

Banks hid identities of Iranians to evade sanctions against terror



Pictures of Ayatollah Khamenei at a rally for President Ahmadinejad, whose visit to a Lebanese village near Israel's border yesterday is seen as provocative
Hussein Malla/AP

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British banks and financiers helped Iran to evade sanctions set up to prevent terror, promote Middle East peace and stop the ayatollahs gaining nuclear weapons.

Investigations by American prosecutors found that Lloyds TSB and Barclays helped the Iranians to access up to \$600 million in the US financial system by hiding customers' identities.

Lord Lamont of Lerwick, the former Chancellor, is on the board of a British trading house that was subjected to a civil penalty for breaching US sanctions by helping Iran to get banned American aircraft.

The Conservative peer remains chairman of the British Iranian Chamber of Commerce, which provides advice to businesses on how to comply with international trade restrictions against Tehran. His spokesman said: “Lord Lamont has not done anything wrong and has not been accused of any wrongdoing.”

Britain’s role as a useful location for breaching the US financial and trade blockade of Iran emerged as Europe imposes its toughest sanctions yet against the Islamic republic.

The financial sector shoulders the main burden of enforcing the restrictions, which include freezing assets of individuals and entities implicated in the suspected nuclear arms programme.

To put pressure on Tehran, insurance services to Iran are being banned and investments in its oil industry and trading in bonds will be forbidden.

Only financial transactions below €10,000 (£8,800) to and from the Islamic republic will be permitted and those exceeding €40,000 must be approved by authorities in Europe.

Details of the British financial sector’s willingness over the years to help the Iranians to dodge sanctions have emerged from US court documents seen by *The Times*.

Two of Britain’s biggest banks had to negotiate with the US Department of Justice asset forfeiture and money-laundering section after being accused of breaching the restrictions. Last year, Lloyds TSB accepted that it had falsified up to \$350 million of payment messages for transactions involving Iranians and Sudanese from the mid-1990s.

At the behest of, and with the knowledge of, Iranian bank customers, Lloyds developed a policy of intentionally manipulating and deleting information about sanctioned countries, individuals and entities.

Matthew Friedrich, acting assistant attorney-general, said that the US Department of Justice would “continue to use criminal enforcement measures against the knowing and intentional evasion of US sanctions laws, particularly where such conduct has the potential to finance terrorist activities”. Lloyds had to forfeit the \$350 million.

Two months ago, Barclays forfeited \$298 million over transactions that amounted to breaches of the Trading with the Enemy Act and International Emergency Powers Act. The bank followed instructions from banks in Iran and other

sanctioned countries to leave their names out of dollar payment messages.

The agreement, which means that Barclays should avoid prosecution, was attacked by US District Judge Emmet Sullivan who heard the case.

The judge said it was shocking that no individual had been identified over a crime. "The public looks at this and says, 'They get a free ride here. They are paying for their justice'," he said.

Lord Lamont is on the board of Balli Group, based in London, which was subjected to a \$15 million (£9 million) penalty for conspiracy and breaching a trade ban over the provision of three US jumbo jets to Iran.

The Boeing 747s, worth \$140 million, became available when United Airlines went bankrupt after the September 11, 2001, attacks. The Iranian authorities wanted the aircraft in spite of sanctions.

The European Union, traditionally Iran's biggest trading partner, is putting the final touches to the toughest sanctions it has imposed on the Islamic republic. The package, being negotiated this week and due to be implemented by October 28, prevents European companies investing with Iranians in oil and gas, bans cargo flights and forbids trade in items that could help the nuclear industry.

American curbs on Iran date back to the Islamic revolution of 1979 when militants besieged the US Embassy in Tehran and held hostages for 444 days. President Carter froze Iranian assets. In the 1990s President Clinton imposed a near-total ban on trade.

The rest of the world failed to follow the US example until 2006 when the United Nations became alarmed at the military potential of Iran's nuclear enrichment programme.

UN sanctions have targeted Iran's atomic capability, leaders of the Revolutionary Guards, shipping, money laundering and finance for terrorism.

Dubai is a weak link in international efforts to maintain a stranglehold on the Iranians. The United Arab Emirates is Iran's largest source of imports. Goods intended for Iran are sent to Dubai, then re-exported to the Islamic republic.

Until recently Britain encouraged dealing with the Iranians. Last year, though, relations chilled when UK Trade & Investment left Tehran, withdrawing practical support for British companies doing business in Iran. Now London is discouraging businesses from dealing with the Iranians.

A key question is whether that will be enough to stop entrepreneurial Britons seizing opportunities to work with Tehran. A well-informed observer said: "There is a problem of perception. In Iran everybody is happy about getting new goods. In

America it appears to go against foreign policy. In London it's just business.”

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