

April 7, 2010

Mr. James Turley  
Chairman and Chief Executive Officer  
Ernst & Young Global Limited  
5 Times Square  
New York, NY 10036

**Re: Ernst & Young's Business in Iran**

Dear Mr. Turley:

As you may be aware, United Against Nuclear Iran ("UANI") has listed Ernst & Young Global Limited ("EYG") on its Iran Business Registry ("IBR") for the work that EYG does in Iran and with companies doing business in Iran. The purpose of this letter is to clarify those dealings.

On EYG's website, EYG lists Tadvin Co./Tadvin Management Consultants as an affiliate with offices in Iran. EYG lists its affiliate's Tehran office as:

Tadvin Co.  
10 Saba Boulevard, Africa Expressway  
Tehran, Iran 19177

Tadvin is considered one of the "ten big audit firms in Iran." (Dayarayan Auditing and Financial Services, "Iran at a Glance"). Moreover, we note that EYG has recently modified its website in relation to its affiliation with Tadvin.

Additionally, EYG's website shows that EYG contracts with and receives compensation from the U.S. Government on "an array of issues – from energy and the environment to education, healthcare, homeland security and the current economic crisis – and challenging senior officials and executives to meet heightened expectations for performance and service delivery."

Your firm provides key services to the U.S. Federal Government, but at the same time maintains a key business relationship in Iran.

On June 30, 2009, UANI called on Congress to introduce legislation to ensure that U.S. taxpayer dollars are not paid to companies doing business with Iran. We said then that Congress should "guarantee every American that their tax dollars are not paid to companies that do

business with Iran. Taxpayer support of such companies directly strengthens a regime that is developing nuclear weapons and that has brutally repressed its own people.” As we said then and strongly believe now: “No company doing business with the United States should be doing business with Iran.” This legislation was introduced in the U.S. House of Representatives by Representatives Klein and Mica in October as the Accountability for Business Choices in Iran Act (ABC Iran Act). It was also added as a provision to the Iran Refined Petroleum Sanctions Act, which passed the House in December.

UANI and its supporters believe that EYG’s decision to do business in Iran through an affiliate is wrong. And, mere modifications to your website are not enough.

EYG’s Global Code of Conduct states that the company “rejects unethical or illegal business practices in all circumstances.” (*E&Y Global Code of Conduct*, pg. 7). EYG will “address questions of ethics and consult appropriately to help resolve them. We [EYG] do not hide from or ignore issues.” (*E&Y Global Code of Conduct*, pg. 8).

EYG must stop ignoring the dangers of a nuclear Iran by ceasing its business relations in Iran.

EYG’s business dealings in Iran are inconsistent with the company’s code of conduct. Iran defies the international community by secretly developing illegal nuclear weapons. It is the world’s leading state sponsor of terrorism – supporting groups such as Hamas and Hezbollah. Iran has supported the Iraqi insurgency, resulting in the deaths of heroic American soldiers. The human rights violations that the Iranian regime perpetrated against its own people in the wake of last year’s fraudulent Iranian election were appalling. President Ahmadinejad recently referred to 9/11 as a “big lie.”

EYG “avoid[s] working with clients and others whose standards are incompatible with our Global Code of Conduct.” (*E&Y Global Code of Conduct*, pg. 7). EYG should stand by its Code of Conduct and cease its work with its Iranian affiliate.

Among others, UANI’s Iran Business Registry lists ABB Ltd., BP, China National Offshore Oil Corporation, International Hotels Group and Siemens as companies with current business operations in Iran. EYG provides auditing, accounting and/or tax services for these businesses according to their 10-Ks. To the extent that EYG and its Iranian affiliate provide critical services to businesses operating in Iran, EYG is aiding and abetting their ability to perform Iran-based business. Doing business in Iran becomes far more problematic for these companies when they no longer have a top auditing firm legitimizing their Iran-based business. EYG must stop doing work in Iran for clients who do business in Iran.

The Islamic Revolutionary Guard Corps (“IRGC”) is the dominant entity in Iran’s economy. It oversees Iran’s nuclear and missile programs, many of its vast engineering projects and is heavily involved in if not the leader of Iran’s major oil and gas projects, such as those in South Pars. The IRGC cannot pursue its large scale projects with multi-national corporations without a viable and credible accounting and auditing capacity. As a Big Four accounting firm working with a prominent affiliate like Tadvin, EYG provides an important service that permits the IRGC to undertake these projects.

Corporations operating in Iran rely on clean audit reports from firms like EYG and Tadvin to continue to do business in Iran. The IRGC is the ubiquitous and dominant presence in Iran's economy. No major economic project can proceed without the extensive involvement of the IRGC. Without the ability to credibly account for and to audit its large scale projects undertaken by multi-national companies, the IRGC will be severely limited in its ability to continue to evade international sanctions in its oil, LNG and nuclear industries.

Given the important role that EYG and Tadvin serve as one of the "ten big audit firms in Iran," EYG has some tough questions that it must answer.

Does EYG lend its name and credibility to the accounting services offered by Tadvin?

What steps does EYG take within Iran's closed society to ensure that Tadvin's services can, in no way, be used to support Iran's illegal nuclear program?

Given Iran's sponsorship of terrorism, its pursuit of illegal nuclear weapons and its gross human rights violations, why does EYG maintain a cooperating relationship with Tadvin in Iran?

How does EYG ensure that its affiliate Tadvin does not do work beneficially for the IRGC?

Do EYG's vows of corporate responsibility not apply to sponsors of terrorism?

Does the convenience of an EYG foreign affiliate providing auditing and accounting services somehow allow you a clean conscience to accept the profits from such services?

UANI calls on EYG to clarify its work in Iran and to cease doing business in Iran. By providing services to Iran through an affiliate, EYG provides support to the Iranian regime.

For Iran, the decision to continue to pursue nuclear weapons comes down to a simple cost-benefit analysis: Do the benefits of having a nuclear capability outweigh the costs of international economic isolation? By ceasing its business dealings in Iran, EYG can send a clear message to Iran that it will not conduct business with a regime that is illegally developing nuclear weapons.

KPMG, an expert in business risk assessment, recently decided to end its business dealings in Iran. KPMG deemed its own business in Iran through affiliates as too risky to continue. If doing business in Iran is too risky for KPMG, then such business is clearly too risky for other Big Four firms. EYG should follow KPMG's lead and end all business operations in Iran.

General Electric recently partnered with UANI and signed the Iran Business Declaration, affirming that it will not do business in Iran. The Huntsman Corporation, Caterpillar and Ingersoll Rand also committed to sever business ties in Iran. Siemens has committed to forego

new business in Iran. Attached to this letter is our Iran Business Declaration for your review. We ask that you sign it and we urge EYG to immediately cease all business dealings in Iran.

Please be advised that UANI, with the support of its tens of thousands of activists, will take any and all action that we deem necessary to hold EYG accountable for its inappropriate business relationship in Iran.

EYG is a great company that employs many Americans in tough times and neither UANI nor its tens of thousands of activists seek to gratuitously harm EYG. But EYG's business in Iran must stop.

Given the urgent nature of this issue please let me hear from you on or before April 14<sup>th</sup>, 2010 with your response.

I look forward to your response.

Very truly yours,



Ambassador Mark D. Wallace

cc: Mary L. Schapiro  
Chairwoman, United States Securities Exchange Commission

Adam J. Szubin  
Director, Office of Foreign Assets Control, U.S. Department of the Treasury

Wendy M. Payne  
Chairwoman and Executive Director, Federal Accounting Standards Advisory Board

United Against Nuclear Iran/Iran Business Declaration

The undersigned [Name], the [Title] of Ernst & Young (the “Company”), does hereby certify on behalf of the Company, and not in the undersigned’s personal capacity, that neither the Company nor any Affiliate<sup>1</sup> of the Company, directly or through an agent, representative or intermediary:

- (1) Is or is currently planning on engaging in any business or in providing any goods or services in Iran or with Iranian-based business anywhere in the world except for the provision of goods or services to relieve human suffering in Iran or as part of news gathering for the dissemination of news and information about Iran worldwide;
- (2) Is or will be a party to any agreement with any Iranian business or other entity or Iranian governmental authority, or the owner of an equity interest in, any Iranian entity, or;
- (3) Owns or operates any plant, property, equipment or other assets located in Iran.

The undersigned hereby authorizes United Against Nuclear Iran to publicly disclose the contents of this Certificate.

**Dated** this \_\_\_\_ day of \_\_\_\_, 2010.

I declare (or certify, verify, or state) under penalty of perjury that the foregoing is true and correct. Executed on **MM/DD/YYYY**.

\_\_\_\_\_  
Signed by:  
(Name)  
(Title)  
(Company)

<sup>1</sup> “Affiliate” means any individual or entity that directly or indirectly controls, is controlled by, or is under common control with, the Company, including without limitation direct and indirect subsidiaries of the Company