramatically changed since the March 2016 arrest and detention of Zarrab. Independent [investigations](#) by the *Wall Street Journal’s* team of Jay Solomon and Carol Lee exposed the Obama Administration’s secret cash and some suspect gold deals ransoming American hostages and accelerating lifting of sanctions against two Iranian banks. Moreover there is Turkish President Erdogan’s sudden incursion in Syria allegedly directed at ISIS, but in reality creating a zone barring further advances by US ally, the YPG-Kurdish led Syrian Democratic Force in the confusing coalition war against the Islamic State. Then there is break off in US Russian relations over the failed cease fire and the latter’s coordinated aerial terror bombing attack with Syrian President Assad, backed by tens of thousands of Iranian Shia militia and proxy Hezbollah seeking to overcome rebel forces in Aleppo. We will see shortly how Judge Berman rules on the Zarrab lawyers’ request

to drop the original sanctions charges prior to the early 2017 scheduled Manhattan court date. By then, we will have a new Administration in Washington that may have a different mindset at the Department of Justice towards the murky and peculiar Zarrab and Erdogan involvement in the \$100 billion gold for gas scheme that helped Iran to accelerate its nuclear developments in violation of the JCPOA that went effective on January 16, 2016.