



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
APRIL 19, 2010

CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER,
JANICE OH
PUBLIC INFORMATION OFFICE
(212) 637-2600

**WESTCHESTER MAN SENTENCED TO 121 MONTHS IN PRISON IN
MANHATTAN FEDERAL COURT FOR ATTEMPTING TO FINANCE
TERRORISM AND PERPETRATING MASSIVE INVESTMENT FRAUD**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that ABDUL TAWALA IBN ALI ALISHTARI was sentenced today in Manhattan federal court to 121 months in prison after previously pleading guilty to charges of terrorism financing and conspiracy to commit wire fraud. The sentence was imposed by United States District Judge ALVIN K. HELLERSTEIN.

According to the Information to which ALISHTARI pleaded guilty, other publicly filed documents, and statements made during ALISHTARI's guilty plea and sentencing proceedings:

In the latter half of 2006, ALISHTARI facilitated the transfer of \$152,500, believing that the funds would be used in Afghanistan and Pakistan to help train terrorists. ALISHTARI understood that these funds would be used to purchase equipment needed at a terrorist training camp, such as night vision goggles. Unknown to ALISHTARI, the man with whom he was working to transfer the money was actually an undercover law enforcement officer ("UC-1").

To arrange for the transfer of funds, ALISHTARI and UC-1 had numerous meetings, which were recorded. In June 2006, during one meeting, UC-1 explained to ALISHTARI that UC-1 sought to move money that UC-1 received from "donors" to provide "medical supplies," "equipment," and "night vision goggles" for "good Muslims" who were "there fighting for a good cause." ALISHTARI responded, "Muslims don't fight; we defend," and, "we have a right to defend ourselves." ALISHTARI also told UC-1 that if UC-1 wished to "weaponize" -- which ALISHTARI defined as "buying goggles or . . . gas stuff" -- UC-1 must be "three steps away" from the money, so that the money could not be traced back to UC-1.

During other meetings, ALISHTARI offered to introduce UC-1 to an associate ("Imam-1") who, according to ALISHTARI, was

a member of the Muslim Brotherhood. ALISHTARI described Imam-1 as a "fire-breathing" imam, who took the view that "the axis of the Islamic world is about Jerusalem and defeating the Jews." ALISTHARI additionally stated that Imam-1 was a "recruiter" who placed people to "work" in Bosnia and Chechnya. In September 2006, ALISHTARI in fact arranged for a meeting between Imam-1 and UC-1 at a New York City hotel room.

ALISHTARI also orchestrated a large-scale fraud in which he stole upwards of \$18 million from his victims through the operation of a loan investment program he called the "Flat Electronic Data Interchange" ("FEDI") which was purportedly a high-yield investment scheme. ALISHTARI promised his FEDI investors that they would receive high, guaranteed rates of return. In reality, few, if any, of the investors received back the money they had invested, let alone the promised returns; meanwhile, ALISHTARI diverted investor money to pay for his own expenses and to support a lavish lifestyle.

At his guilty plea on September 29, 2009, ALISHTARI admitted that he was paid \$15,000 to move a total of approximately \$152,000 for UC-1, and acknowledged that UC-1 "specifically said" that this money was intended to go to terrorist training camps. ALISHTARI further acknowledged that, when he transferred these funds, he understood what terrorist training camps were and that terrorists kill civilians.

ALISHTARI also admitted during his guilty plea that he "unlawfully, willfully and knowingly made false representations and promises with regard to the collection and expenditures of portions of money" that he collected from investors in FEDI. ALISHTARI further admitted that he "intentionally overstated and exaggerated the progress of this program and thereby fraudulently obtained funds from investors."

* * *

In addition to the prison term, Judge HELLERSTEIN sentenced ALISHTARI to three years of supervised release and indicated that restitution would be ordered to the victims, in an exact amount to be determined in the next 90 days.

In sentencing ALISHTARI, Judge HELLERSTEIN stated: "It remains clear that you did want the ends that were put to you for the placement of money. You knew these ends were assisting terrorism that was of a type, that it was on the edge of causing substantial death and destruction to people like you and me, and

government lawyers, and people in your family who have come. The very fabric of civilization is endangered by terrorism."

ALISHTARI, 57, resided in Ardsley, New York, prior to his arrest on February 15, 2007. He has been detained since his arrest.

Mr. BHARARA praised the efforts of the Joint Terrorism Task Force of the Federal Bureau of Investigation and the New York City Police Department, and thanked the United States Securities and Exchange Commission for its assistance in the investigation.

Assistant United States Attorneys JOHN P. CRONAN and PETER M. SKINNER from the Office's new Terrorism and International Narcotics Unit are in charge of the prosecution.

10-133

###