

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

IN THE MATTER OF SEARCHES)
INVOLVING 555 GROVE STREET,) Misc. No.
HERNDON, VIRGINIA, AND)
RELATED LOCATIONS) UNDER SEAL

“(PROPOSED REDACTED) AFFIDAVIT IN SUPPORT OF
APPLICATION FOR SEARCH WARRANT (OCTOBER 2003)”

____I, David Kane, a Senior Special Agent with the United States Customs Service
 (“USCS”), in Baltimore, Maryland, being duly sworn, depose and state:

I. Professional Experience of Affiant

1. I have served as a Special Agent (“SA”) with the USCS for approximately five years. I have received training and gained experience in interviewing and interrogation techniques, arrest procedures, search and seizure, search warrant application, computer crimes, terrorism, and various other crimes. I have been the case agent on complex money laundering investigations that involved the domestic and international transfers of money, layering processes, falsified records and front organizations. I have been the case agent on four cases that were terrorism-related and the affiant on six federal search warrants involving money laundering violations.

2. Prior to joining the USCS, I obtained a B.A. degree in Government and Politics and a Masters degree in International Transactions from George Mason University. I worked as a financial services agent with Prudential Preferred Financial Services, where I analyzed financial structures and executed financial transactions with complex, international financial instruments on a regular basis.

II. The Investigation

3. Since December 2001, I and other agents of the USCS, the Internal Revenue Service-Criminal Investigation (“IRS-CI”), and the Federal Bureau of Investigation (“FBI”), have been investigating a group of individuals that are suspected of providing material support to terrorists, money laundering, and tax evasion through the use of a variety of related for-profit companies and ostensible charitable entities under their control, most of which are located at 555 Grove Street, Herndon, Virginia. For ease of reference, I will refer to the web of companies and charities controlled by these individuals as the “*Safa Group*.” To a large extent, the present investigation has built on the findings of an investigation previously conducted with respect to these individuals between 1998 and 2000 by the USCS, the FBI, and the Immigration and Naturalization Service (“INS”), for suspicion of the same violations.

4. I will show in this affidavit that probable cause exists to believe that these individuals have committed and conspired to commit the following offenses:

- a. Transmit money internationally for the purpose of promoting offenses against foreign nations involving murder or the destruction of property by means of explosives, fire, kidnaping or extortion, in violation of 18 U.S.C. § 1956(a)(2)(A) and (h);
- b. Provide material support or resources to foreign terrorist organizations, in violation of 18 U.S.C. § 2339B;
- c. Provide material support or conceal or disguise the source or ownership of material support intended for use in preparation for or in carrying out a terrorist act, in violation of 18 U.S.C. § 2339A;
- d. Defraud the United States by impeding, impairing, obstructing and defeating the lawful government functions of the Internal Revenue Service of the Department of the Treasury in the ascertainment, computation, assessment, and collection of federal income taxes, in violation of 18 U.S.C. § 371, by availing themselves of the advantages of exemption from federal income taxation while abusing the requirements for tax exempt status; using a web of related corporate entities to move funds through a series of transactions designed to conceal the true nature,

source, disposition and taxability of revenues moved between these entities; and misrepresenting the nature of the relationship between charities and for-profit companies to avoid scrutiny of their financial transactions;

- e. Engage in a scheme to file or cause the filing of materially false Forms 990 (Return of Organization Exempt from Tax), concealing the relationships and financial transactions between the related entities, in violation of 26 U.S.C. § 7206(1) and (2);
- f. Engage in a corrupt endeavor to impede and impair the due administration of the internal revenue laws by, during an audit conducted by the IRS, misrepresenting the status of the *SAAR Foundation* and the disposition of its assets, and concealing the relationships between *SAAR* and related entities, in violation of 26 U.S.C. §7212(a); and
- g. File false individual income tax returns for the years 1997 and 1998, in violation of 26 U.S.C. §7206(1).

5. Because the factual context of this case is so complicated, and the legal context may be one with which the Court is relatively unfamiliar, this is a long affidavit. For ease of reference, I have included a glossary of the individuals involved in this affidavit and attached it to this affidavit as Attachment E. I have tried to italicize the type for each individual and organization included in the glossary so that the Court may check the glossary for a short identification of the entities mentioned it reads the affidavit.

III. Places to be Searched

6. This application seeks search warrants for the following locations (as specifically described in Attachment "A" to this affidavit and incorporated herein), within which the facts set forth in this affidavit will show that there is probable cause to believe will be found the "Items To Be Seized During Execution of Search Warrants" (as specifically described in Attachment "B", attached to this affidavit and incorporated herein) relating to transfers of money between the

various entities and other individuals and organizations connected to terrorists, as well as evidence of tax evasion and tax fraud:

- a. 555 Grove Street, Office Suite Behind the Door Labeled 110, 114, and 116, Herndon, Virginia

The office suite behind the door marked as the door for Suites 110, 114, and 116 in the building at 555 Grove Street is the business premises of the *SAAR Foundation, Safa Trust, Inc.*, and dozens of other related entities in the *Safa Group* that are controlled by the individuals that are the subject of this investigation.

- b. 500 Grove Street, 2nd Floor, Herndon, Virginia

The second floor of 500 Grove Street is the business premises of *International Institute For Islamic Thought* (“IIIT”), a *Safa Group* company controlled by the individuals that are the subject of this investigation.

- c. 750-A Miller Dr. SE, Leesburg, Virginia

750-A Miller Drive SE is the business premises of *Heritage Education Trust*, a *Safa Group* company controlled by the individuals that are the subject of this investigation.

- d. The Administrative Offices of Mar-Jac Poultry at 1020 Aviation Blvd., Gainesville, Georgia

1020 Aviation Blvd., Gainesville, Georgia, is the business premises of *Mar-Jac Poultry, Inc.*, a *Safa Group* company controlled by the individuals that are the subject of this investigation. The Administration Building at *Mar-Jac Poultry* contains the business’s financial records.¹

¹ It is perhaps worthwhile to note here that, pursuant to the USA PATRIOT ACT, enacted in October 2001, Rule 41 of the Federal Rules of Criminal Procedure now authorizes warrants to be issued by a Federal magistrate judge in any district in which activities related to terrorism may have occurred, for property outside the district.

e. The Residence of *Al-Alwani* at 1105 Safa Street, Herndon, Virginia

1105 Safa Street in Herndon is the residence of *Taha Jaber Al-Alwani*, an officer and/or director of *Safa Group* companies including *International Institute of Islamic Thought* (“IIIT”), *FIQH Council of North America* (“FIQH”), *Graduate School of Islamic & Social Sciences* (“GSISS”) (formerly known as the *School of Islamic and Social Sciences* (“SISS”)) and *Heritage Education Trust*.

f. The Residence of *Barzinji* at 11919 Safa Court, Herndon, Virginia

11919 Safa Court in Herndon is the residence of *Jamal Barzinji*, an officer and/or director of *Safa Group* companies, including *Mar-Jac Poultry, Inc.*, *Mena Investments, Inc.*, *Reston Investments, Inc.*, and *Safa Trust*.

g. The Residence of *Mirza* at 11922 Safa Court, Herndon, Virginia

11922 Safa Court in Herndon is the residence of *M. Yacub Mirza*, an officer and/or director of *Safa Group* companies including *African Muslim Agency*, *GSISS*, *Grove Corporate Plaza*, *Mar-Jac Investments*, *Mar-Jac Poultry*, *Mena Investments*, *Reston Investments*, *SAAR Foundation*, *Safa Trust*, *Sterling Management Group*, and *York Foundation*.

h. The Residence of *Jaghli* at 9034 Swift Creek Road, Fairfax Station, Virginia

9034 Swift Creek Road in Fairfax Station is the residence of *Mohammad Jaghli*, an officer and/or director of *Safa Group* companies, including *Heritage Education Trust* and *SAAR Foundation*.

i. The Residence of *Totonji* at 305 Marjorie Lane, Herndon, Virginia

305 Marjorie Lane in Herndon is the residence of *Ahmad Totonji*, an officer and/or director of *Safa Group* companies, including *IIIT* and *Safa Trust, Inc.*

j. The Residence of *Unus* at 12607 Rock Ridge Road, Herndon, Virginia

12607 Rock Ridge Road in Herndon is the residence of *Iqbal Unus*, an officer and/or director of *Safa Group* companies including *Child Development Foundation*, as well as the administrative and billing contact for web sites for *IIIT* and *FIQH Council of North America*.

k. The Residence of *M. Omar Ashraf* at 12541 Browns Ferry Road, Herndon, VA.

12541 Browns Ferry Road in Herndon is the residence of *Mohammad Omar Ashraf*, an officer and/or director of *Safa Group* companies, including *Grove Corporate Plaza*, *Mar-Jac Investments*, and *Sterling Charitable Gift Fund*.

l. The Residence of *Muhammad Ashraf* at 12528 Rock Ridge Road, Herndon, VA.

12528 Rock Ridge Road in Herndon is the residence of *Muhammad Ashraf*, an officer and/or director of *Safa Group* companies including *Sterling Investment Group*, *Sterling Charitable Gift Fund*, and *York Foundation*.

Executive Summary of This Affidavit

1. I am investigating a criminal conspiracy to provide material support to terrorist organizations by a group of Middle Eastern nationals living in Northern Virginia. These individuals operate or have operated over 100 different organizations, on which they commonly serve as corporate officers. These organizations include charitable organizations, educational and cultural organizations, for-profit businesses and investment firms. For the purpose of this affidavit, this group of individuals and the organizations that they operate will be referred to as the “*Safa Group*.”

2. Many organizations in the *Safa Group* dissolve and are replaced by other organizations under the control of the same individuals. Most of these *Safa Group* organizations, which

present themselves as Islamic educational and charitable organizations, are “paper” organizations that are registered at common addresses, but have no apparent physical presence on the premises. The majority of these organizations is or was located at 555 Grove Street, Herndon, Virginia.

3.. I have seen evidence of the transfer of large amounts of funds from the *Safa Group* organizations directly to terrorist-front organizations since the early 1990's. Some of this information was developed by the FBI, the USCS, and the INS, in previous investigations conducted of terrorist financing that focused on *Sami Al-Arian*, who fronted for the *Palestinian Islamic Jihad-Shikaki Faction* (“*PIJ*”), an organization that has been formally designated by the President of the United States as a terrorist organization since 1995. This previous investigation, which resulted in search warrants being executed in Tampa, Florida, in 1995, showed that money was being provided directly to *PIJ* front organizations by individuals controlling the *Safa Group*.

In 1998, the FBI opened an investigation of the *Safa Group*'s terrorist financing connections as a result of the seizures made in the *Al-Arian* search warrants in Tampa in 1995. Investigators then noticed that the pattern of direct funding to the *PIJ* front organizations had changed since the mid-1990s. By the late 1990's, the finances of the *Safa Group*, including charities required by law to open their books to the public, exhibited a convoluted web of multiple transactions between related corporations and charities that made it virtually impossible for federal investigators to ascertain where the money that finally left the web of the *Safa Group* ultimately went. Indeed, the current investigation has traced millions of dollars through layers of related companies and to charities in the Isle of Man – from which point the trail cannot practically be followed.

4. The FBI, USCS, and IRS agents involved in this investigation at various times since 1998 suspect that, as a result of the 1995 searches in Tampa, the *Safa Group* engaged in the money laundering tactic of “layering” to hide from law enforcement authorities the trail of its support for terrorists. There appears to be no innocent explanation for the use of layers and layers of transactions between *Safa Group* companies and charities *other than* to throw law enforcement authorities off the trail; this inference is strengthened by the *Safa Group*’s repeated failure to disclose on tax forms as required the connections between various members of the *Safa Group*. Accordingly, I and the other agents involved in this investigation believe that some of the moneys that move overseas are destined to the *PIJ* and other terrorist organizations; at the least, the money is being used for other than tax-exempt purposes in violation of the tax laws.

5. I will show in this affidavit that evidence exists that individuals associated with the *Safa Group* are using the various affiliated charities and companies under their control to transfer money in convoluted transactions through a network of inter-related organizations designed to prevent the United States from tracking the ultimate recipients, in violation of the charter of the charitable organizations and the laws relating to the use of tax exempt status.

6. Based on the past histories of the individuals involved with respect to their overt financial support for terrorist organizations, their repeated misrepresentations by omissions on tax forms of information concealing the interrelationships between the *Safa Group* companies and charities under their control, and the lack of an innocent reason to conduct transactions in these convoluted manners, there is probable cause that the *Safa Group* companies and charities are being used to transfer money to terrorist front groups or some other illicit application. At the very least, however, this evidence constitutes probable cause that the individuals and entities

involved have repeatedly made false tax filings and are conspiring to abuse the tax exempt status claimed by many of the related *Safa Group* charities.

7. I will also show in this affidavit that records relevant to material support to terrorists, money laundering, and tax evasion likely have been generated or maintained by the *Safa Group* companies and charities, and by the individuals involved. Finally, I will show in this affidavit that these records will be found at the business premises of the *Safa Group* companies and charities, such as 555 Grove Street, in Herndon, and at the homes of some of the individuals involved.

IV. Overview of Terrorism and Terrorist-Financing Techniques

8. Based upon my training and experience, and that of other agents from the USCS, the FBI, the IRS, and the INS, involved in this and related investigations, I know the following regarding terrorist financing techniques:

- a. Many terrorist organizations have a financial support structure in the United States and in virtually every other developed country.
- b. Often, terrorists and their supporters who are motivated by religious ideology, such as Islamic fundamentalist terrorists and their supporters, adhere to their ideological creed and inclination to engage in and/or support terrorist activities for life.
- c. Terrorist groups differ from other criminal networks because of the motive behind their crimes. Unlike drug traffickers and organized crime groups that primarily seek monetary gain, terrorist groups usually have non-financial goals, including publicity, dissemination of ideology, political legitimacy, and political influence. Terrorist fundraising is a means to these ends. While they do not seek financial gain as an end, international terrorist groups need money to attract and retain adherents and to support their presence and activities. Some foreign terrorist organizations need funds for media campaigns, to buy political influence, and even to undertake social projects such as hospitals, orphanages, schools, etc., largely with the aim of maintaining membership and attracting sympathetic supporters. For some terrorist groups, the planning and

execution of violent attacks seems to comprise a small part of their total budget.

- d. A substantial portion of the terrorist funding comes from contributors, some of whom know the intended purpose of their contribution and some of whom do not. With relatively small sums of money generated from traditional illegal activities, terrorism financing contrasts with the finances of a drug trafficking network, which earns virtually all of its profits from illegal activities. When compared with a financial investigation of a drug trafficker who has unexplained wealth and sham business dealings, investigating the financial dealings of a terrorist organization is considerably more difficult. Their members may live modestly. Their funds may be derived from outwardly innocent contributors to apparently legitimate humanitarian, social and political efforts. These funds are also only diverted, in part, to terrorist activity.
- e. Terrorist groups tap a range of sources for their financial support. Illicit revenues derived from the proceeds of traditional criminal activities are commingled with legitimate funds because radical organizations have been able to draw on profits from commercial enterprises and on donations from witting and unwitting sympathizers. Significant funding originates from the U.S., Europe, and the Middle East. Some funding is provided by state sponsors. A summary of the various sources of terrorist financing follows:
 - 1. Otherwise Legitimate Commercial Enterprises: Terrorist groups earn profits from businesses they own and also secure donations from sympathetic entrepreneurs. Some of the businesses set up to provide profits to terrorists include: construction companies, tanneries, banks, agricultural commodity growers and brokers, trade businesses, bakeries, restaurants, bookstores, and other proprietorships.
 - 2. Social and Religious Organizations: Since the early 1990s, terrorist groups have relied increasingly on donations for financial support, much of it from like-minded, non-governmental organizations (such as charities) in the West and Persian Gulf states.
 - 3. State Sponsors: Several rogue nations provide material assistance or resources to terrorists and some provide financial support to terrorists. Other, more moderate governments also have been a source of financial support for some terrorist organizations.
- f. Tracking terrorist financial transactions is more difficult than following the money trails of mainstream criminal groups because of the relatively

small amounts of funds required for terrorist actions, the broad range of "legitimate" sources and uses of funds. While many organized crime groups are adept at concealing their wealth and cash flows for long periods of time, their involvement in the physical trade of illicit drugs, arms, and other commodities often exposes the revenues and expenditures connected to these illegal dealings. In contrast, terrorist actions generally are comparatively inexpensive and their financing often is overshadowed by the larger financial resources allocated for the group's political and social activities, making it more difficult to uncover the illicit nexus. For example, investigations into the terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001 have revealed that the overall financing for the attacks totaled approximately \$500,000.

- g. Terrorist groups use a variety of means to move their funds, including
 1. Physical Transportation: Cash physically transported by trusted operatives (couriers) is the most difficult to track because it usually leaves no paper trail.
 2. Traditional Financial Institutions: The international nature of most foreign terrorist groups forces them to rely on banks and other financial institutions. Cells of extremists need local access to funds, and organizations with substantial assets seek the safety and productive management offered by banks, insurance companies, and foundations, albeit in the names of trusted nominees, cover companies, or religious fronts.
 3. Offshore Banks: As do traditional criminal enterprises, terrorist organizations often utilize offshore banks to move their "licit" and illicit funds. Terrorists know that it is difficult for U.S. investigators to track these moneys, due to the financial secrecy and lack of regulated oversight associated with offshore banking centers. Traditional tax haven centers where offshore banking and money laundering tend to thrive include the Isle of Man, the Channel Islands, and Switzerland.

- h. Charitable Organizations: Terrorists often establish or utilize "charitable organizations" to move their illicit proceeds. Terrorists know that many charities receive contributions in the form of cash, and that it is very difficult for investigators to trace money moving through these organizations. Most charitable organizations are assumed to be of an altruistic and benevolent nature, so criminals often use them knowing that charities are subjected to less government scrutiny.

- i. Layering: Terrorist organizations, like traditional criminal organizations, often “launder” their illicit proceeds by utilizing a complex sequence of financial transactions. Sophisticated terrorist financiers try to make the money trail left by their transactions as difficult to follow as possible by “layering” their transactions; that is to say, by routing their money through numerous paths and indirect channels before ultimately causing their money to arrive at the desired location. These “layering” transactions often utilize many different individuals and corporations and involve many different bank accounts, false names, “front companies”, and “phantom” organizations. These layering processes are designed to both disguise the true origin and end-destination of the funds and to render exceedingly difficult and confusing any prospective investigation by law enforcement authorities.
- j. Foreign Bank Accounts: Terrorists will hide the existence of their personal or their company’s foreign bank accounts to obfuscate the trail of international financial transactions and evade law enforcement.
- k. Saudi Arabian nationals who are suspected of providing funds to terrorists are subject to scrutiny by the Saudi Arabian authorities. Due to this scrutiny, these individuals cannot provide money to terrorists via direct transfers from their bank accounts in Saudi Arabia. Therefore, they find alternate methods and routes to fund terrorists. This often involves utilizing their own or other overseas organizations to funnel money to terrorists. These organizations are located in many different parts of the world. The paths of these moneys are often very complex and involve significant “layering.”
- l. Whether by their host governments or by the Israeli government, individuals and organizations throughout the Islamic world often are barred from sending money to individuals and organizations in Israel and/or the West Bank and Gaza. One way that supporters of terrorism in Israel deliver money to terrorists in Israel and/or the West Bank and Gaza is by first transporting the money to the United States and only later sending it to Israel and/or the West Bank and Gaza from the United States. Accordingly, while terrorist financing money collected in the United States is simply transported abroad, terrorist financing money collected abroad may enter the United States either to facilitate its later transport to terrorist organizations abroad or simply to fund terrorist activity in the United States.

9. Based upon my training and experience, and that of other agents from the USCS, the FBI, the IRS, and the INS, involved in this and related investigations, I know the following regarding the laws relating to terrorist financing:

- a. Funds involved in traditional money laundering transactions usually are the proceeds of some prior-in-time, specified unlawful activity, as defined by 18 U.S.C. 1956(c)(7). With the exception of the funds generated by traditional crimes for profit, funds used or intended to be used to finance particular acts of terrorism or to be sent to a designated foreign terrorist organization generally will not be related to a prior-in-time, specified unlawful activity. Rather, such funds will acquire their criminal "taint" from their involvement in a transaction intended to assist in or promote an act of terrorism or to fund a designated foreign terrorist organization. As a result, the money laundering charge that is most applicable to financiers of terrorism is 18 U.S.C. § 1956(a)(2)(A), which prohibits the international transfer of money to promote a "specified unlawful activity."
- b. Pursuant to 18 U.S.C. § 1956(c)(7)(B)(ii), "specified unlawful activities" include offenses against the United States or a foreign nation involving murder, kidnaping, robbery, extortion, or destruction of property by means of explosive or fire, or other terrorism-related specified unlawful activities enumerated under 18 U.S.C. § 1956(c)(7).
- c. Title 18 U.S.C. § 2339A makes it a crime for persons within the U.S. to provide or to conceal or disguise the nature, location, source, or ownership of "material support or resources," knowing or intending that they are to be used in preparation for or in carrying out a violation of any of the predicate enumerated crimes, including those relating to terrorist acts abroad against United States nationals, use of weapons of mass destruction, international terrorist acts transcending national boundaries, destruction of aircraft, kidnaping, extortion, and murder.
- d. Pursuant to 18 U.S.C. § 2339A(b), the term material support or resources is defined to include, "currency or monetary instruments or financial securities, financial services, training, expert advice or assistance, safehouses, false documentation or identification, communications equipment, facilities, weapons, lethal substances, explosives, personnel, transportation, and other physical assets, except medicine or religious materials."
- e. On January 25, 1995, President Clinton signed Executive Order 12947, Prohibiting Transactions With Terrorists Who Threaten To Disrupt The Middle East Peace Process, declaring a national emergency to deal with

the threat to the national security posed by foreign terrorists disrupting the Middle East peace process. This executive order prohibited any transaction or dealing with persons designated in or pursuant to the order. This order designated the *Palestinian Islamic Jihad-Shiqaqi Faction* (“*PIJ*”) and *Islamic Resistance Movement* (“*HAMAS*”) as Specially Designated Terrorist organizations (“SDTs”) which threaten to disrupt the Middle East peace process.

- f. Since October 8, 1997, pursuant to 18 U.S.C. § 2339B(a)(1), no individual or entity may provide material support or resources to an organization designated by the Secretary of State as a “Foreign Terrorist Organization” (“FTO”), or attempt or conspire to do so. An organization is designated as an FTO for up to two years if the Secretary of State, in consultation with the Attorney General and the Secretary of the Treasury, finds that it is foreign; engages in terrorist activity; and that the terrorist activity threatens U.S. national security or the security of U.S. nationals.
- g. On October 8, 1997, the Secretary of State designated 30 Groups, including *HAMAS* and *PIJ* as “FTOs.” See 62 F.R. 52650. On October 8, 1999, the Secretary re-designated most of the originally designated Groups (including *HAMAS* and *PIJ*) and added a new Group, Al Qaida. See 64 F.R. 55112. On October 5, 2001, *HAMAS*, *PIJ*, and Al Qaida were redesignated as FTOs. See 66 F.R. 51088.

V. Laws Relating to Charitable Organizations

10. Based on the training and experience of IRS-CI Special Agents Mary Balberchak, Paul Shanks, and Steven Smith, I understand the following regarding the laws relating to tax-exempt organizations:

- a. The Internal Revenue Code (“IRC”) creates an exemption from federal income taxation for certain organizations which comply with the provisions of 26 U.S.C. § 501(c)(3). § 501(c)(3) provides an exemption from federal income taxation for:
 - b. Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, . . . purposes, no part of the net earnings of which inures to the benefit of any private

shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation . . . , and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

- c. An organization obtains an exemption from federal income taxation under § 501(c)(3) by applying to the Internal Revenue Service (“IRS”) for a letter determining that it meets the requirements for exemption. The application process is generally prospective in nature; thus, the IRS generally relies on the representations made by the organization in the documents it submits as to how the organization intends to operate in the future. An organization receiving a favorable determination letter may generally continue to rely upon the letter as long as there are no substantial changes in the organization’s character, purposes, or method of operations.
- d. There are two general categories of § 501(c)(3) entities--private foundations and public charities. Private foundations are generally supported by investment income and not contributions. Organizations that are public charities are set up to receive charitable contributions from the public.
- e. The most significant benefit of public charity status is that, pursuant to IRC §§ 4940-45, private foundations are subject to an annual 2% tax on their net investment income but public charities are not. In addition, there are several restrictions and requirements on private foundations, including (1) restrictions on self-dealing between private foundations and their substantial contributors and other disqualified persons; (2) requirements that the foundation annually distribute income for charitable purposes; (3) limits on their holdings in private businesses; (4) provisions that investments must not jeopardize the carrying out of exempt purposes; and (5) provisions to assure that expenditures further exempt purposes. Violations of these provisions give rise to taxes and penalties against the private foundation and, in some cases, its managers, its substantial contributors, and certain related persons.
- f. § 501(c)(3) organizations are presumed to be private foundations unless they fall into one of the exceptions in the IRC. One such exception is for publicly-supported organizations. An organization qualifies as publicly-supported if it passes the one-third support test, or, failing that, it may qualify under the facts and circumstances test.
- g. The one-third support test is satisfied if the organization normally receives at least one-third of its support from governmental units, contributions

made directly or indirectly by the general public, or from a combination of these sources. An organization normally meets the one-third support test for the current tax year and the following year if for the four years immediately before the current year, it met the one third test on an aggregate basis.

- h. The facts and circumstances test treats an entity as publicly-supported if it normally receives 10 percent of its support from governmental units or contributions made directly or indirectly by the general public or from a combination of these sources; *and* it meets the “attraction of public support” requirement. An organization meets the attraction of public support element if it maintains a continuous and bona fide program for solicitation of funds from the general public, community or membership Group or from other charities.
- i. Under the Internal Revenue Regulations an organization “will be regarded as "operated exclusively" for one or more exempt purposes only if it *engages primarily* in activities which accomplish the exempt purposes specified in section § 501(c)(3). An organization is not primarily engaged in activities which accomplish an exempt purpose if more than an *insubstantial* part of its activities is not in furtherance of an exempt purpose.” 26 CFR §1.501(c)(3)-1. An organization which is organized and operated for the primary purpose of carrying on an unrelated trade or business is not exempt under § 501(c)(3).
- j. An organization may meet the requirements of § 501(c)(3) although it operates a trade or business as a substantial part of its activities, if the operation of such trade or business is in furtherance of the organization's exempt purpose or purposes and if the organization is not organized or operated for the primary purpose of carrying on an unrelated trade or business. In determining the primary purpose, all the circumstances must be considered, including the size and extent of the trade or business and the size and extent of the activities which are in furtherance of one or more exempt purposes. 26 CFR 1.501(c)(3)-1
- k. Like for-profit entities, tax exempt entities are subject to audit. If upon review the IRS determines that an organization is not operating consistently with its tax exempt purpose, the IRS may revoke the tax exemption, or impose excise taxes depending upon the nature, degree and severity of the violation. Once an organization loses tax-exempt status, its total revenues are subject to federal income taxation, based upon its business form.

11. Based on the training and experience of IRS-CI Special Agents Balberchak, Shanks, and Smith, I understand the following regarding reporting requirements for tax-exempt charities:

- a. IRC §§ 6033 and 6043(b) require exempt organizations to file returns, if their annual receipts are in excess of \$25,000 and they do not fall into a category otherwise exempt from the filing requirement. Form 990 (Return of Organization Exempt from Income Tax) is used by tax-exempt organizations to provide the IRS with the information required by Section 6033. Form 990s depict information about contributions received, grants and allocations made, assets and liabilities, organizational relationships, and other financial and organizational information. This form requires an organization to document, that, in actual operations, it adhered to the standards and procedures it said that it would use when its application for tax exempt status was approved.
- b. The IRS relies upon Form 990 to gather information to administer the applicable provisions of the IRC. In addition, an organization's completed Form 990 (except for the schedule of contributors) is available for public inspection as required by Section 6104 of the IRC. Form 990 returns are signed under penalty of perjury. Willful failure to provide information that is required to be disclosed on a Form 990 is subject to prosecution under 26 U.S.C. 7203. Willfully filing a fraudulent Form 990 is subject to prosecution under 26 U.S.C. 7206(1).
- c. The IRS has an examination program designed to determine if tax-exempt organizations are complying with the tax laws. The Form 990 is used in the process of defining and determining the scope of an audit of a tax-exempt organization. A "Yes" response to a question on the Form 990 may not necessarily lead to an audit of the entity; however, if the entity is selected for audit, the responses on the form discussed hereafter would be reviewed and considered in pre-audit planning to decide what issues or aspects of the organization's operations warrant detailed scrutiny. If an organization fails to furnish accurate information regarding its relationships to other organizations, then the Revenue Agent may miss an issue for examination which he should otherwise be investigating.
- d. One statutory requirement for the operation of a tax-exempt entity is that no part of its earnings inure to the benefit of its shareholders or any individual. Various parts of the Form 990 elicit information designed to determine whether the organization has engaged in transactions which raise issues of potential personal inurement or private benefits. Thus, in Part VI of the Form 990, Question 80(a) requires the reporting entity to list any organization to which it is related and whether the related entity is exempt or non exempt. The information disclosed in this question is

utilized to determine whether the entity is operated for an exempt purpose and whether the earnings of the entity are being used for personal or private gain.

- e. Similarly, Schedule A to the Form 990, Part III, Question 2 requires the disclosure of certain transactions (such as loans, sales or exchanges of property or transfer of assets) between the reporting organization and certain insiders or with a taxable entity with which those insiders are affiliated. If such transactions occurred, the entity is required to attach a detailed statement explaining the transactions. This question is directed at issues of self-dealing, in which the transaction may have been motivated by private gain.
- f. Part I, Form 990, line 1(d) requires the exempt organization to report its total contributions and attach a schedule of all contributors who gave, in the aggregate more than \$5,000 during the year.
- g. Part II, Form 990, line 22 requires the exempt organization to list its grants and allocations identifying the donee's name, address and the amount given and the purpose of the donation.
- h. A § 501(c)(3) organization can make grants to foreign charities, even if the foreign organizations are not recognized as charities under IRC § 501(c)(3), if the § 501(c)(3) organization maintains control and discretion over the use of its funds and maintains adequate records. Control and discretion means that the domestic § 501(c)(3) organization can make an independent decision as to whether it will provide funds to a foreign organization. The domestic § 501(c)(3) organization is deemed to have control and discretion if it:
 - 1. makes a pre-grant inquiry concerning the use of its grant so as to obtain reasonable assurance that the grant will be used for charitable purposes; and
 - 2. obtains reports on the use of its funds.
- i. If the domestic § 501(c)(3) organization does not have control and discretion over the use of its funds, then contributions to the domestic § 501(c)(3) would not be deductible by the donor. Further, the organization may be determined to be not operating for an exempt purpose. If it were determined not to be operating for an exempt purpose, its tax-exempt status could be revoked.
- j. All charitable entities are subject to the requirement that the purpose of the charity not be illegal or contrary to public policy. Illegal acts which make

up a substantial part of an organization's activities disqualify it from exemption. The relative amount required to be considered substantial will vary according to the character and non-exempt quality of the activity. Thus, a great many violations of a local pollution regulations would be required, whereas very little planned violence or terrorism would be enough to preclude exemption. For an organization to lose its tax-exempt status, the illegal activity must be undertaken on behalf of the organization, i.e., they must be actions taken by officials of the organization, their agents or actions ratified by the organization. In instances where tax-exempt status is revoked, contributions to the organization would not be deductible under Section 170 of the IRC.

- k. It is not unusual for tax cheaters to try to receive their income and hold their assets in bogus 501(c)(3) organizations. Some may attempt to make otherwise non-deductible contributions to non-exempt recipients appear deductible by initially routing their contributions through an organization claiming tax-exempt status, when the ultimate disposition of the contribution is still a non-exempt entity. Individuals who set up such organizations or claim such status to fraudulently evade income or excise taxes may be prosecuted for tax evasion, as can those who set up ostensibly exempt organizations for the purpose of making their contributions to non-exempt entities appear deductible by first being routed through ostensibly exempt organizations.

VI. Sources of Information

12. All information contained in this affidavit is based upon my review of documents related to this investigation, and information furnished to me by other Special Agents of the USCS, INS, IRS, and FBI. Because this affidavit is submitted for the limited purpose of establishing probable cause in support of the application for a search warrant, it does not set forth each and every fact that I, or others, have learned during the course of this investigation.

VII. Overview of Terrorists and Terrorist Organizations

A. The Terrorists

13. I will show in this affidavit that various individuals associated with the *Safa Group* are providing material or financial support to international terrorists and terrorist organizations

through terrorist front organizations. The terrorist groups and terrorists that are receiving this support through individuals associated with the *Safa Group* are briefly described below.

14. HAMAS: *HAMAS* is an acronym for the arabic term for the *Islamic Resistance Movement*, an international terrorist organization founded in 1987 and dedicated to the elimination of the State of Israel. A “Specially Designated Terrorist” (“SDT”) organization since 1995, and a designated Foreign Terrorist Organization (“FTO”) since 1997, *HAMAS* espouses an extremist Islamic fundamentalist ideology, and is dedicated to the establishment of an Islamic Palestinian State that encompasses Israel, the West Bank and Gaza. *HAMAS*’s primary tenets are opposition to compromise with Israel over creation of a Palestinian State and replacement of the Palestinian Authority as the sole representative of the Palestinian people. To these ends, *HAMAS* pursues a combined program of violence and terror on the one hand, and educational, charitable, and social functions on the other. The principal purpose of its armed attacks is to intimidate and coerce the Government of Israel and its civilian population. Its benevolent programs are used to enhance its image and earn goodwill in the Palestinian community.

15. The use of suicide bombers has become a *HAMAS* trademark. Between October 1, 2000 and September 10, 2001, *HAMAS* claimed responsibility for at least 20 bombings (including a suicide bombing at an Israeli disco on June 1, 2001, that resulted in the deaths of 21 youths), two shootings, one kidnapping, and one mortar attack, that cumulatively resulted in at least 77 deaths (including three Americans) injuries to at least 547 others, including four Americans.

16. On August 13, 2001, USA Today ran an article describing how *HAMAS* -run schools serve its ends:

In *HAMAS* -run kindergartens, signs on the walls read: "The children of the kindergarten are the shaheeds [holy martyrs] of tomorrow." The classroom signs at Al-Najah University in the West Bank and at Gaza's Islamic University say, "Israel has nuclear bombs, we have human bombs." At an Islamic school in Gaza City run by *HAMAS*, 11-year-old Palestinian student Ahmed state, "I will make by body a bomb that will blast the flesh of Zionists, the sons of pigs and monkeys I will tear their bodies into little pieces and cause them more pain than they will ever know." "Allah Akbar," his classmates shout in response: "God is great." "May the virgins give you pleasure," his teacher yells, referring to one of the rewards awaiting martyrs in paradise.

17. *Palestine Islamic Jihad-Shikaki Faction ("PIJ")*, also known as the *Islamic Jihad of Palestine: PIJ*, a SDT since 1995, and a FTO since 1997, was founded in the early 1980s by *Fathi Shikaki*. Another terrorist organization dedicated to the elimination of the State of Israel, *PIJ* is responsible for many suicide bomb attacks in Israel that have resulted in the death of both U.S. and Israeli nationals. One of these attacks includes the Gaza Strip bus bombing in April 1995, in which U.S. citizen Alyssa Flatow was killed. The Shura Council is the decision-making body of the *PIJ* and is composed of the highest level *PIJ* officials.

18. *Mousa Abu Marzook* has been the political and operational leader of *HAMAS* from the time of its establishment in 1987. *Marzook* is a native of Gaza who lived in the United States - -in Northern Virginia in specific - - until 1993; he was arrested trying to reenter the United States in July 1995, and underwent proceedings for extradition to Israel. In *In the Matter of the Extradition of Abu Marzook v. Christopher*, 924 F.Supp. 565 (S.D.N.Y. 1996), the district court found that *Marzook* directed *HAMAS*'s terrorist activities.

19. *Sheik Abdel Aziz Odeh* is the spiritual leader and a co-founder of *PIJ*.

20. *Sheik Omar Abdel Rahman*, also known as the "Blind Sheik," is considered the spiritual leader of the radical Islamic terrorists who bombed the World Trade Center in February, 1993. *Rahman* was convicted of seditious conspiracy based on a plot to blow up New York City tunnels and the United Nations in October 1995, for which he received a life sentence in prison.

21. *Ramadan Abdullah Shallah* is the current leader of the *PIJ* and resides in Damascus, Syria. An SDT, *Shallah* replaced *PIJ* founder *Fathi Shikaki* as the leader of the *PIJ*, after *Shikaki*'s assassination in Malta in 1995. Prior to taking this position, *Shallah* had resided in Tampa, Florida and was employed as an adjunct professor at the University of South Florida while working as a U.S. representative of the *PIJ* with *Sami Al-Arian* and *Basheer Nafi*. In executing search warrants in Tampa in 1995, federal agents seized a video of a speech made by *Shallah* at an *Islamic Committee for Palestine* ("ICP") conference in December 1992 organized by *Al-Arian*, in which *Shallah* said that Jihad is a holy war aimed at killing every enemy of Islam, including (among others) the New World Order symbolized by the United States. *Shallah* stated that Muslims should not be defensive or apologize against charges of terrorism, because Jihad required them to terrorize, devastate, humiliate, and degrade their enemies.

B. The Terrorist Financiers and Front Groups (Outside of the *Safa Group*)

22. Terrorist organizations such as *HAMAS* and *PIJ* have worked in the United States through front Groups and individuals. They include *Sami Al-Arian*, *Basheer Nafi*, the *Islamic Committee for Palestine* ("ICP"), the *World Islamic Studies Enterprise* ("WISE"), and the *Holy Land Foundation for Relief and Development* ("HLF").

23. *Sami Al-Arian* is a Palestinian national employed until earlier this year as a professor at the University of South Florida in Tampa. *Al-Arian* incorporated *PIJ* front organizations

known as *ICP* and *WISE* in Florida, in 1988 and 1991, respectively. Based in large part on documents seized from his home and offices pursuant to federal search warrants in 1995, I believe that *Al-Arian* has been a leader of *PIJ*, its representative in the United States, and responsible for raising funds for Jihad, or “holy war.” I will describe much more about *Al-Arian* later in the affidavit when I recount the historical background of this investigation.

24. *Basheer Nafi* was an active directing member of *PIJ* front organizations *ICP* and *WISE* in Tampa, Florida, and later *International Institute For Islamic Thought* (“*IIIT*”) of the *Safa Group*, until he was deported by the INS in 1996. According to the May 31, 1995, edition of *Al-Hayat*, an Arabic newspaper printed in London, fierce differences erupted within the *PIJ* between founder *Fathi Shikaki* and elected members of the Shura Council, leading to resignations of members of the Shura Council including Taysir Al-Khatib and *Basheer Nafi*. Yet, the November 6, 1995, edition of the Jordanian newspaper *Al-Urdun*, regarding the selection of *Shallah* as the new leader of *PIJ*, noted that several other leading *PIJ* members, including *Nafi*, had *not* been selected. Thus, it appears that after *Shallah* replaced *Shikaki* as head of the *PIJ* after the latter’s assassination in October 1995, *Nafi* reentered the organization’s leadership.

25. *Al-Arian* sponsored *Nafi* into the United States in 1992 and 1995, on the grounds that *Nafi* was to be the Director of Research for *WISE* in Tampa, Florida. In July 1996, *Nafi* was removed from the United States pursuant to a deportation order based on allegations that included that although he was admitted as a worker for *WISE*, in October 1994 he was employed at *IIIT*, a *Safa Group* charity in Herndon, Virginia.

26. *Mazen al-Najar* is a brother-in-law of *Sami Al-Arian* who worked as a professor at the University of South Florida while running the day-to-day operations of *WISE*. *Al-Najar* was arrested and ordered deported on visa violations and immigration fraud charges after a hearing in July 1996, in which INS SA William West testified that *Al-Najar* was a “mid-level operative” in *ICP* and *WISE*, both of which were characterized by SA West as *PIJ* front groups. *Al-Najar* was released in December 2000, however, for the government’s refusal to provide *Al-Najar* with classified information underlying its case that the government claimed warranted his continued detention; that order was reversed and *Al-Najar* is again in custody. *Al Najjar v. Ashcroft*, 257 F.3d 1262 (11th Cir. 2001).

27. *Khalil Shikaki*, the brother of *PIJ* leader *Fathi Shikaki*, was involved in the day-to-day operations of *ICP* and *WISE* in the early to mid-1990s, along with *Al-Arian*, *al-Najar*, and *Shallah*.

28. *Holy Land Foundation for Relief and Development* (“*HLF*”): On December 4, 2001, President Bush designated *HLF* an FTO on findings that it was a *HAMAS* front. *HLF* was determined to provide financial support for families of *HAMAS* suicide bombers, as well as the Palestinians who adhere to the *HAMAS* movement. By providing annuities to families of suicide bombers, *HLF* encouraged the flow of suicide volunteers to *HAMAS* and buttressed its terrorist infrastructure.

29. *HLF*, a charity in Richardson Texas, was started in large part with \$210,000 from *HAMAS* leader *Marzook* as a support structure for the terrorist group after it was banned in Israel. *HLF*’s stated mission was to pursue "charitable-relief for refugees and the indigent needy, fund raising furthering the corporation’s exempt purposes, and to sponsor charitable

activities benefiting and to make contributions or distributions to other 501(c)(3) organizations[.]” Between 1998 and 2000, *HLF* raised over \$24,000,000.

30. I have read the FBI Memorandum to the Treasury Department’s Office of Foreign Assets Control, dated November 5, 2001, that contributed to the basis of *HLF*’s FTO designation OFAC. The memo disclosed that, in a meeting in a Marriott hotel in Philadelphia that the FBI covertly recorded, five *HAMAS* leaders met with the three top executives of *HLF*, and decided that most or almost all of the funds collected by *HLF* in the future would be directed to *HAMAS*.

31. In a meeting the next year in Oxford, Mississippi, also recorded by the FBI, *HAMAS* representatives explained to the representatives of the *al-Aqsa Educational Fund* - - another fund-raising organization acting as a *HAMAS* front (and a member of the *Safa Group*) - - that *al-Aqsa* should curtail its fundraising activities because *Marzook* had designated *HLF* as the primary fund-raising entity for *HAMAS*. *Marzook* may have so designated *HLF* because of family connections; according to FBI SA Robert Miranda, who has been investigating the connection between *HAMAS* and *HLF*; *Marzook* is married to the cousin of *HLF* head Ghassan Elashi, and two other close relatives of *HAMAS* leaders worked for *HLF*.

32. *ICP / WISE: The Islamic Concern Project*, also known as the *Islamic Committee for Palestine* (“*ICP*”), and the *World Islamic Studies Enterprise* (“*WISE*”) were incorporated by *Al-Arian* in Florida as educational organizations in 1989 and 1991, respectively, but actually served as front organizations to raise funds for *PIJ* operations. *Al-Arian* was assisted in the day-to-day operations of *ICP* and *WISE* by *Nafi*, *al-Najar*, *Khalil Shikaki*, and *Shallah*. Then the Director of Research for *WISE*, *Shallah* is now the current leader of *PIJ*, living in Syria, as he has been

since the assassination of *PIJ* founder *Fathi Shikaki* in 1995. *ICP* and *WISE* have been inactive since execution of the Tampa search warrants in 1995.

VIII. The Tampa Investigation

33. In May 1995, INS SA William West, in conjunction with USCS SA John Canfield and FBI SA Barry Carmody, began a criminal investigation of *ICP* and *WISE* after published newspaper articles stated these organizations were fronts used to raise funds in support of *PIJ* and *HAMAS*.

34. After *Fathi Shikaki*, the leader of *PIJ*, was assassinated in Malta in 1995, the agents investigating *ICP* and *WISE* saw news accounts that reported that, before replacing *Shikaki* as the leader of *PIJ*, *Shallah* had left his position as a professor at the University of Southern Florida - the same institution that employed *Al-Arian*.

35. INS records revealed 1993 and 1994 entry records for *Shallah* as a temporary specialized worker who would be based at the *WISE* address in Tampa, Florida. INS records further revealed that *Al-Arian* had filed three different visa petitions on behalf of *Shallah* and in so doing had identified himself as the Chairman of the Board of *WISE*.

36. As a result of discovering the immigration records relating to *Al-Arian* and *Shallah*, a further search was made of the INS visa petition records reflecting *Al-Arian* as the petitioner. This search identified two visa petitions filed with INS by *Al-Arian* on behalf of Basheer *Nafi*, who was of interest to the investigators because, on the basis of news reports, they believed him to be another leader of *PIJ*. These petitions reflected *Al-Arian* as the Chairman of *WISE*, with *Nafi* to be the "director of research." A check of INS entry records for *Nafi* revealed four entries,

on two of which he listed his destination address as 5207 East 12th Avenue, Tampa, Florida, the residence of *Al-Arian*, as well as the listed address of *ICP* on its articles of incorporation.

37. In light of *Al-Arian*'s ties to *PIJ* terrorists *Shallah* and *Nafi*, federal agents executed search warrants on November 20, 1995, at the residence of *Al-Arian*, his office at the University of South Florida, and the co-located offices of *WISE* and *ICP*, all in Tampa.

38. Found in the search on *Al-Arian*'s home computer was a 40-page document entitled "The Manifesto of the Islamic Jihad in Palestine." The Manifesto said that movement was led by the Secretary General Fathi *Shikaki*, on a "Shura" (consultative) basis, and was based on the "rejection of any peaceful solution for the Palestinian cause, and the affirmation of the Jihad solution and the martyrdom style as the only choice for liberation." The document stated that the United Nations "is a supercilious tool to pass the plans of the Great Satan America, which makes the wrong right and the right wrong." Because *Al-Arian*'s computer contained both what appear to be a draft of the *PIJ* Manifesto and a final version of the *PIJ* Manifesto, I believe that *Al-Arian* drafted the *PIJ* Manifesto.

39. Also uncovered was a form letter in *Al-Arian*'s computer inviting recipients to a general conference for the "Movement." Included in the letter were items of the conference agenda including: Reviewing the activities of the Secretary General and the Command Committee of the Movement; endorsing the Manifesto; and electing the General Shura (consultative) Council. The letter also stated that the Manifesto draft was enclosed. While the letter did not name the "Movement", the letter was located in the same computer folder as the draft of the Manifesto of the Islamic Jihad Movement in Palestine. The terminology used in the letter regarding the Manifesto, the General Conference, the Secretary General, and the Shura Council was the same

as that used in the Islamic Jihad Movement's literature. Thus, I conclude from these documents that *Al-Arian* was organizing the *PIJ* from his home in Tampa.

40. Also found in the search of *Al-Arian's* residence were statements from several bank accounts, including one that he shared with Mohammed Taysir EI-Khatib, a member of the *PIJ* Shura Council. The bank statement reflected that, on May 29, 1992, EI-Khatib wire transferred \$102,000 from Beirut, Lebanon, into the account he shared with *Al-Arian* in Tampa, Florida. I conclude from this that *Al-Arian* handled money for *PIJ* leaders overseas.

41. The search also uncovered a letter from *Al-Arian* to an Islamic Fundamentalist elected to the Kuwaiti Parliament seeking funds for the families of *PIJ* martyrs, on the stated grounds that the movement "carries out selective operations that all the Arab armies together couldn't do." *Al-Arian* told the Kuwaiti that "[r]elations with the brothers who are part of HAMAS is very good, and progressing well. There are serious attempts at establishing permanent coordination and unity of action." Enclosing his address and phone number, *Al-Arian* called upon the Kuwaiti "to strongly support the Jihad effort in Palestine in order for such operations to continue." I conclude from this that *Al-Arian* engaged in international fund-raising for *PIJ* from his home in Tampa; it also confirms that it is not inconsistent for a *PIJ* supporter to also support *HAMAS*.

42. Also located at the search of *Al-Arian's* residence was a document, hand written in Arabic, called the Charter of the Center of the Studies, the Intelligence and the Information. This document, hereinafter called "the Charter," set forth a comprehensive plan to establish a hostile intelligence organization in the United States and elsewhere. It stated that:

Our presence in North America gives us a unique opportunity to monitor, explore and follow up We are in the center which leads the conspiracy against our Islamic world Therefore,

we, here can monitor and watch the American policies and the activities of those questionable organizations Therefore, we have the capability to establish a Center for Studies, Intelligence and Information.

43. The Charter provided for a "Division of Security and Military Affairs," whose functions were to

prepare training programs for the brothers. These programs include physical training, surveillance training . . . programs for military training benefitting from the available opportunities that exist in this country To make technical studies with the objective of availing spying and military tools and devices to the Group in America and the East and about the spying methods and equipment in these countries.

44. The Charter provided for an Organization/Law Studies Section whose job it would be to study the legal aspect of establishing charitable organizations in America.

45. The Charter provided for the establishment of an Intelligence and Monitoring Apparatus, part of which would be responsible to "to watch the individuals who oppose the Movement and the Islamic actions. To watch them, monitor them and to make files on them. . . . Members of the Group should be able to "infiltrate the sensitive intelligence agencies or the embassies in order to collect information and build close relationships with the people in charge in these establishments." They should also use every opportunity to "collect information from those relatives and friends who work in sensitive positions in the government, et cetera"

46. The Charter further provided for the establishment of a "Branch of Information and Security and Military Studies"

to perform special studies such as purchasing and retaining arms and training on these arms. The situation of the camps and the training locations to be studied. To study the matters of exporting arms in special ways in relation to the source of these arms and the implications of exporting it. Also, to follow up on the scientific development relating to spying operations, the intelligence agencies and its tools.

47. Also seized during the search was a videocassette of the First Annual Conference of *ICP* organized by *Al-Arian* and held on December 22-26, 1988, in St. Louis. At that conference, *Al-Arian* told the audience that "Islam means Jihad, resistance, fight, and martyrdom. . . ." *Al-Arian* repeated slogans including "Jihad is our way. Victory to Islam. Death to Israel. Revolution until victory."

48. Another item obtained in the search was a videocassette of the Fourth Annual conference of the *ICP* held on December 27-30, 1991 in Chicago, also organized by *Al-Arian*. At that conference, *PIJ* spiritual leader Sheikh Abdel Aziz *Odeh* told the audience that "Muslims should not fear accusation of terrorism or extremism. There are no other choices for Muslims."

49. Another videotape seized during this search contains activities recorded at the Islamic Center of Cleveland on April 7, 1991. Fawaz Abu-Damra, the Imam at the Islamic Mosque in Cleveland, introduced *Al-Arian* as the guest for the evening. As *Al-Arian* came forward, Damra told the audience that *Al-Arian* "heads the *ICP* - and as small excerpt about the *ICP* - it is the active arm of the Islamic Jihad Movement in Palestine in North America. We call it the *ICP* here for security reasons."

50. That same videotape depicted Damra then asking that all video and audio recording devices be turned off for security reasons and the tape goes blank. The tape was turned off and on several times. It later depicted *Al-Arian* stating that "we must continue with the Resistance . . . let's damn America, let's damn Israel, let's damn their allies until death."

51. The tape further depicted Damra telling the audience as *Al-Arian* ended his speech that anyone who donates money to the Intifadah and the Islamic Jihad is like that warrior who is

waging holy war on behalf of Allah. He asked for money for Islamic Jihad, whose martyr "Nidal Zaloom went out with a dagger and stabbed four Jews in Jerusalem."

52. Damra repeatedly stated that the money would go to the Islamic Jihad. Damra told the audience that anyone who wanted to write a check should make it out to the *ICP*. During this time, the video depicts the crowd coming to the podium area and laying money at Damra's feet. As Damra was requesting money for the Islamic Jihad, it was announced that \$6,785 had been contributed so far. Damra announced that there would be a permanent *ICP* fund in Cleveland for anyone who wanted to donate to the Islamic Jihad.

53. An undated document was seized containing a speech given by *Al-Arian* as president of *ICP* in which he describes a struggle between Islam and the West and stated that "we are in a battle of life and death, in a battle of fate and future against the Western Hegemony and tyranny wanting to control the capabilities of the nations in order to enslave steal and control them." Further on he stated "What is needed is the dismantling of the cultural system of the West."

54. Investigators who seized *Al-Arian's* home computer found in it files for three wills for three individuals who were planning to die as martyrs on Jihad. In the first, dated 2/19/92, Nizar Mahmoud wrote "the Jihad for Palestine is a Jihad for Allah, it is an obligation for you wherever you are, because there is no one more loved by Allah than the martyr." In the second, Adel Daher wrote about his desire to be a martyr and quoted the Koran regarding Allah's reward for those who fight and are slain in his cause. In the third, Khaled Muhammad *Hassan* stated:

If we cannot destroy today this house, the Jew's State, we can ignite the fire in its regions, and if we ignite it every where no one will be able to extinguish it. We should charge the atmosphere of enmity and create a flammable Jihad climate that needs a match stick only.

The location of these wills on *Al-Arian*'s Macintosh home computer illustrates the close connection between *Al-Arian* and *PIJ* suicide bombers.

55. I know from the Tampa investigation that Sheik *Rahman* (the "Blind Sheik") visited *Al-Arian* at his residence in Tampa and spoke at his mosque, as did Sheik *Odeh*.

56. In sum, there is probable cause to believe that, until 1995, *Al-Arian* used *ICP* and *WISE* as the American front for *PIJ*, and that until December 2001, *HLF* acted as the primary American front for *HAMAS*. There is probable cause to believe that money sent to *Al-Arian* was really money going to *PIJ*, and that money sent to *HLF* was really money going to *HAMAS*.

57. Further, there is probable cause to believe that those who knew *Al-Arian*, *Shallah*, *al-Najar*, *Khalil Shikaki*, or *Naft* from their conferences or writings and sent money to *ICP* or *WISE* - - or directly to *Al-Arian* himself - - knew that they were sending it to support suicide bombings and terrorism conducted by *PIJ*. Similarly, there is probable cause to believe that those contributors to *HLF* who knew the leaders of *HAMAS* or *HLF* - -and at least some of those who did not - - contributed their money to support suicide bombings and terrorism conducted by *HAMAS*.

58. Finally, there is probable cause to believe that many of those who sent money to *Al-Arian*, *WISE*, and *ICP* for *PIJ*, as well as some of those who sent money to *HLF*, conspired to provide material support to terrorists, and to engage in international transfers of money to promote offenses against a foreign nation involving murder, kidnaping, robbery, extortion, and the destruction of property by means of explosive or fire, in violation of 18 U.S.C. §§ 1956(a)(2) and (h) and 2339A and 2339B.

IX. The *Safa Group* and Associated Individuals

59. In the next sections of this affidavit, I will show the probable cause to believe that the individuals controlling the *Safa Group* sent money to *HLF* and *Al-Arian* to support suicide bombings conducted by *HAMAS* and *PIJ*. First I will establish that the individuals controlling the share a common ideology with *HAMAS* and *PIJ* and know exactly what *HAMAS* and *PIJ* do with the monies they receive. Then I will establish that these individuals have continued to send money to *HLF* and *Al-Arian* for *HAMAS* and *PIJ*, through ever more concealed methods.

A. The Ideology

60. I have found information indicative of a conspiracy between *Safa Group* individuals and Sami *Al-Arian* to support and fund terrorists and terrorist groups including *HAMAS* and *PIJ*. A most striking example is a letter seized during the 1995 search warrants, from a central figure in the *Safa Group*, *Al-Alwani* at *IIIT* (both of which will be further identified below) to *Al-Arian* at *WISE*, and dated November 19, 1991. In that letter, *Al-Alwani* referred to the payment of monies from *IIIT* to *PIJ*, and wrote that he and his colleagues, and their organizations, considered themselves to be indistinguishable from *Al-Arian*, *Shallah* (now the head of *PIJ*) and other founders and members of *PIJ*. In specific, *Al-Alwani* stated in his letter to *Al-Arian*:

Honorable brother, I think we do not need to affirm that we consider you as a Group, you and brother *Mazen* [*al-Najar*] and brother *Khalil* [*Shikaki*, brother of *PIJ* founder *Fathi Shikaki*] and brother *Bashir* [*Nafi*] and Brother *Ramadan* [*Shallah*, present head of *PIJ*] and *Sheikh Abdel Aziz* [*Odeh*, a founder and spiritual leader of the *PIJ*], a part of us and an extension of us, and us part of you and extension of you also, we never experienced any doubts about that since we knew you and we will continue like that.

61. *Al-Alwani* continued:

And the matter of the financial support was never the basis of our relationship, for our relation added to the brotherhood of faith and Islam is an ideological and cultural concordance with the same objectives and all of your institutions are considered by us as ours, and they receive all the

attention, and I explained to you the circumstances the institutions of your brother go through, and despite which we can truthfully say that we gave your institutions or our institutions that you manage more attention than institutions we manage by ourselves, because you are in an important positions without a doubt, and you deserve from us and our likes all cooperation, God willing

62. *Al-Alwani* stated that he was speaking not only for himself, but also for other members of the *Safa Group*:

And I would like to affirm these feelings to you directly on my behalf and on the behalf of all my brothers, Dr. *Abdel Hamid [Abusulayman]*, Dr. *Jamal [Barzinji]*, Dr. *Ahmad [Totonji]*, Dr. *Hisham [Al-Talib]*

63. *Al-Alwani* noted that it didn't matter to the *Safa Group* how *Al-Arian* characterized the \$45,000 *Al-Arian* received from the *Safa Group*, as part of its total contribution of \$50,000 (I have added the bold type):

And I would like to affirm these feelings to you directly on my behalf and on the behalf of all my brothers, Dr. Abdel Hamid, Dr. Jamal, Dr. Ahmad, Dr. Hisham, and at the same time, affirm to you that when we make a commitment to you, or we try to offer, we do it for you as a Group, **regardless of the side or the facade you use the donation for**" What is left is to remind you that what is mentioned in your letter is that what you already received is forty thousands, and what we have in the records for you is forty-five thousands, and I will inquire about the matter with the brothers accountants so I will send you what will complete the amount of fifty thousands, God willing

B. The Individuals

64. The below-listed individuals are the founding and facilitating members of the *Safa Group*, an interwoven set of organizations that were established in the U.S. with the assistance of other Saudi Arabian and other Middle Eastern nationals. Based on the evidence in this affidavit, I know that they are ardent supporters of *PIJ* and *HAMAS*. They have repeatedly voiced their ideological support. I have seen repeated instances of their financial support, and believe that they have acted to conceal many other instances of their financial support.

65. *Abdulhamid Abusulayman* incorporated *IIIT* in Virginia with *Taha Jaber Al-Alwani* in 1982. In the letter from *Al-Alwani* to *Al-Arian* seized in the 1995 searches in Tampa, quoted above, *Al-Alwani* affirmed that *PIJ* and the *Safa Group* shared a common ideology. *Al-Alwani* expressly mentioned *Abusulayman* as having the same sentiments as the entire *Safa Group*.

66. *Taha Jaber Al-Alwani* incorporated *IIIT* with *Abusulayman* in 1982, and was the president of *IIIT* from about 1986 through 1997. *Al-Alwani* wrote the letter to *Al-Arian* expressing solidarity as quoted above. In another seized document, *Al-Alwani* refers to \$50,000 in financing that he and the *Safa Group* provided to *WISE /ICP*.

67. Various documents and videotapes obtained in the Tampa searches show that *Al-Alwani*, the President of *IIIT*, attended and spoke at *ICP* conferences with *Al-Arian*, *Shallah*, *Sheik Odeh* (spiritual leader and co-founder of *PIJ*) and *Sheik Rahman* (the "Blind Sheik" convicted of conspiracy to blow up New York tunnels and the United Nations in New York in October 1995). Inasmuch as *ICP* conferences were, in essence, *PIJ* conferences, I know that *Al-Alwani* has long been a supporter of *PIJ*.

68. In October 1999, a confidential asset of the FBI, who has provided reliable information in the past, furnished the Washington Field Office of the FBI a copy of a fatwa

(declaration) signed by *Al-Alwani* at some point between December 1988 and November 1989, proclaiming

the truth by the powers invested in us by Allah, that Jihad is the only way to liberate Palestine; that no person or authority may settle the Jews on the land of Palestine or cede to them any part thereof, or recognize any right therein for them.

69. In early 2000, *Al-Alwani* spoke with FBI Special Agents Ammerman and Wyman. *Al-Alwani* admitted to attending several *ICP* meetings with *Al-Arian*, as well as being acquainted with *Nafi* and *Shallah*. *Al-Alwani* stated that he maintained regular contact with *Al-Arian*, and that *Al-Arian* typically contacts him when *Al-Arian* visits the Washington, D.C. area several times a year.

70. *Hisham Al-Talib* is a director or officer of several *Safa Group* organizations, including *Safa Trust, Inc.* and *IIIT*. *Al-Talib* was referenced in *Al-Alwani*'s 1991 letter expressing solidarity with *Al-Arian*.

71. *M. Omar Ashraf* is a director or officer of seven *Safa Group* organizations, including *Grove Corporate Plaza*, *Mar-Jac Investments*, and *Sterling Charitable Gift Fund*.

72. *Muhammed Ashraf* is a director or officer of over 20 *Safa Group* organizations incorporated with the address of 555 Grove Street, Herndon, Virginia, including *Sterling Investment Group*, *Sterling Charitable Gift Fund*, and *York Foundation*.

73. *Jamal Barzinji* has been the officer or director of numerous *Safa Group* organizations, including *Mar-Jac Poultry*, *Reston Investments*, and *Safa Trust*. *Barzinji* was referenced in *Al-Alwani*'s 1991 letter expressing solidarity with *Al-Arian*. I believe that *Barzinji* is not only closely associated with *PIJ* (as evidenced by ties to *Al-Arian*, including documents seized in Tampa in 1995 reflecting direct correspondence between *Barzinji* and *Al-Arian*), but

77. *Cherif Sedky* was a director of the *SAAR Foundation* and now is a director of at least two *Safa Group* companies.

78. *Ahmad Totonji* is a corporate officer of several *Safa Group* organizations, including *Safa Trust, Inc.*, and was referenced in *Al-Alwani's* 1991 letter expressing solidarity with *Al-Arian*. *Totonji* is also referenced in another seized letter from *Al-Arian* to *Al-Alwani*. In this letter, *Al-Arian* solicited more funding and referred to a meeting he had with *Totonji* where *Totonji* promised him another \$20,000. As recently as November 1, 2001, *Totonji* signed a check for \$10,000 to *Al-Arian* through *Al-Arian's* organization known as the Tampa Bay Coalition for Justice and Peace, drafted on the account of *Safa Group* charity *IIIT*.

79. *Iqbal Unus* is a director of the *Child Development Foundation*, a *Safa Group* organization, along with *Abusulayman* and *Al-Talib*, an advisor on the *Sterling Charitable Gift Fund* and *Sterling Management Group* organizations, and the administrative and billing contact for web sites for *IIIT* and *FIQH Council of North America*.

C. The Funding

80. Discovered in the Tampa searches in 1995 were letters indicating that in 1991 and 1992, *IIIT* contributed at least \$50,000 to *PIJ* front-group *WISE*. Moreover, another document seized during these warrants was a 1991 letter from *Shallah* – now the leader of *PIJ* – to an administrator of the University of South Florida, with a copy to *Nafi*, stating that *IIIT* was the largest contributor to *WISE*.

81. Additional documents seized in Tampa in 1995 include two that *Jaghlit* sent to *Al-Arian* in 1994, referencing checks enclosed by with the letters from *Safa Group* charity the *SAAR Foundation* for \$10,000 and \$5,000, respectively. In both of these letters, *Jaghlit* instructed *Al-*

Arian not to disclose the contribution publicly or to the media. I conclude from *Jaghlit*'s instructions that *Jaghlit* knew very well that the *SAAR* money was going to *PIJ* to support terrorism.

82. On February 2, 1995, *Mirza* signed a check for \$15,000 to *WISE* on a *Safa* bank account, the deposit slip for which was found in *Al-Arian*'s home during execution of the 1995 search warrants.

83. As recently as November 1, 2001, *Totonji* wrote a check for \$10,000 to *Al-Arian* through *Al-Arian*'s Tampa Bay Coalition for Justice and Peace, drafted on *IIIT*'s account at First Union Bank in Herndon.

84. IRS Form 990 for *Safa Trust, Inc.* for tax year 1996 indicated that *Safa* maintained \$162,000 as "a library trust" for *HAMAS* -front *HLF*. In 1997, *HLF* received three *Safa Trust* checks in the amounts of \$75,000, \$87,500, and \$162,500, all signed by *Mirza*.

X. Evidence of Layering Indicative of Money Laundering, Tax Evasion, and Material Support to Terrorists

A. Overview

85. The investigation has focused on the organizations associated with the *Safa Group* through corporate records, tax filings, financial transactions, interviews with confidential informants, and visual surveillance. I have determined that the individuals associated with the *Safa Group* use or have used over 100 organizations, which are interrelated through corporate officers and holding company - subsidiary relationships, to facilitate the funding of terrorist operations. Many of these organizations are listed in Attachment C. A list of most of the individuals acting as officers of *Safa Group* organizations referencing the organizations with

which they are associated is included as Attachment D; both Attachments C and D are incorporated by reference here.

86. This array of organizations includes for-profit businesses, purported educational institutions, and charities. Many of the organizations have identical or overlapping directorates or management. Many of the organizations of the *Safa Group* are phantom entities with no physical presence, as evidenced by the multiple addresses for the organizations provided on official documents and the lack of signs announcing the various organizations at what is represented to be their business address. The relationships and operations of these organizations are convoluted not only by the repeating pattern of corporate officers and directors but also the large number of entities involved.

87. While I don't now know for sure why the labyrinth of organizations and charities that comprise the *Safa Group* was constructed, there does not appear to be any innocent explanation.

In the course of the investigation, I have considered why this labyrinth was constructed.

Possible explanations include

- a. To conceal support for terrorism;
- b. To conceal support for otherwise non-exempt organizations (for example, to conceal support to foreign charities over which domestic charities do not maintain control, or even to political parties);
- c. To shelter income derived from what actually are personal investments; and
- d. To shelter income derived what actually was someone else's personal investments for which individuals in the United States were trustees (for example, to shelter income on the investments of a member of the *Al Rajhi* family);
- e. To shelter income from personal investments in the course of sheltering income for someone else (some combination of "c" and "d" above); and
- f. To avoid excise taxes that would otherwise be due and payable on private foundations.

Based on the past history of the individuals involved, I believe that the most likely reason is to conceal support for terrorism.

88. Although the *Safa Group* consists of over 100 interwoven organizations, the investigation has focused on approximately 20 core organizations, and their associated corporate officers and directors. The table below illustrates the overlapping directorates by listing the *Safa Group* members on which this investigation has focused and their principal officers, directors and trustees:

	Abusulayman	Al-Alwani	Al-Rajhi	Al-Talib	Ashraf, M. Omar	Ashraf, Muh.	Barzinji	Jaghlit	Mirza	Sedky	Totonji	Unus
African Muslim Agency				x					x			
Amana Limited					x				x	x		
Aradi Inc.			x	x		x			x	x		
Grove Corp.				x			x		x			
Grove Corporate Plaza					x				x			
GSISS	x	x										
Heritage Education Trust		x					x	x	x			
HFC Feed Mill						x			x			
Humana Charitable Trust					x				x	x		
IIIT	x	x		x			x				x	x
Mar-Jac Investments, Inc				x	x	x	x		x			
Mar-Jac Poultry Inc.				x	x		x		x			
Mena Corporation				x			x		x			
Mena Investments, Inc.				x			x		x			
Reston Investments Inc				x			x	x	x			
SAAR Foundation				x			x	x	x	x		

SAAR Foundation, Canada				x			x		x			
SAAR International				x			x		x			
Safa Trust, Inc.		x		x			x	x	x		x	
Sterling Charitable Gift Fund.						x			x			
Sterling Investment Group					x	x			x			
Sterling Management Group					x	x			x			
York Foundation	x					x			x			
York International									x			

B. Analysis of the *Safa Charities*

1. IRS tax files and corporation documents disclose that 555 Grove Street, 500 Grove Street, and associated addresses in Herndon are the corporate offices of record for over 100 active and defunct corporations, partnerships and tax exempt charitable organizations that are woven together by common officers and directors. According to the Virginia Secretary of State, approximately 40 active corporations claim their offices to be located at 555 Grove Street, alone.

IRS Special Agents Mary Balberchak, Paul Shanks and Steven Smith reviewed Forms 990 (Return of Organization Exempt From Income Tax) and additional tax-related information for seven tax-exempt *Safa Group* organizations. Many of the conspirators are officers in one or more of those charitable organizations. All seven of the charitable organizations (hereinafter, the “*Safa Charities*”) are located in or near Herndon, Virginia, and five are co-located at the same 555 Grove Street address. The *Safa Charities* are:

<i>African Muslim Agency</i>	<i>Heritage Education Trust</i>	<i>IIIT</i>
<i>SAAR Foundation</i>	<i>Safa Trust</i>	<i>Sterling Charitable Gift Fund</i>
<i>York Foundation</i>		

2. The IRS Special Agents also reviewed individual tax returns of certain officers of the same tax-exempt organizations as well as corporate returns of for profit businesses that are wholly owned by a *Safa Charity* and/or controlled by the same officers, directors and trustees that control the charities. In 2000 the IRS conducted a limited examination on one of those charities. The IRS Special Agents reviewed the audit file and consulted with the two IRS Revenue Agents that conducted the examination on that entity. Other documents were also reviewed, including corporation documents for the same entities and other related companies, certain real estate settlement documents and bank records.

3. Analysis of the above returns and available supporting documentation disclosed a series of transactions between related companies that, when examined in their entirety, evidences a conspiracy between *Mirza, Abusulayman, Al-Alwani, Barzinji, Al-Talib, M. Omar Ashraf, Muhammad Ashraf, Jaghlit, Sedky, Ahmad Totonji*, and others, known and unknown, to route money through hidden paths to terrorists, and to defraud the United States by impeding, impairing, obstructing and defeating the lawful government functions of the IRS in the ascertainment, computation, assessment, and collection of federal income taxes. What follows is a summary of allegations, evidence of which will be detailed in this affidavit.

4. The conspirators have moved or authorized the movement of funds through a series of transactions involving the *Safa Group*, which includes the *Safa Charities*, and also for-profit corporations owned by or related to them. The evidence to date demonstrates that multiple millions of dollars have been moved between the *Safa Charities*, between the for-profit members of the *Safa Group* and the *Safa Charities*, and between the *Safa Charities* and foreign entities represented to be charitable in nature. The financial transactions involve contributions to the *Safa Charities* from for-profit corporations of the *Safa Group*, loans to for-profit corporations in the *Safa Group*, contributions, loans, and grants between the *Safa Charities* and the movement of funds from the *Safa Charities* into offshore trusts and other foreign entities.

5. Although, based on their representations to the IRS, each of the *Safa Charities* is treated as a public charity under federal tax laws, their gross revenues derive from sources which make the basis for their meeting the public support test unclear. Of the contributions to the *Safa Charities* for 1996-2000, the vast majority, over 71.8% percent, comes from other members of the *Safa Group* or from their principals. Of that support which does not emanate from the *Safa*

Group or its principals another 12.2% is reportedly derived from the unidentified contributors labeled “overseas general public.” 13.2%, is comprised of funds from other overseas entities including benefactors in Kuwait, Saudi Arabia, and Malaysia.

6. Similarly, the pattern of grants and allocations made does not demonstrate the *Safa Charities* are operating for an exempt purpose. The grants and allocations made by the *Safa Charities* generally go to other members of the *Safa Charities*, or in some instances, other charities within the *Safa Group*. For the years in question 84.4% went to these entities. Another 14.3% was reportedly given to recipients which, contrary to law, the *Safa Charities* did not identify on the relevant Forms 990.

7. In addition, of the \$54 million in grants and allocations reported for 1996-2000, \$26 million (or 49%) was transferred to entities in the Isle of Man, \$20 million (or 37%) remained within the *Safa Charities*. Of the balance approximately \$7.7 (or 14.3%) went to unidentified donees. Accordingly, I believe that the *Safa Charities* are used to shuttle monies between them, blur the trail, and hinder the ability of investigators to ascertain the ultimate disposition of those monies. This investigation *has* followed the complex trail and determined, as stated above, that, of the funds whose recipients can be identified, virtually the only monies disbursed by the *Safa Charities* are monies that were disbursed *either* to other *Safa Charities*, or transferred to the name of off shore entities in tax havens.

8. By exercising common control, the *Safa Charities* ensure the tax benefits of their movement of funds between tax-exempt and for-profit entities, without ever having to surrender control of the funds. Although substantial funds are moved between various entities, the conspirators have maintained control over their disposition even after the funds are transferred

through the use of interlocking directorates and common officers, the common physical location of members of the *Safa Group* at 555 Grove Street, and the centralization of control over monetary transfers among the *Safa Group* in the persons of *Mirza* and *Safa Group* employee *Beverly Hassan*.

9. For example, *Mirza* has signatory authority over 27 different bank accounts associated with 15 different organizations of the *Safa Group*, including five of the *Safa Charities*. *Al-Talib* has signatory authority over 21 different bank accounts associated with nine members of the *Safa Group*, including two *Safa Charities*. *Barzinji* has signatory authority over 18 different bank accounts associated with nine members of the *Safa Group*, including three *Safa Charities*.

10. In addition, although *Hassan* is shown as an employee of *Mar-Jac Investments, Inc.* between 1996 and 2000 and also of *Sterling Management Group* at 555 Grove Street, she conducts financial transactions for many of the *Safa Group* members. In the 90-day period between October and December 2001, *Hassan* authorized 16 transactions on behalf of seven different organizations: *Safa Trust*, *York Foundation*, *Sterling Charitable Gift Fund*, *Sterling Management Group*, *Mar-Jac Investments*, *Reston Investments, Inc.*, and *African Muslim Agency*.

11. A further example is found in a letter obtained by IRS auditors in 2000 in connection with an audit of *SAAR Foundation*. The letter, dated December 3, 1997, from *Humana Charitable Trust*, P.O. Box 1297, Herndon, Virginia, was addressed to *Mirza* of the *SAAR Foundation*. The letter explained that *Humana* was an Isle of Man trust, stated *Humana*'s purpose, and requested *Mirza*, on behalf of *SAAR* to become a "major sponsor" of *Humana*. The letter was signed "*Amana Limited* Trustee" and bore what appears to be the signature of *Mirza*.

In other words, *Mirza*, on behalf of *Amana Limited*, the trustee for *Humana*, sent a letter to *Mirza*, Director of *SAAR*, soliciting major donations from *SAAR* to *Humana* in the Isle of Man.

12. Further, except for *IIIT*, the *Safa Charities* do not report active fundraising programs. Of the seven entities examined, only *IIIT* and *Safa Trust* report expenditures indicating significant fundraising. *York*, *AMA*, *Heritage* and *Sterling Charitable Gift Fund* report no expenses for fundraising. *SAAR* reports \$806 in fundraising for over five years. Further, although Virginia law requires any charity soliciting for public funds in the state of Virginia to be registered with the Virginia Office of Consumer Affairs, Vernon Paige of the Virginia State Office of Consumer Affairs advised Special Agent Balberchak on January 30, 2002 that none of the *Safa Charities* are registered in Virginia.

13. The vast majority of the funds leaving the circle of the *Safa Charities* is distributed to two Isle of Man entities (purportedly charitable trusts): *Humana Charitable Trust*, which is controlled by *Mirza*, *Sedky* and *M. Omar Ashraf*; and *York International*, for which the *Mirza* is a trustee. Between 1996 and 2000, approximately \$26 million was moved from the *Safa Charities* to *Humana* and *York*. The disposition of funds from these entities is unknown.

14. The movement of funds into entities in the Isle of Man, a known tax haven, makes it difficult to verify whether these funds were used for terrorist financing or some other non-exempt purpose. The table below summarizes the funds which moved to the Isle of Man:

Entity	Amount	Recipient	Location
<i>African Muslim Agency</i>	\$ 445,000	<i>York International Trust</i>	Isle of Man
<i>SAAR Foundation</i>	\$21,128,978	<i>Humana Charitable Trust</i>	Isle of Man
<i>Safa Trust</i>	\$ 4,462,147	<i>York International Trust</i>	Isle of Man
<i>York Foundation</i>	\$ 400,000	<i>York International Trust</i>	Isle of Man

1. When the IRS attempted through an audit to verify the ultimate disposition of the funds sent to the Isle of Man entities, their efforts were stymied by *Mirza* and *Qureshi*. The auditors never learned of the \$5.3 million moved to *York International* because relationships between *SAAR*, *African Muslim Agency*, *Safa Trust* and *York Foundation*, were concealed from them. As for the funds moved to *Humana*, the auditors learned that, although required by law to monitor whether its grants to overseas charities were being used for charitable purposes, *SAAR* had no such records at its U.S. offices. Ultimately, *SAAR* produced checks amounting to \$168,667, or 0.8%, of the \$21.1 million that *SAAR* represented had moved from *SAAR* to *Humana*.

2. The Form 990 tax returns for the *Safa Charities* concealed relationships that existed between certain charities and concealed certain financial transactions between the charities and the for-profit members of the *Safa Group*. The direct impact of this non-disclosure is the concealment of transactions which may be taxable, partially taxable, or subject to excise taxes or similar penalties imposed for violation of limitations on how exempt organizations conduct their

business. In addition, the disclosure of such relationships could lead to an inquiry as to whether the entity was being operated for an exempt purpose and ultimately revocation of tax exempt status.

3. On the basis of the foregoing, I have probable cause to believe that the *Safa Charities* are being operated to hide the distribution of monies to *PIJ* and *HAMAS*, and, I have probable cause to believe that they are being operated for the primary purpose of conducting a business unrelated to their exempt purposes, *i.e.*, investing and managing the substantial funds accumulated by the *Safa Charities*.

4. The money movements between the *Safa Charities* create the false impression they are publicly supported and operating for an exempt purpose, when, by and large, the funds never leave the control of the *Safa Charities* and their offshore related entities. Thus, the principals of the *Safa Charities* are manipulating the tax exempt status of the *Safa Charities* as part of a conspiracy to impede and impair the Internal Revenue Service in the determination and collection of federal tax, and to do so, are misrepresenting the nature of the operations of the *Safa Charities* to IRS officials and the public.

5. It is important to remember that many of the organizations in the *Safa Group* as listed in Attachment C are for-profit businesses. One, *Mar-Jac Poultry, Inc.*, is a large poultry processor located at 1020 Aviation Boulevard, Gainesville, Georgia, whose principal officers are *Barzinji, Al-Talib, M. Omar Ashraf* and *Mirza*. The bank signature cards for *Mar-Jac Poultry, Inc.* show that *Barzinji, Al-Talib, Mirza* and *M. Omar Ashraf* have signatory authority over the bank accounts. Additionally, UCC-1 filings show that *Humana* was a creditor of *Mar-Jac Poultry* after July 2000.

6. First Union and IRS records reflect that *Mar-Jac Poultry* transferred millions of dollars to *Safa Group* businesses and charities between 1997 and 2000. IRS filings and corporate bank records show that *Mar-Jac Poultry* is owned by *Mar-Jac Holdings, Inc.*, which is a majority-owned subsidiary of *Safa Trust, Inc.* *Mar-Jac Poultry* was purchased by the *Safa Group* in 1985.

7. Based on my examination of financial documents, correspondence, and interviews with confidential witnesses, I believe that the first members of *Safa Group* were established in the early 1980's. I believe that one source of funds flowing through the *Safa Group* is from the wealthy *Al-Rajhi* family in Saudi Arabia. The *SAAR Foundation*, a *Safa Charity*, was named after Sulaiman Abdul Aziz *Al-Rajhi (SAAR)*, head of a wealthy Saudi family. Abdullah Sulaiman *Al-Rajhi*, a relative of Sulaiman Abdul Aziz, is one of the directors of the *Safa Group* corporation, *Aradi, Inc.*, located at 555 Grove Street, Herndon, Virginia.

8. I have found that members of the *Safa Group* moved large amounts of funds into the United States to support their organizational infrastructure. Some of these occurred in the late 1970's and 1980's. As documented by a USCS Currency and Monetary Instrument Report, *Safa Group* member *Ibrahim Hassaballa* brought \$3,388,000 in cash into the United States from Saudi Arabia in 1980. These funds allowed the individuals to both start and acquire businesses and organizations in the United States.

9. *SAAR Foundation* first applied for recognition of exempt status in 1983. At that time it listed its governing body as consisting of nine members, including *Totonji*, *Barzinji*, *Al-Talib*, and *Abusulayman*. Presently, *Barzinji*, *Totonji*, and *Al-Talib* comprise the three directors of *Safa Trust, Inc.*, and, with Mirza, *Safa's* only officers. *Abusulayman*, *Al-Talib*, *Barzinji*, and *Totonji* are presently the only officers of *IIIT*.

10. The *Safa Group* organizations routinely transfer large amounts of funds between each other. Often, the bank accounts through which the funds move appear to be utilized as “pass through” accounts. A “pass through” account is an account that is utilized as part of a layering process. Money that enters these accounts tend to remain there for short periods of time, after which the money is then transferred on to another account. “Pass through” accounts are commonly utilized by criminal organizations to convolute the trail of any illicit moneys.

11. An example of an intra-*Safa Group* money transfer and apparent “pass through” activity that I believe is conducted for the purpose of layering financial transactions and confusing any ostensible investigation of the group occurred just last fall. First Union records reflect that the *Sterling Charitable Gift Fund* deposited a check received from *Mar-Jac Poultry* for \$250,000 on October 26, 2001. Those records further show that *Sterling* transferred \$100,000 to *SAAR Foundation* on November 2, 2001, from the same First Union account that received the check from *Mar-Jac Poultry*. Moreover, *Sterling* wire transferred the remaining \$150,000 to *SAAR Foundation* on November 29, 2001.

12. Inasmuch as the money from *Mar-Jac Poultry* obviously was destined for *SAAR Foundation* (however temporarily), I suspect that it was first routed to *Sterling* only to make it more difficult for investigators to decipher the ultimate disposition of the \$250,000 apparently generated by *Mar-Jac Poultry*. But the difficulty created by the positioning of *Sterling* between *Mar-Jac* and *SAAR* on the money trail is only one of many barriers created by the *Safa Group* to any investigator trying to ascertain the ultimate disposition of *Safa Group* money. As explained above, it is impossible to determine from domestic bank records the ultimate location of money received by *SAAR*, for *SAAR* was itself but a way-station for money being routed around the

world by the *Safa* Group; before *SAAR* was officially dissolved in 2000 (long before receiving the \$250,000 from *Mar-Jac* by way of *Sterling*), it made virtually all of its disbursements to “charities” located in the Isle of Man.

13. As an example of layering involved a charitable contribution and loan, *Safa* contributed \$8.6 million to *Heritage* according to the *Safa* Trust 990. In that same year *Heritage* loaned \$5.5 million to *Mar-Jac Holdings*, *Safa*'s majority owned subsidiary. In the following year, *Heritage* transferred \$4.1 million to *Safa*, reporting that this was a return of the 1996 contribution.

14. There is no reason *Safa* could not have made the loan directly to *Mar-Jac Holdings*, its subsidiary. I believe that the route the funds traveled, from *Safa* to *Heritage* to *Mar-Jac*, with a portion being returned to *Safa*, was designed to disguise the true nature of the transaction and the ultimate disposition of these funds.

15. All of these financial activities listed above are indicative of money laundering. The layering and pass through activities that occur are designed to disguise the origin and ultimate destination of the moneys. I suspect that moneys ultimately are transferred directly to terrorist organizations from the *Safa Group* entities on the Isle of Man, or that funds are otherwise expended for purposes which do not further the *Safa Charities*' exempt purpose(s). Due to bank secrecy laws in such tax havens, it is very difficult for investigators to have access to bank account information. I expect evidence related to these money laundering, terrorist support activities and tax fraud to be found at the subject addresses of this affidavit.

C. Particulars

16. Based on the work of the IRS-CI Special Agents, I will now turn to the particulars of the *Safa Charities*:

1. *African Muslim Agency*

17. IRS records show the *African Muslim Agency* is a tax-exempt organization located at 555 Grove Street, Herndon, Virginia, with a reported purpose to “help other charitable organizations.” According to its Form 990 filed in May 2001, two of its three officers were *Al-Talib* and *Mirza*.

18. 91.3% of *African Muslim Agency*’s contributions between 1996-2000 were derived from *Safa* Group related entities² and/or individuals; at least 4.1% came from unidentified contributors. For the same period, 42.2% of *African Muslim Agency*’s grants and allocations were made to *Safa* Group related entities and 53% were made to unidentified donees. No contributions, grants or allocations were identified on the 1996 Form 990. The 1997 return showed \$100,000 in contributions and \$144,000 in grants and allocations, but no identified contributors or donees. The 1998 return showed contributions received of \$1,110,000 - - 99% of which came from *Mar-Jac Poultry, Inc.*, a *Safa* Group company for which *Mirza, Altaib, Barzinji* and *M. Omar Ashraf* are officers - - and grants/allocations disbursed of \$1,065,000 - - of which 90% went to *Safa* Group companies *IIIT* and *York International*. The 1999 Form 990 showed \$1,125,000 contributions from one contributor – *Mar-Jac Poultry, Inc.*

2. *The Heritage Education Trust, Inc.*

²“Related entities and/or individuals” as used herein refers to either other *Safa Charities*, officer(s), director(s), or trustee(s) of one of the *Safa Charities*, or for-profit or tax-exempt organizations for which one or more officer(s), director(s), or trustee(s) of the seven charities are also officer(s), director(s), or trustee(s) within the *Safa Group*. This is not the same definition applied to the various questions on Form 990.

19. IRS records show that The *Heritage Education Trust, Inc.* is a tax-exempt organization located at 750-A Miller Drive, SE, Leesburg, Virginia, with a purpose to “assist educational institutions.” According to its Form 990 filed on October 16, 2001, its officers are *Al-Alwani* and *Jaghlit*.

20. 58.9% of *Heritage*’s contributions between 1996 and 2000 were derived from *Safa Group* related entities and/or individuals; 41.1% came from overseas. For the same period, 75% of its grants and allocations were made to *Safa Group* related entities; 24.9% were made to unidentified donees. Its 1996 Form 990 reflects that it received \$8,600,000 from *Safa Trust* and another \$4,400,500 from overseas, but made a grant only to *SISS* - - a *Safa Group* entity - - in the amount of \$800,000. In 1997, it received \$1,600,000 from overseas and made grants and allocations of over \$5,000,000, split between *SISS* and *Safa Trust, Inc.* It received no contributions of significance between 1998 and 2000 except for \$23,500 from *Jaghlit*, but during that time granted \$1,903,000 to *SISS* and another \$2,802,939 to unidentified donees.

3. International Institute of Islamic Thought (“IIIT”)

21. IRS records show that *IIIT* is a tax-exempt organization located at 500 Grove Street in Herndon, Virginia with a purpose of “research and education for religion of Islam.” According to its Form 990 filed in November 2001, its officers consisted of *Abusulayman*, *Al-Talib*, *Barzinji*, and *Totonji*.

22. As noted above, correspondence seized pursuant to the search warrants in 1995, reflected direct communications between the *IIIT* officers and *Al-Arian* in which the former expressed solidarity with the latter. Discovered in the searches were letters indicating that in 1991 and 1992 *IIIT* contributed at least \$50,000 to *PIJ* front-group *WISE*. Moreover, another

document seized during these warrants was a 1991 letter from present *PIJ* leader *Shallah* to an administrator of the University of Southern Florida (with a copy to *Nafi*) stating that *IIIT* was the largest contributor to *WISE*.

23. In January 2000, *Jaghlit* told FBI agents that *Nafi* started working at *IIIT* around April 1994. According to *Jaghlit*, *Nafi* was "on loan" from *WISE* until 1996 at which time *IIIT* decided to sponsor *Nafi* in his immigration and naturalization proceedings. *Jaghlit* told the FBI that *IIIT* paid *WISE* an unspecified amount of money in return for allowing *Nafi* to work at *IIIT*. I believe that *Jaghlit* told the FBI that *IIIT* paid *WISE* for allowing *Nafi* to work at *IIIT* in order to conceal the fact that *IIIT* transferred money to *WISE* precisely because *WISE* was a front receiving money for *PIJ*.

24. In June 1998, **redacted xxxxxxxxxxxxxxxxxxxxxxxx** at *IIIT*'s physical address and its post office box in Herndon revealed the receipt of mail from the *El-Shifa Pharmaceutical Industries Company*, in Khartoum, Sudan. That company's facility, believed to be producing ingredients used in chemical weapons, was the target of an August 20, 1998 American cruise missile attack that retaliated for the bombing of American embassies in Kenya and Tanzania.

25. **Redacted xxxxxxxxxxxxxx** revealed that between October and November 1998, *IIIT* received one parcel through the U.S. mail from *Al-Arian* in Tampa, and another mailed from Lebanon to B.M. *Nafi* at *IIIT*. This confirms to me that the connections between the *Safa Group* and both *Al-Arian*, and *Nafi* remained close even after *WISE* and *ICP* shut down operations.

26. 97.9% of all contributions to *IIIT* between 1997 and 2000 were derived from *Safa Group* related entities and/or individuals; another 1.5% came from overseas entities. Over the same period, 72.7% of *IIIT*'s grants and allocations were reported to be for "Free distribution of

books and publications.” Unlike the other *Safa Charities*, this appears to be a substantial grant of funds outside the *Safa Charities*, but it is impossible to tell, based on this generic description, what *IIIT* (who earlier funded *PIJ*) ultimately did with these funds.

27. On *IIIT*'s returns, the majority of *IIIT*'s grants and allocations are not identified as to donee. Rather, the returns reflect donations going to generic categories (i.e., free distribution of books and publications). According to *IIIT*'s 1998 Form 990, it received \$634,936 in contributions - - 96% of which came from *Safa Trust* and the *African Muslim Agency* - - and disbursed \$73,998 in grants and allocations, 82% of which was for “free book distribution.” In 1999, it received \$721,500 -- the majority of its contributions -- from the *African Muslim Agency* and the *Safa Trust, Inc.*, and made grants of \$50,700. In 2000, 100% of its contributions for the year, \$1,376,000, came from *Safa Trust* and *York Foundation*.

4. The *SAAR Foundation, Inc.*

28. IRS records show that *SAAR Foundation, Inc.* (“*SAAR*”) was a tax-exempt organization at 555 Grove Street with a purpose to “assist and promote religious and educational research” that was dissolved on December 20, 2000. According to its last Form 990 return, filed May 18, 2001, *SAAR*'s officers and trustees consisted of *Mirza, Jaghli*, and *Sedky*.

29. 90.3% of *SAAR*'s contributions between 1996-2000 were derived from related *Safa* Group entities; the remaining 9.7% came from overseas. Over the same period, 94.6% of its grants and allocations were made to *Safa Group* related entities - - including \$21,128,978 to *Humana Charitable Trust* in the Isle of Man. When an IRS audit was conducted on *SAAR* in 2000, *Mirza* told auditors that he had set up *Humana Charitable Trust* in the Isle of Man to receive transferred assets from *SAAR*, due to publicity tying *SAAR* to terrorist organizations.

