



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE

February 3, 2010

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

**MANHATTAN U.S. ATTORNEY CHARGES COLORADO MAN
WITH AIDING AND ABETTING HASSAN NEMAZEE
IN \$292 MILLION BANK FRAUD SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced the indictment today of SHAHIN KASHANCHI, who aided and abetted HASSAN NEMAZEE in a scheme to defraud Bank of America, N.A. ("BoFA"), Citibank, N.A. ("Citibank"), and HSBC Bank USA, N.A. ("HSBC") of more than \$290 million in loan proceeds. KASHANCHI was arrested on a Complaint on September 25, 2009.

According to the Indictment returned today by a grand jury and other documents filed in court:

From approximately 1997 through 2009, NEMAZEE obtained hundreds of millions of dollars worth of loans from BofA, Citibank, and HSBC. As of August 2009, NEMAZEE owed approximately \$142 million to BofA and approximately \$74.9 million to HSBC. Documents and signatures that NEMAZEE used to obtain these loans, including documents he submitted to purportedly show that he had hundreds of millions of dollars worth of collateral, were fake.

NEMAZEE's scheme depended on his use of fraudulent documents, including phony account statements and phony correspondence bearing forged signatures. These fraudulent documents were designed to convince the various banks to whom NEMAZEE submitted the documents that NEMAZEE had assets totaling hundreds of millions of dollars and that he had placed many millions of dollars of United States Treasury securities in certain specified accounts as collateral for the loans from the various banks.

Many of the fraudulent documents submitted by NEMAZEE to BofA, Citibank, and HSBC were created by KASHANCHI at the direction of Nemazee. In particular, over the course of NEMAZEE's efforts to defraud BofA, Citibank, and HSBC, KASHANCHI regularly manufactured account statements for the non-existent

collateral accounts. In addition, when Citibank began to ask questions of NEMAZEE in order to verify the existence of collateral for its loan, KASHANCHI manufactured, at NEMAZEE's request, letterhead of Pershing LLC that NEMAZEE subsequently used to falsely and fraudulently represent to Citibank that the collateral for its loan existed, when, in fact, it did not.

After submitting this false and fraudulent letter to Citibank, NEMAZEE drew down upon a line of credit fraudulently obtained from HSBC to pay off the outstanding loan of approximately \$74.9 million to Citibank.

* * *

KASHANCHI, 46, currently resides in Telluride, Colorado. He is charged with one count of bank fraud, which carries a maximum prison term of 30 years and a maximum fine of \$1,000,000 or twice the gain or loss resulting from the crime. This case has been assigned to United States District Judge DEBORAH A. BATTS.

NEMAZEE, 60, has been separately charged in an Indictment in the Southern District of New York with three counts of bank fraud, each of which carries a maximum prison term of 30 years and a maximum fine of \$1,000,000 or twice the gain or loss resulting from the crime. NEMAZEE is also charged with one count of aggravated identity theft, which carries a mandatory prison term of two years and which must be consecutive to any sentence imposed on the bank fraud counts. NEMAZEE was arrested on a Complaint on August 25, 2009. NEMAZEE's case is currently pending before United States District Judge SIDNEY H. STEIN.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation.

The case is being prosecuted by the Office's Complex Frauds Unit. Assistant United States Attorneys DANIEL W. LEVY and MICHAEL D. LOCKARD are in charge of the prosecution.

The charge and allegations contained in the Indictments are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

10-037

###