

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

Alexandria Division

| | | |
|--------------------------|---|-------------------------|
| UNITED STATES OF AMERICA |) | |
| |) | |
| v. |) | CRIMINAL NO. 1:11cr 561 |
| |) | |
| SYED GHULAM NABI FAI, |) | |
| |) | |
| Defendant. |) | |

STATEMENT OF FACTS

The parties stipulate that the allegations in the Criminal Information and the following facts are true and correct, and that had the matter gone to trial the United States would have proven them beyond a reasonable doubt:

1. From approximately 1990, and continuing thereafter until approximately July 18, 2011, in the Eastern District of Virginia and elsewhere, defendant GHULAM NABI FAI unlawfully and knowingly conspired with others to (a) falsify, conceal, and cover up material facts they had a duty to disclose by tricks, schemes and devices, in matters within the jurisdiction of the agencies of the executive branch of the Government of the United States, in violation of Section 1001 of Title 18 of the United States Code; and (b) defraud the United States Department of the Treasury by impeding, impairing, obstructing and defeating the lawful functions of the Internal Revenue Service in the ascertainment, computation, assessment, and collection of the revenue.

2. The purpose of the scheme to conceal and falsify was to obtain money from officials employed by the Government of Pakistan, including the Inter-Services Intelligence Directorate ("ISI"), for the operation of the Kashmiri American Council ("KAC"), outside of the knowledge

of the Government of the United States and without attracting the attention of law enforcement and regulatory authorities. To prevent the Department of Justice, the Federal Bureau of Investigation, the Department of the Treasury, and the Internal Revenue Service from learning the source of the money he obtained from officials employed by the ISI and the Government of Pakistan to operate the KAC, defendant SYED GHULAM NABI FAI made false, fictitious, and fraudulent material statements and representations in matters within the jurisdiction of the Department of Justice, Federal Bureau of Investigation, the Department of the Treasury, and the Internal Revenue Service, and covered up material facts regarding his receipt of money for the operation of the KAC from officials employed by the ISI and the Government of Pakistan.

3. From approximately 1990, and continuing thereafter until approximately July 18, 2011, defendant SYED GHULAM NABI FAI corruptly endeavored to obstruct and impede the due administration of the internal revenue laws by (a) arranging the transfer of at least \$3,500,000 to the KAC from employees of the ISI and the Government of Pakistan; (b) accepting the transfer of such money to the KAC from the ISI and the Government of Pakistan through Zaheer Ahmad ("Ahmad") and middlemen ("the Straw Donors") who received reimbursement from Ahmad for their transfers to the KAC; (c) providing letters from the KAC to the Straw Donors documenting that the transfers from the Straw Donors to the KAC were tax deductible to the extent provided by law; and (d) concealing from the Internal Revenue Service that the money received from the Straw Donors actually was indirectly given to the KAC by the officials employed by ISI and the Government of Pakistan. The parties agree that the amount of the tax loss as a result of this conduct for purposes of calculating the Sentencing Guidelines is at least \$200,000 but not more than \$400,000.

4. The ISI is a part of the Government of Pakistan and is Pakistan's intelligence service. The KAC is a non-governmental organization located at 1111 16th Street, Suite 420, in Washington, D.C. The KAC was founded in 1990 and also goes by the name "Kashmir Center."

5. On March 22, 2007, FAI told agents of the FBI that he never met anyone who identified himself as being affiliated with the ISI and that he did not suspect any associates or acquaintances of being ISI officials.

6. On March 22, 2010, the Department of Justice sent FAI a letter notifying him that allegations had appeared in the Indian press that he was an agent of Pakistan, and that, if he was an agent of Pakistan, he was required by Foreign Agents Registration Act ("FARA") to register as a foreign agent with the Department of Justice ("DOJ"). After receiving the letter, FAI sent an e-mail from his residence in Virginia to an associate on April 6, 2010, asking him to draft a response for FAI to send to the DOJ. In a later e-mail to the same individual, FAI added, "Please note that KAC is not doing lobbying. It is doing public relations." FARA requires registration, however, if such public relations are conducted at the direction of a foreign government.

7. On April 12, 2010, FAI composed a draft of his response to the DOJ letter and emailed it to himself from his residence in Virginia. On April 13, 2010, FAI sent a second draft of his response to a second associate, asking her to make any changes necessary. On April 16, 2010, FAI drove into Washington, D.C., picked up his secretary from the KAC office, and one or both of them caused the letter to be sent to the Department of Justice. In his response, he asserted that he had no obligation to register under FARA because the KAC "has never engaged

in activities on behalf of the Islamic Republic of Pakistan or any other foreign entity[ies].”

Further, he asserted that

KAC or I have never engaged in any activities or provided any services to any foreign entity. And KAC or I have never had written or oral agreements with Pakistan or any other foreign entity. Thereafter, this report categorically denies any connection to any foreign agent including Pakistan.

8. On or about July 18, 2011, FAI falsely denied to FBI agents in Fairfax, Virginia, that (a) he or the KAC received money from officials employed by the ISI or the Government of Pakistan; (b) he knew individuals employed by the ISI; (c) he had contact with Javeed Aziz, also known as “Brigadier Abdullah”, for at least the last ten years; (d) he knew an individual by the name of Sohail Mahmood; (e) he received talking points or other instructions from the ISI and the Government of Pakistan regarding what to say or write; and (f) he received directions from the ISI and the Government Pakistan to invite specific individuals to KAC conferences.

9. Contrary to FAI’s representations, FAI submitted budget requests of approximately \$500,000 to \$700,000 per year to officials employed by the Government of Pakistan, including the ISI. The Government of Pakistan partially funded FAI’s operations through funds delivered to Ahmad in Pakistan. Ahmad arranged for funds he received from Pakistani officials to be delivered to FAI through Ahmad and a network of Straw Donors in the United States who were connected to Ahmad. The total amount transmitted from officials of the Government of Pakistan to FAI and the KAC through Ahmad since the mid-1990s exceeded \$3,500,000.

10. While the KAC did receive some legitimate donations, the majority of its receipts each year came from a small network of individuals who were closely associated with Ahmad.

These individuals include:

| Contributor | Approximate Amount Since 1993 |
|----------------------------|--------------------------------------|
| Conspirator AA | \$595,193 |
| Straw Donor C | \$30,000 |
| Straw Donor D | \$132,000 |
| Straw Donor E | \$240,500 |
| Straw Donor F | \$40,500 |
| Straw Donor G | \$96,500 |
| Straw Donor H | \$259,639 |
| Straw Donor J ¹ | \$15,000 |
| Straw Donor K | \$267,000 |
| Straw Donor L | \$4,000 |
| Medical Group ² | \$158,000 |
| Zaheer Ahmad | \$367,700 |

A. 1995 Documents and the Public Relations Contract

11. The ISI officer responsible for handling Kashmiri affairs in the mid-1990s was identified as Javeed Aziz Khan, also known as "Brigadier Abdullah" ("Khan"). Khan contacted FAI via telephone and facsimile in the mid-1990's. On November 23, 1995, FAI submitted his

¹ Straw Donor J also assisted Ahmad in the transmission of approximately \$94,000 in checks drawn off Ahmad's checking account to FAI and the KAC.

² The Medical Group is a medical practice group that includes physicians Straw Donors G and K - - who are separately listed in the chart, above.

expenses to Khan for reimbursement. The expenses totaled \$42,981.45 and were incurred by FAI in connection with his escort of a visitor to the United States and putting on a program at the United Nations.

12. On December 7, 1995, Khan criticized FAI for renewing a contract with a public relations firm without prior authorization from ISI, and notified FAI that the ISI took no responsibility for his unilateral decision to renew that contract. The next day, FAI sent a response to Khan, and explained that, as part of a strategy to make it appear that the KAC was a Kashmiri organization run by Kashmiris and financed by Americans - - as agreed by FAI and Khan's predecessors on March 20, 1990 - - no one from the Pakistani Embassy would ever contact the public relations firm. FAI argued that, even though he had not shown Khan the contract itself beforehand, Khan had previously told him that Khan had gotten the necessary approvals. In requesting Khan to reconsider the decision to discontinue the use of the public relations firm, FAI reminded Khan of how closely FAI had been working with Khan and his colleagues:

You are aware that we have been working together for the cause for over a decade now. All these years, I have closely worked with you and others who came before you. It has taken us much time, energy, dedication, strategy, and planning to achieve our common cause.

13. In response to FAI's message, Khan wrote FAI on December 13, 1995, that FAI was well aware of the procedural impediments in signing contracts. Khan reminded FAI that no financial expenditures would be covered without formal approvals. Khan wrote that "we" were

unsatisfied with the performance of the public relations firm, and advised FAI to terminate the contract immediately. In specific, Khan wrote:

I once again remind you of my earlier advice that any future financial transactions, contracts, visit, events etc must be forwarded to us for prior approval.

B. 1996 - 2006 Documents, Strategy, and Budgets

14. On September 9, 1996, Khan responded to information provided by FAI with detailed suggestions for the conduct of KAC's activities. They included nine items describing how KAC's information should be distributed, and on what KAC's informational activities should be focused. Another document reflected FAI's response to Khan the next day with respect to each of the nine items specified by Khan.

15. FAI annually provided to his ISI contact documents described as "Strategy Document for the Kashmiri-American Council, Washington, D.C. USA." These documents described KAC's plans to provide information to Executive Branch officials, use Congress to highlight the issue of Kashmir, and offset the Indian lobby. For example, the strategy document for the year 2000 stated that KAC's three top objectives were to (1) persuade the administration that self-determination in Kashmir would advance the national interests of the United States; (2) influence Congress, with the House International Relations and the Senate Foreign Relations Committees being the centerpieces of KAC's advocacy effort; and (3) capture media attention to influence debate on Kashmir, including by staging creative events that draw the press corps to the issue of Kashmir.

16. The Strategy Document for 2000 detailed KAC's budget requirements for that year to be \$490,000, including \$80,000 for contributions to members of Congress, \$100,000 for a conference, \$60,000 for seminars, \$50,000 for opinion pieces to be distributed to newspapers across the country, and \$30,000 to organize a Congressional trip to Kashmir. The Strategy Documents for the later years detailed budgets of \$455,000 for 2001, \$490,000 for 2005, and \$719,000 for 2006. Each of the budgets allotted between \$80,000 and \$100,000 for campaign contributions to members of Congress, as well as significant sums for conferences, seminars, opinion pieces to be distributed to newspapers, and Congressional trips to Kashmir.

17. FAI regularly wrote Ahmad letters containing balance sheets accounting for the monies FAI had received to date during that fiscal year, the identity of the individuals who had sent him money and how much, and the amount Ahmad still needed to send to FAI. They reflect that Ahmad was to transmit approximately \$314,500 to FAI in 2003; in 2004, 2005, and 2006, the totals were \$505,000, \$525,000 and \$447,000, respectively.

18. One of these balance sheets, dated October 8, 2004, reads as follows:

Revenue as of Friday, October 8, 2004

Dear Dr. Zaheer Sahib,

As per letter dated Friday, August 27, 2004, the payable was \$415,000.00

Payment since last report on August 27, 2004

| | |
|---|--------------|
| Brother [Conspirator AA], August 30, 2004: | \$ 20,000.00 |
| Brother [Conspirator AA], September 29, 2004: | \$ 20,000.00 |
| Dr. Zaheer Ahmed via [Elected Official A] . . . Sept. 29, 2004: | \$ 2,000.00 |
| Brother Usman, September 29, 2004: | \$ 38,000.00 |
| Dr. Zaheer Ahmed via [Elected Official B] . October 5, 2004: | \$ 2,000.00 |
| Therefore payable as of October 8, 2004:04: [sic] | \$333,000.00 |

The sum of \$415,000 constituted payments that FAI had been promised by officials from the Government of Pakistan, and the sum of \$82,000 constituted the portion of such promised payments that had actually been transmitted to FAI through Ahmad.

19. The two line items regarding Elected Officials A and B in the balance sheet of October 8, 2004, indicate that some of the Government of Pakistan's money to FAI comes in the form of political donations made by straw donors directly to elected officials. Publicly available campaign finance records reflect that, on September 13, 2004, Elected Official A reported receiving a \$2,000 donation from Ahmad, and on October 25, 2004, Elected Official B reported receiving a \$2,000 donation from Ahmad's nephew, Straw Donor M.

C. The Denied Request for Reimbursement in 2007

20. On July 20, 2007, FAI e-mailed Khan a request for an additional \$45,000 to offset the costs that FAI had incurred at a conference that he had hosted in Uruguay. The next day, Khan replied and denied FAI's request:

Unfortunately based on the understanding given by you when we dissuaded you from the said conference, it is impossible to cater for the requested demand. As intimated these matters are finalised [sic] much in advance and no additional allotment is entertained thereafter.

D. Strategy, Budget Documents, and Activities for 2008

21. On or about December 14, 2007, Khan sent FAI an email titled "Performance Report" which stated:

An eventful 2007 is coming to an end. Please forward the executive summary of the yearly performance report by the first week of January 2008 along with tentative forecast for the year 2008.

22. In response, on or about January 1, 2008, FAI emailed Khan a document titled "Strategy Document of KAC / Kashmir Center, Washington, D.C., for the Fiscal Year 2008 and Review of the year 2007," which contained a complete accounting of FAI's activities for 2007, including 33 meetings with members of Congress, Congressional staff, the National Security Council, and the State Department. In addition, the message included FAI's request for an operating budget of \$741,000 to enable him to distribute \$100,000 to members of Congress, spend \$100,000 to organize a conference on Kashmir to be hosted by members of Congress, and spend \$80,000 to organize seminars and lectures on Kashmir at universities and think tanks. FAI inflated his annual budgets and embellished his reports of his accomplishments in order to obtain the maximum amount of money.

23. On January 2, 2008, Khan responded to FAI's email with the proposed budget by email with the comment, "Budget may be marginally increased but not as desired [sic] by you."

24. On May 28, 2008, Khan told FAI that FAI would be receiving an invitation to attend a conference in Kampala, Uganda. On June 5, 2008, FAI e-mailed Khan that he had a conflict with the Uganda conference, because he also had been invited to a dinner with members of Congress and Elected Official C. FAI asked Khan which event he should attend. On June 5, 2008, Khan e-mailed FAI expressing his view that the dinner was more important. FAI attended that dinner rather than the conference.

25. In April and May 2008, Khan sent FAI three e-mails asking FAI to highlight the issue of mass graves recently discovered in Indian-controlled Kashmir. FAI then raised the topic at his Ninth International Kashmir Peace Conference, held on Capitol Hill in July 2008, and sent a letter to UN Secretary General Ban-ki Moon that mentioned mass graves.

26. On June 18, 2008, FAI e-mailed Khan the list of individuals that FAI had invited to the KAC's Conference scheduled for July, and asked Khan to provide FAI with a list of invitees from India and Pakistan. The next day, Khan sent him a list of Indian nationals for FAI to invite, and promised to send him a similar list of Pakistani nationals a day or two later. On June 25, July 3, and July 7, FAI and Khan e-mailed and spoke about possible Pakistani and Indian invitees. The conference was held on Capitol Hill on July 31 and August 1, 2008. The conference was held on Capitol Hill on July 31 and August 1, 2008. Six of the additional individuals whose names Khan suggested to FAI were among the 27 speakers at the conference.

27. On August 24, 2008, Khan wrote FAI that he should "kindly interact with law makers in your area of responsibility and brief them of the latest/current imbroglio in occupied Kashmir." Khan emphasized that the problem in Kashmir was about the denial of the right of "self determination" and wrote that FAI should "kindly keep me posted in this regard." Three days later, FAI responded to Khan with an e-mail saying, "We have initiated this campaign in the United States." FAI described his meeting with representatives of the National Security Council, and reported that he had requested a meeting with the State Department. On September 17, 2008, FAI e-mailed Khan and reported that he had met with the Assistant Secretary of State for South Asian Affairs, and that FAI had provided copies of statements by Indian intellectuals and human rights organizations regarding the cessation of military operations by the Kashmiri insurgency and India's advocacy on behalf of an independent Kashmir.

E. Strategy, Budget Documents, and Activities for 2009

28. On December 12, 2008, Khan sent an e-mail to FAI, in which he wrote "[k]indly send tentative program pf [sic] events for 2009 by 19th December." On December 18, 2008, FAI

responded by e-mailing a document titled "Plan of Action of KAC/Kashmir Center for Fiscal Year 2009." This document laid out FAI's intended strategy to secure Congressional support to encourage the Executive Branch to support independence in Kashmir, build new alliances in the State Department, the National Security Council, the Congress, and the Pentagon, and to expand KAC's media efforts. FAI also set forth KAC's projected budgetary requirements of \$738,000 for 2009, including \$100,000 for contributions to members of Congress. FAI inflated the amount of the budget request in an attempt to obtain the maximum amount of funds.

29. On December 19, 2008, Khan notified FAI by e-mail to reduce his budget request:

In view of the prevailing environment there can be no increase therefore kindly revise the budgetary requirements curtailing where possible. A major cut is not necessary but some adjustments may be required in order to meet the essentials.

The "prevailing environment" mentioned by Khan referred to the unrest and economic issues within Pakistan occurring in late 2008.

30. That same day, Khan sent FAI another message acknowledging the report sent by FAI the previous day, and adding, "there is a requirement for monthly Tentative Calender (sic) of events, kindly send it by 23rd December." On December 22, 2008, FAI responded to Khan's message, stating, "Here is the e-mail as required." Attached to FAI's message was a document titled, "KAC/Kashmir Center, Washington, D.C. Tentative Calendar of Events 2009." The document listed the planned activities for KAC for 2009, including nine events to brief Members of Congress and staffers, as well as four events involving incoming White House and Administration officials. It also included a budget request for \$638,000 for 2009. This budget

request of \$638,000 was revised downward from the initial request of \$738,000 in FAI's e-mail of December 18, 2009.

31. On December 31, 2008, Khan requested that FAI formulate programs to respond to claims by India that the large turnout in recently concluded elections was an expression by Kashmiris of their approval of Indian rule. Five days later, after FAI met with a senior State Department official, FAI sent Khan and several media outlets a press release asserting that the elections in Kashmir were not a substitute for a referendum and not even a first step towards the resolution of Kashmir dispute.

32. On January 21, 2009, Khan requested that FAI provide him with the topics and themes of all events he was planning for 2009. Khan told FAI that he wanted to coordinate everything ahead of time. The next day, Khan reiterated his need for the information through an e-mail to FAI. On January 23, 2009, FAI responded to Khan with the 18 proposed speech themes he had selected regarding various aspects of the Kashmiri conflict.

33. On February 11, 2009, Khan requested that FAI send Khan a "detailed performance report for the year 2008." Khan reiterated that request with a second e-mail on February 26, 2009. On February 26, 2009, FAI responded with an e-mail which listed events and speaking engagements that FAI had scheduled; he added that he would send the full report to Khan by or before March 6, 2009. On February 27, 2009, Khan responded that it was acceptable for FAI to send his detailed performance plan by then. On March 4, 2009, FAI completed his response with a document that described FAI's activities throughout 2008, including press releases, a briefing paper and a letter to President-elect Obama urging U.S. involvement in the inclusion of the

Kashmiri leadership in talks between India and Pakistan, as well as details of FAI's participation in various events.

34. On February 13, 2009, Khan e-mailed FAI a list of suggested discussion topics for KAC to use in its 2009 conference in response to a list submitted to him by FAI. On February 17, 2009, Khan called FAI to discuss the conference, and obtained FAI's acknowledgment that he had received the e-mail containing the suggested topics and themes that Khan wanted presented. The agenda created by FAI for the July 2009 Kashmir Peace Conference included sessions on six of the ten topics that Khan had selected from FAI's original list of 18 topics.

35. On April 9, 2009, Khan e-mailed FAI an article about a Kashmiri expatriate in Canada pressuring the government to make a statement about Kashmir. Khan noted that "Similar efforts by all of us will help to highlight the issue internationally." On April 20 and 21, 2009, FAI faxed letters to numerous members of Congress, requesting them to raise the subject of Kashmir with the Secretary of State during her Congressional testimony on those days.

36. Every year, FAI sent invitations to the KAC conference to the Chair of Pakistan's Parliamentary Kashmir Committee with a list of suggested delegation members and to the Prime Minister of Azad Kashmir. On May 11, 2009, FAI requested that Khan approve the invitation of 12 Pakistani politicians, scholars, and journalists on his list for the July conference. The next week, Khan responded with a listing of eight individuals, only three of whom had been on FAI's list. The same day, FAI told Khan that he would invite the individuals Khan suggested, and asked Khan in which session Khan wanted them to be included. FAI asked for Khan's agreement for the invitation of several other individuals, which agreement Khan gave hours later.

Similar exchanges occurred between June 20 and June 23 with respect to speakers for the panels and reporters to be invited to cover the conference.

37. On July 17, 2009, Khan e-mailed FAI a detailed outline for the format of a briefing about the history and goals of KAC which FAI was to provide during the upcoming visit of Major General Mumtaz Ahmad Bajwa, who in late 2008 had been placed in command of the ISI's Security Directorate, which oversees Kashmiri militant groups.

38. The Tenth International Kashmir Peace Conference was organized by FAI and the KAC and held in Washington, D.C., on July 23 and 24, 2009. One of the attendees was Lieutenant Colonel Touqeer Mehmood Butt. According to the Department of State's Consular Consolidated Database, Butt listed his employer in his application for a visa to enter the United States as "Pakistani Ministry of Defence [sic], Inter-Services Intelligence (ISI), Islamabad, Pakistan." Attached to the visa application was a letter on ISI letterhead which affirmed that Butt was an employee and would be traveling on official business.

39. Major General Bajwa also attended that conference. On July 25, 2009, FAI met with Bajwa and Butt at KAC. FAI provided Bajwa with a briefing. His comments included the history of the establishment of KAC; KAC's primary intended audience within the U.S. (to wit, White House, State Department, Pentagon, Congress, and the United Nations); KAC's prior encounters with U.S., Indian and Pakistani politicians; and FAI's relationship with the Pakistani Embassy in Washington.

40. On December 2, 2008, Straw Donor G told FAI that he had spoken to "Doctor Zaheer" and, on his suggestion, had sent a check to FAI for \$25,000. On December 5, 2008, FAI

deposited a check from Straw Donor G for \$25,000. Straw Donor G was referring to Zaheer Ahmad when he said "Doctor Zaheer."

41. On January 28, 2009, Khan told FAI that he would try to see the doctor during the week at 1:50, and repeated later in the conversation that he would see the doctor within the week. "Seeing the doctor" referred to seeing Ahmad, and that this conversation was a conversation regarding money using coded language. The phrase "visiting the doctor" was coded language for "arranging money to be sent by Ahmad to FAI," and that the reference to "1:50" represented the amount \$150,000.

42. On March 24, 2009, Ahmad told FAI that FAI had provided a receipt to Straw Donor C for only \$1,500 even though FAI had received a check from Straw Donor C in the amount of \$15,000, and requested that FAI provide Straw Donor C with a receipt for the correct amount. On December 3, 2008, FAI deposited a check written by Straw Donor C on November 14, 2008, to the Kashmiri American Council for \$15,000.

43. On May 18, 2009, Ahmad told FAI by telephone in Turkey that he had sent "fifteen copies" to Serdar. The next day, Ahmad told FAI by telephone to call Serdar and that Serdar would "give it" to FAI. Ahmad's reference to "fifteen copies" was code for \$15,000 that Ahmad had previously transmitted to Serdar. The next week, Serdar gave \$15,000 to FAI in Turkey.

44. On August 4, 2009, FAI discussed funding and budget requirements with Ahmad. FAI informed Ahmad that, in order to cover FAI's expenses for August through October 2009, he would need an additional \$150,000. Ahmad responded that it could be arranged, and asked whether that included everything, and whether it was in addition to "60." FAI answered that it

was in addition, and then said, "two." Ahmad said that it will make it "two." In this context, "two" referred to \$200,000.

45. On August 12, 2009, Ahmad told FAI that he had spoken to Straw Donor G, and that Straw Donor G was supposed to send FAI "25" to FAI's home. Ahmad said that he would ask Straw Donor K to bring Straw Donor G's money when he was due to come to New York shortly. FAI then asked Ahmad to do "about 50" and Ahmad said that he would try.

46. Ahmad told FAI that he had spoken to Conspirator AA and was also making efforts himself. Ahmad told FAI he was going to ask Straw Donor F and one other individual to do something for FAI. By telling FAI he was going to ask Straw Donor F and another individual to do "something," he was telling FAI that he was going to ask them to transfer money to FAI in return for reimbursement in Pakistan.

47. On August 12, 2009, Ahmad told FAI that he could get money from Straw Donor D. Ahmad gave FAI Straw Donor D's phone number, and added that he would tell Straw Donor D to expect a call from FAI, to give him whatever money he had, and try to arrange more as well. Two hours later, Straw Donor D spoke with Ahmad and advised that FAI was with him, then handed FAI the phone. After FAI and Ahmad discussed a check from Straw Donor G, FAI asked Ahmad to do "about 50" in New York, and Ahmad promised to try.

48. On August 13, 2009, FAI left a voice-mail for Ahmad, asking Ahmad to speak to Straw Donor K because the envelope he had received from Straw Donor K was empty. On August 17, 2009, Ahmad told FAI that Straw Donor K had made a mistake but would send the check shortly.

49. On August 25 and September 2, 2009 FAI deposited three checks written on the Medical Group account totaling \$27,000, with "donation" for Straw Donor K or Straw Donor G written on the memo lines.

50. On August 30, 2009, Khan e-mailed FAI that Khan "saw the doctor" and that "[the doctor's] consultation fee has increased by rupees 150." Khan's use of the phrase "saw the doctor" is a coded reference to the fact that Khan had spoken with Ahmad, and approved the funding request that FAI made to Ahmad for \$150,000 on August 4, 2009.

51. On October 6, 2009, Khan emailed FAI a message which said, "157 pages draft of the last addition of the Medical Journal is being sent for editing. You may like to talk to the doctor." FAI sent a response stating, "I will contact him." The next day, Khan asked FAI whether FAI was able to talk to the "people from the magazine," and FAI said that he had talked to them. Khan then asked whether that was "the last edition of this year." Khan was referring to Ahmad when he mentioned "the doctor," and that the statement regarding the "157 pages draft" was coded language for \$157,000. Similarly, Khan's query as to whether it was the "last edition" was intended to elicit whether FAI and Ahmad had any more financial installments pending.

52. On December 12, 2009, FAI told Ahmad that he was with Conspirator AA, and thanked Ahmad for the money that Conspirator AA had just given him. FAI then reminded Ahmad that Ahmad had agreed to arrange checks for FAI totaling \$100,000, and reiterated that he needed it before December 31.

G. 2010 Budget, Activities, and Funding for 2010

53. On September 18, 2009, Khan requested FAI by email to submit his budget request for 2010. In doing so, Khan added, "The requirement should be lesser than 2009 as in no

circumstance higher requirement will be possible." FAI responded on September 23, 2009, with a document titled "Plan of Action of KAC/Kashmir Centre, Washington D.C., for the Fiscal Year 2010." This document, like the 2008 and 2009 action plans, listed FAI's plans to attempt to maximize U.S. support and involvement on the Kashmir issue, and itemized KAC's 2010 budget request of \$658,000.

54. On or about December 18, 2009 Khan notified FAI that Sohail Mahmood, also known as "Mir," replaced Khan as FAI's contact for the ISI.

55. On January 13, 2010, Mahmood sent FAI an e-mail indicating that FAI should forward a summary of his planned activities for 2010. FAI responded with an e-mail on January 16, 2010, which attached a document titled "KAC/Kashmir Center Proposed Activities in 2010." This document listed the 61 events that KAC planned for the year, including ten briefings for, or events with, members of Congress and/or their staff.

56. On January 28, 2010, Mahmood notified FAI by email that which stated that Mahmood and Major General Mumtaz Ahmad Bajwa (who was then in charge of the ISI's Security Directorate) would be traveling to Geneva in March and expected to see FAI there. Mahmood requested FAI to provide him with an accounting of how his budget was spent in 2008 and 2009. On March 9, 2010, FAI provided Mahmood with a document detailing his expenses, which he claimed totaled \$690,380 in 2008 and \$662,730 in 2009.

57. On March 10, 2010, Touqeer Mehmood Butt called FAI from Pakistan, saying that Mahmood had asked him to maintain contact with FAI. The two discussed individuals who FAI could invite to participate in KAC's conference in July 2010 on Capitol Hill.

58. On March 16, 2010, FAI met with Mahmood and Bajwa while in Switzerland, and discussed KAC's strategy for 2010. They discussed the vehicles through which FAI intended to to advance KAC's objective of getting increased support from the United States government in the coming year.

59. On May 13, 2010, FAI spoke with Khan and discussed the new man "in charge of the library in Islamabad." "The library in Islamabad" referred to the ISI's Security Directorate, and Khan and FAI referred to Mahmood as "the new man."

60. On July 28, 2010, Butt entered the U.S., traveled to Washington, D.C., and attended FAI's Kashmir Peace Conference. According to the Department of State Consular Consolidated Database, Butt reported that his trip was being paid for by "Directorate General ISI."

61. On February 21, 2010, Conspirator AA gave FAI in a hotel room in New York at least \$50,000 from Ahmad.

62. On March 25, 2010, FAI emailed Ahmad a receipt from KAC for Ahmad's donations totaling \$32,500 during 2009, through at least five separate checks. The next day, Ahmad notified FAI that the receipt FAI sent previously did not appear to be accurate. Ahmad then provided a list of five other checks to KAC from Ahmad totaling \$39,000. FAI responded on March 26, 2010, with a receipt for \$39,000 that listed the five checks referenced in Ahmad's earlier email. Two of those checks were not deposited into a KAC account but instead were used to pay FAI's home mortgage. As a result of FAI's personal use of Ahmad's ostensible contributions to KAC, KAC's bank records understate the amount of money that FAI received from Government of Pakistan through Ahmad and others.

63. On April 4, 2010, Butt emailed FAI that "Meeting with friend Zaheer is likely to be held soon, date cannot be confirmed," and nine days later, sent another message stating that he had contacted "Mr. Zaheer" successfully. This message indicated that FAI's next funding installment was approved and would soon begin to make its way into FAI's accounts through Ahmad's contacts.

64. On April 27, 2010, Ahmad told FAI that Conspirator AA had some money for FAI, and that he had spoken with both Straw Donors H and K, and that they would be sending something for FAI. Ahmad also said that he had met another individual, for "hundred and sixty." I believe that Ahmad was referring to Ahmad's meeting with Butt, and that "hundred and sixty" represents the \$160,000 that the ISI approved Ahmad to send to FAI.

65. On June 8, 2010, FAI requested that Ahmad contact Straw Donor G, Straw Donor K, and several others, adding that he wanted Ahmad to tell them to use FedEx because he needed the money urgently. On June 14, 2010, FAI told Ahmad that he had not yet received "the envelope" yet, and reminded Ahmad to speak to Straw Donors G, H, and K.

66. On June 29, 2010, FAI was stopped by police in New York and found to have in his possession \$35,000 in cash. FAI told the police that he had just received the cash from Conspirator AA as a contribution to KAC.

67. Shortly after being stopped, FAI called Conspirator AA and told him that the police had stopped him, searched his car, and found the money. The next day, Conspirator AA told FAI that Ahmad had suggested they claim to have gathered the money from a particular mosque in Brooklyn, New York. On July 1, 2010, FAI told Ahmad that he had told the police that it was the first time he had received money from Conspirator AA, and that the money had been raised in

New York by Pakistanis and Kashmiris to support FAI's upcoming KAC conference. FAI deposited the \$35,000 in KAC's bank account.

68. On July 7, 2010, Ahmad told FAI that he wanted FAI to stick with the story that they had created, namely that the congregation of the Brooklyn mosque had raised the funds and provided them to Conspirator AA to give to FAI. FAI agreed to maintain that story.

69. On July 8, 2010, FAI falsely told FBI agents that the \$35,000 in cash that he had received from Conspirator AA in New York City on June 29, 2010, had been collected by Conspirator AA from Pakistanis and Kashmiris in the New York community and at a mosque, and that FAI had not previously received cash from Conspirator AA for five or six years.

70. On December 15, 2010, FAI requested that Ahmad arrange for "people like [Straw Donor H, Straw Donor K], and others" to send checks. FAI specified that he wanted the checks to be sent "toward 2010 tax returns."

71. In a conversation on December 22, 2010, Ahmad asked FAI whether he had received anything from Straw Donor K; FAI replied he had not. Ahmad told FAI that Straw Donor K had sent it before he left the U.S., and that Ahmad would send FAI "30 plus" from Pakistan. Ahmad also told FAI that Straw Donor H had promised to collect some money and send it to FAI. Between January 10 and March 28, 2011, FAI deposited three checks from Ahmad totaling \$23,000 into the KAC bank accounts.

72. On January 5, 2011, FAI told Ahmad that he still had not received any donations from Ahmad, Straw Donor H, or Straw Donor K.

H. Activities and Funding for 2011

73. On January 6, 2011, FAI received a message from Fozia Bibi, the Third Secretary of the Embassy of Pakistan, responding to FAI's request for a list of suggested media persons and intellectuals to contact. Bibi attached a list of 11 media persons and six intellectuals from think tanks in the District of Columbia that FAI was encouraged to meet and cultivate. On January 10, 2011, FAI responded by noting that he had "requested the DCM" for the list of names, and that he would try to contact the individuals that he did not yet know. FAI's reference to "DCM" referred to the Deputy Chief of Mission at the Pakistani Embassy. Between January 29, 2011, and March 7, 2011, FAI contacted four of the six individuals named on the "Think Tank" list, as well as the peer of a fifth individual, and asked them whether they would be willing to receive a lecture on the Kashmiri conflict from FAI and the KAC board members.

74. On January 23, 2011, FAI had a conversation with an individual referred to here as "John," who serves as an officer of a Kashmiri organization. Like FAI, John was in regular contact with FAI's former ISI contact Khan. During his conversation with FAI, John complained about FAI's counterpart in the U.K. and threatened to expose "everything and everybody." He ended by saying that he was prepared to go to the Indian Embassy to beg forgiveness for his previous activities, even if doing so displeased his Pakistani bosses.

75. On March 15, 2011, FAI sent an email to Butt advising him that an individual referred to here as "Mary" would be testifying in front of a United Nations working group. Mary is a human rights activist; Major General Mumtaz Ahmad Bajwa had requested that FAI introduce him to Mary in July 2009. The next day, Butt asked FAI to provide Butt with information about the hearing. On March 26, 2011, FAI responded to Butt's request with an

email that described Mary's testimony before the U.N. working group. On March 28, 2011, Butt wrote back to FAI with several questions, commenting that he needed additional information to "complete my update for elders." FAI knew that Butt was briefing FAI's information up his chain of command, and that his information had a greater audience than just Butt.

76. On March 31, 2011, FAI told Ahmad that he needed checks, and requested that Ahmad call Straw Donor G, Straw Donor H, Straw Donor K, "New York", or "anybody else." FAI used the term "New York" to refer to Conspirator AA.

77. On April 7, 2011, FAI advised Ahmad that he would be traveling to Turkey and requested that Ahmad send \$15,000 to FAI via a contact in Istanbul.

78. On April 7 and 8, 2011, FAI and Butt exchanged emails using coded language to discuss FAI's financial transactions with Ahmad. In the messages, Butt warned FAI not to spend (or request) too much money.

79. On or about the following dates, FAI willfully made and subscribed and caused to be made and subscribed, a Return of Organization Exempt From Income Tax, IRS Form 990, for the calendar years ending on the dates listed below, for the KAC, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the IRS. FAI did not believe that the Returns were true and correct as to every material matter, in that, as FAI well knew, each of the Returns failed to disclose on Part I of Schedule B of the KAC's Form 990 that the KAC received more than \$5,000 in the previous year from officials of the ISI:

| <u>Date</u> | <u>Calendar Year Ending</u> |
|------------------|-----------------------------|
| August 24, 2007 | December 31, 2005 |
| January 23, 2008 | December 31, 2006 |
| May 15, 2008 | December 31, 2007 |
| May 15, 2009 | December 31, 2008 |
| August 13, 2010 | December 31, 2009 |

80. The instructions for the Form 990 required the KAC to list in Part I every contributor who, during the year, gave the organization directly or indirectly, money, securities, or any type of property aggregating \$5,000 or more for the organization's tax year. Instead of listing the money that the KAC received directly or indirectly from the ISI officials, the Form 990 disclosed on Part I of Schedule B that the KAC received the following amounts in the years listed below from Zaheer Ahmad and individuals referred to herein as Straw Donors E, G, H, and K, and the business controlled by Straw Donors G and K:

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Zaheer Ahmad | \$31,000 | \$18,500 | \$34,500 | None | \$59,000 | \$42,000 |
| Straw Donor E | \$15,000 | \$30,000 | None | \$10,000 | \$5,000 | None |
| Straw Donor H | \$36,000 | \$39,960 | \$39,986 | \$39,900 | \$9,999 | \$23,000 |
| Straw Donors G&K and their business | \$25,000 | \$40,000 | \$50,500 | \$125,000 | \$50,000 | \$50,000 |

In fact, defendant FAI well knew that the list was false because as FAI well knew, substantially all of the contributions that the KAC received from Zaheer Ahmad and Straw Donors E, G, H, and K, as well as from the business controlled by Straw Donors G and K, consisted of contributions and transfers to the KAC from the ISI, received through Zaheer Ahmad, and an individual referred to herein as Conspirator AA.

81. Neither FAI, Ahmad, nor the KAC ever registered as an official agent of the Pakistani or Kashmiri governments with the Attorney General of the United States.

The acts taken by the defendant, SYED GHULAM NABI FAI, in furtherance of the offense charged in this case, including the acts described above, were done willfully and knowingly with the specific intent to violate the law. The defendant acknowledges that the foregoing statement of facts does not describe all of the defendant's conduct relating to the offense charged in this case nor does it identify all of the persons with whom the defendant may

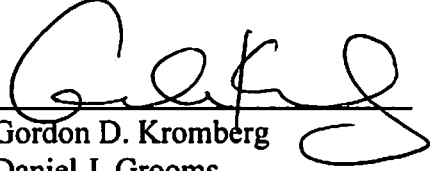
have engaged in illegal activities. The defendant further acknowledges that he is obligated under his plea agreement to provide additional information about this case beyond that which is described in this statement of facts.

Respectfully submitted,

Neil H. MacBride
United States Attorney

John T. Gibbs
Allison Ickovic
Department of Justice Trial Attorneys

By:

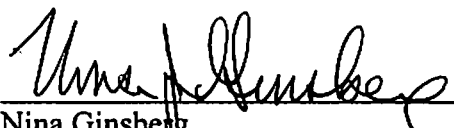

Gordon D. Kromberg
Daniel J. Grooms
Assistant United States Attorneys

After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant, SYED GHULAM NABI FAI, and the United States, I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.



SYED GHULAM NABI FAI

I am SYED GHULAM NABI FAI's attorney. I have carefully reviewed the above Statement of Facts with him. To my knowledge, his decision to stipulate to these facts is an informed and voluntary one.



Nina Ginsberg
Attorney for SYED GHULAM NABI FAI