



PRESS RELEASE

Former Missouri Man Pleads Guilty to Violating Federal Laws Barring Funds Transfers to Iraq

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WASHINGTON, DC - Donald A. Gambatesa, Inspector General for the United States Agency for International Development, announced today that Ali Mohamed Bagegni, 56, formerly of Columbia, Mo., pleaded guilty in Federal court on April 6, 2010, for his role in a conspiracy to illegally transfer funds to Iraq in violation of the International Emergency Economic Powers Act (IEEPA).

Bagegni, a naturalized U.S. citizen and native of Libya, pleaded guilty before Judge Nanette K. Laughrey, of the United States District Court for the Western District of Missouri, to conspiracy, money laundering, theft, and violation of the IEEPA.

Bagegni was a member of the board of directors of the Islamic American Relief Agency (IARA), an Islamic charitable organization formed in 1985 to raise funds in the United States to be donated to assist in the African famine crises. IARA, formerly known as Islamic African Relief Agency, was headquartered in Columbia. Bagegni, associated with the organization from 1991 through October 13, 2004, served as secretary for much of his tenure on the board. IARA closed in October 2004 after its funds and assets were frozen by the U.S. Treasury Department.

Through Executive orders issued in August 1990 under authority granted by the IEEPA, President George H.W. Bush declared a national emergency with respect to Iraq and empowered the Secretary of Treasury to promulgate regulations. The Secretary of Treasury issued the Iraqi sanctions regulations (title 31, Code of Federal Regulations, section 575), which prohibited, among other things, the unauthorized transfer of funds to the Government of Iraq or any person in Iraq. Although the regulations provided for the registration and licensing of nongovernmental organizations engaged in humanitarian activities in Iraq, IARA never received a license.

Bagegni authorized all disbursements of funds from IARA accounts, including a series of 22 illegal funds transfers routed to Iraq through Amman, Jordan. Background on USAID Grants to IARA

Beginning in January 1997, IARA entered into a series of cooperative agreements totaling \$1.5 million with the United States Agency for International Development (USAID) for relief projects in the African nation of Mali. USAID terminated the agreements in December 1999 and IARA was later debarred from obtaining any further USAID awards. Subsequently, however, USAID authorized IARA to pay outstanding invoices related to projects authorized by the agreements.

Bagegni admitted that, after all outstanding invoices had been paid, IARA failed to return approximately \$84,922 in unexpended funds to USAID. Bagegni also admitted that IARA had spent \$50,000 to hire a former Member of Congress to advocate for IARA's removal from a U.S. Senate Finance Committee list that identified IARA as one of the organizations for which records were sought in a probe being conducted by

that committee. IARA also had spent an additional \$15,000 to hire a lobbyist to advocate for IARA's reinstatement as an approved U.S. Government contractor.

Under Federal statutes, Bagegni is subject to a sentence of up to 5 years in Federal prison without parole, plus a fine of up to \$250,000. A sentencing hearing will be scheduled after the completion of a presentence investigation by the United States Probation Office.

The case is being prosecuted by the Department of Justice and was investigated jointly by agents from the USAID Office of Inspector General, the Federal Bureau of Investigation, and the Internal Revenue Service.