

Corruption and Mismanagement Index

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Corruption and Mismanagement Index

While many Iranians are languishing under a mismanaged and floundering economy, the Iranian regime has attempted to shift the blame for its citizens' distress to sanctions implemented by the United States. The reality, however, is that the Iranian economy has long been plagued by the regime's endemic corruption, economic mismanagement, and reckless foreign policy. Iran [ranks](#) 150 out of 180 countries listed on Transparency International's Corruption Perception Index for 2020.

Ahmadinejad's Administration

Corruption and mismanagement in Iran significantly worsened during the presidency of Mahmoud Ahmadinejad, despite the fact that he came to power on a populist, anti-corruption platform. In Ahmadinejad's first year as president in 2005, for example, Transparency International [ranked Iran at 88th among 159 countries in its annual corruption index](#). In 2012, the situation worsened considerably, with Transparency International ranking Iran as [one of the most corrupt countries worldwide](#), with a ranking of 133 among 176 nations.

Mahmoud Ahmadinejad and his administration presided over unprecedented corruption scandals. In 2009, a state audit found that the Iranian Oil Ministry [failed to deposit \\$1.05 billion](#) into state accounts related to surplus oil revenues. In 2011, [the biggest financial scandal in Iran's history](#) was uncovered in which \$2.6 billion was embezzled from the country's leading banks.

Parliament Speaker Ali Larijani was the leading critic of Ahmadinejad and his administration's policies. In one swipe at Ahmadinejad, [Larijani blamed government mismanagement for 80% of Iran's economic troubles](#), particularly ["the maladroit application of the plan to suppress subsidies."](#) In fact, Ahmadinejad's loose monetary policy, subsidy cuts, and populist cash-handouts helped precipitate the ongoing currency crisis and inflationary spiral. In response to these broadsides, Ahmadinejad accused Larijani and his family of [financial corruption](#), a charge that he [continues to make](#) in the current political climate. Nonetheless, even Supreme Leader Ayatollah Ali Khamenei acknowledged that while the sanctions may cause problems, ["mismanagement may even increase these problems."](#)

Manufacturing a Healthcare Crisis in the Ahmadinejad Presidency

Iran also faced a healthcare crisis [due to government mismanagement and corruption](#). In November 2012, Hosseinali Shahriari, the head of parliament's health committee, said that "the government is playing with our people's health and is not assigning the approved finances." Iran's then minister of health, Marzieh Vahid Dastjerdi, reported that of the \$2.5 billion earmarked in Iran's annual budget to import medicine and medical supplies, only \$600 million had been delivered by Iran's central bank this year. She further protested, ["I have heard that luxury cars have been imported with subsidized dollars](#) but I don't know what happened to the dollars that were supposed to be allocated for importing medicine." This dissent was too much for the Iranian regime to tolerate, since it contradicted the regime narrative that the West was to blame. As a result, [Ahmadinejad fired Dastjerdi](#) in late December 2012. She was the only female minister in the government's cabinet.

Criticism came from the business community as well. According to Reuters, "A source inside a government pharmacy in Tehran said that [low stocks of vital drugs were being exacerbated by 'strategic stockpiling'](#). Of 20 units of medication, two were available to the public and the rest 'reserved' for those who have influence or good connections."

To counter these charges, [the Iranian regime and its state media apparatus fabricated stories blaming the sanctions for civilian deaths](#). In the most prominent case of such manipulation, Iranian officials declared the death of 15-year-old hemophiliac Manouchehr Esmaili-Lioui as the first civilian death directly linked to the sanctions. According to the government's account, the teenager died due to a shortage of drugs to treat his condition. In reality, Manouchehr fell and cut himself while hiking in the mountains. By the time he had reached the hospital two hours later, he had lost too much blood to be saved. The Times of London highlighted that "the campaign over Manouchehr's death underscored the eagerness in Tehran to blame sanctions for the crisis, shifting attention away from the toxic combination of mismanagement and corruption in the government."

Where medical shortages did exist, the Islamic Revolutionary Guard Corps (IRGC) exacerbated the problem and profited from it. Instead of properly applying the government subsidized exchanged rate to imports of food and medicine, the IRGC exploited it to purchase luxury goods. The Times of London reported that "regime officials continue to enjoy world-class healthcare while choking off medical funding to ordinary citizens. Surplus drugs from Revolutionary Guard hospitals are dumped on the black market, where they are sold to health groups and civilians at three times the price."

The Iranian government had the power to end this crisis, but instead made it worse to weaken the resolve of the international community to robustly implement sanctions. Through its oil exports, Iran had billions of dollars in [local-currency accounts](#) in Turkey and Asian countries, which could be used to buy medical supplies of local or Western-manufacture for the Iranian people. Instead, the regime exploited the welfare of its citizens in order to protect its illicit nuclear program.

In the words of a U.S. Treasury Department spokesman at the time, "It has been the longstanding policy of the United States not to target Iranian imports of humanitarian items, such as food, medicine and medical devices. [If there is in fact a shortage of some medicines in Iran, it is due to choices made by the Iranian government, not the US government](#)." Instead of allocating hard currency to needed medical supplies, it "[is being allocated by the government to other purposes, whether it is supporting the Assad regime \[in Syria\], supporting terrorism or supporting the nuclear program](#)."

Ahmadinejad's Post-Presidency

Ahmadinejad's scandals continued to plague him even after he left office. His first vice president, Mohammad Reza Rahimi, was [sentenced](#) to five years in prison for "acquiring wealth through illicit methods" in 2015. Sentencing of his vice president for executive affairs, Mohammad Baghaei, soon followed in December 2017, when Baghaei [announced](#) he had been sentenced to 63 years in prison for financial malfeasance. Additionally, the former chairman of Sarmayeh Bank, Parviz Kazemi, who was labor minister during the Ahmadinejad administration, was sentenced to 20 years in prison after a corruption investigation. That's not to mention Ahmadinejad himself being [convicted](#) on seven counts, including misuse of state funds totaling \$2 billion dollars, by the Supreme Audit Court.

Rouhani's Administration

Hassan Rouhani took office in 2013 warning that corruption was "endangering" the Islamic Revolution and that money once "given under the table now is being given on the table." He also sounded the alarm on the perils of monopolies in Iran—a subtle rebuke to the power and primacy of the IRGC in the economy.

Analysts have given Rouhani mixed marks on his anti-corruption campaign. Scholars such as Bijan Khajepour have [highlighted](#) the establishment of "provincial offices to fight administrative corruption on

bureaucratic levels” as well as the issuing of an anti-smuggling decree in 2014. At the same time, according to the Financial Times, the Rouhani administration [announced](#) its intention to close credit institutions affiliated with the IRGC, increase oversight on the banking system, crack down on expropriation of land by elites and make powerful foundations which received tax exemptions in the past pay their fair share—particularly Astan-e Qods, one of Iran’s wealthiest religious foundations.

But Rouhani and his allies ran into a wall of opposition. For instance, militant cleric Ayatollah Ahmad Khatami [quipped](#) that “corruption will not be eradicated by just holding conferences.” The head of the Basij volunteer forces at the time also [retorted](#) “[u]nlike what some politicians say, the Basij and the Revolutionary Guard need to be present on all grounds including the “defensive economy.” It is only this way corruption can be eradicated.”

Rouhani has persisted in making corruption a central issue in his second term. In November 2017 after earthquakes [destroyed](#) housing units in Sarpol-e Zahab, Rouhani complained “[i]t’s clear there has been corruption in construction contracts.” Rouhani’s chief of staff, Mahmoud Vaezi, [alleged](#) in 2019 that \$1.12 billion in hard currency allocated for importing medicines and essential goods had disappeared.

Yet Rouhani’s government has also stood accused of self-dealing. In 2016, the New York Times reported on bombshell [allegations](#) in Iranian media concerning inflated bonuses and salaries for executives of state-controlled companies on Rouhani’s watch. These figures were much [higher](#) than the legal limit of \$2,353 per month for government employees. Other allegations included \$50,000 bonuses for executives at the government-controlled Central Insurance Company and the head of the state-owned Tejarat Bank, named to his post under Rouhani, receiving \$208,115 over 21 months and a zero-interest loan of \$289,000. That’s not to mention the Supreme Audit Court’s [revelation](#) in 2020 that \$4.8 billion, which was allocated for imports, was missing from the budget. In effect, billions of dollars had been distributed to importers, but no goods were imported.

In addition, Rouhani’s inner-circle also stood accused of corruption. Sadegh Larijani, the head of Iran’s judiciary, [accused](#) Rouhani publicly of receiving embezzled state funds from Babak Zanjani, the point man in assisting the Islamic Republic with evading the pre-nuclear deal sanctions. Rouhani’s First Vice President Eshaq Jahangiri as well as his own brother, Hossein Fereydoun, were also [targeted](#) with nepotism and cronyism charges. In [2019](#), Fereydoun was sentenced to an unspecified jail term on corruption charges. The families of cabinet ministers have also been implicated in separate cases—with one [example](#) being Hadi Razavi, the son-in-law of Rouhani’s minister of labor, who used state funds to pay for luxury automobiles and vacations. Iran’s judiciary has also recently [opened](#) a probe into budget irregularities within the Rouhani administration.

As the protests over the state of the economy have continued, Iran’s business ranking history during Rouhani’s tenure speaks volumes: [according](#) to World Bank data, the Islamic Republic’s ease of doing business ranking stands at 127 out of 190 economies from around the world.

Manufacturing a Healthcare Crisis in the Rouhani Administration

To combat medicine shortages, the Rouhani administration continued the failed Ahmadinejad policy of [providing foreign currency at subsidized exchange rates](#) to medicine importers. Approximately \$9 billion of the \$44 billion allocated to the program [went to pharmaceutical companies](#). According to authorities, this program would result in an influx of foreign drugs and ease the shortages; however, when put into practice, it enriched well-connected individuals.

A pharmaceutical company manager [explained](#) that his company applied for the subsidized foreign currency on multiple occasions, but never received any; while at the same time “a handful of new pharmaceutical companies were established whose directors were relatives or associates of people in power. Those firms made millions of dollars.”

In July 2019, the health minister reported that ministry employees had been arrested for corruption associated with the import of medicine and medical equipment. Days later, a letter written by then President Rouhani’s chief of staff, Mahmoud Vaezi, revealed that [130 million euros](#) used to subsidize foreign currency for medicine imports disappeared. Individuals or companies that received the cheap foreign currency often did not import medicine, but rather sold the currency for a profit, or sold the medicine that they did import at high prices.

A second adverse consequence of this program was identified in [a comprehensive report](#) on corruption in Iran’s pharmaceutical industry written by the Presidential Center for Strategic Studies: the cheap import of medicine undercut domestic drug manufacturers unless they had political connections.

Another dimension of corruption in Iran’s pharmaceutical industry is that [regime regulatory agencies tend not to monitor](#) companies and pharmacies connected to the establishment, thus allowing these entities to engage in corrupt practices, like price gouging and drug trafficking, which yield massive profits. In a six-month period between 2019 and 2020, a total of [\\$100 million dollars-worth of drugs](#) were smuggled from Iran into neighboring countries.

As noted above, Iranian political leaders [frequently blame sanctions](#) for medicine shortages in their country, but upon closer examination, corruption in the pharmaceutical industry emerges as the main culprit. State-funded, tax-exempt bonyads [have taken over](#) formerly private, successful pharmaceutical firms, diminishing competition and causing prices (and profits) to rise.

The Supreme Leader [banned](#) the import of western COVID-19 vaccines in an effort to encourage domestic production [to the benefit of Iranian companies](#)—often companies with links to the Barkat Pharmaceutical Group, a SETAD subsidiary. This take-over is another instance in which the Supreme Leader and regime loyalists have consolidated control over the economy.

Raisi’s Administration

[President Ebrahim Raisi](#) appointed numerous officials formerly implicated in corruption to his administration. Vice President Mohammad Mokhber, for example, [was](#) head of the corrupt [Execution of Khomeini’s Order](#) (EIKO), a bonyad known as Setad Ejraiye Farmane Hazrate Emam (SETAD) in Persian (discussed below). Minister of Roads and Urban Development Rostam Ghassemi is believed to have been involved in the Babak Zanjani embezzlement case, wherein regime insiders stole billions of dollars-worth of oil revenue. Then oil minister, Ghassemi “gave permission to Zanjani to sell oil, and... remained mum about the issue,” [said](#) Farideh Farhi, an Iran scholar. President Raisi himself led [a corrupt institution](#), Astan Quds Razavi (AQR), for years before the Supreme Leader appointed him chief justice in 2019, and was a trustee of SETAD. He [allegedly](#) diverted funds from AQR to his 2017 presidential campaign, and used an AQR-owned newspaper to amplify his political message.

There have been numerous instances of nepotism in the administration. A classified letter written by Raisi’s Minister of Petroleum [Javad Oji leaked](#), detailing his orders to the ministry’s human resource department to hire Nafiseh Sangdovini, the daughter of Ramazan Sangdovini, a parliamentary deputy close to Raisi. Minister of Health Bahram Einollahi [appointed](#) his son-in-law as an advisor though he had no

expertise in the area. Labor Minister Hojjatullah Abdul Maleki [appointed](#) his wife's brother as an advisor. A Fars Province MP, Moslem Salehi, [said](#) that "according to surveys, more than 50 percent of [Raisi's] appointments lack acceptable logic and explanation... [and] executive experience."

On November 14, 2021, 35 lawmakers [urged the president](#) to stop nepotism and allow for meritocracy, but the calls landed on deaf ears, with Interior Minister Ahmad Vahidi [responding](#) that "some want to disturb the public opinion by spreading rumors and lies." On November 16, Raisi responded in [saying](#) that "the nomination is based on competence and merit. Camaraderie, family, and media pressure do not affect my choice."

Yet, over twenty high-ranking officials [are relatives](#) of Raisi, his wife, or other top government officials. Moreover, Mahmoud Ahmadi-Bighash, the former governor of Khorasan Province, gave a speech on the parliament floor [claiming](#) "all happenings and appointments" in the government required approval by President Raisi's son-in-law, Meghdad Nili.

Since the beginning of March 2021, about three months prior to Raisi taking office, embezzlement cases increased 333 percent in terms of the total amount of money embezzled, [said](#) Mohammad Reza Moghimi, the head of the Economic Security Police.

The Metropol Building Collapse

The four-year-old Metropol building in Abadan, Iran collapsed on May 23, 2022, [killing over 41 people](#) and injuring many others. The building's collapse inflamed popular grievances against the regime that were already running high given economic disparities, inflation, poverty, and a recent decision made by the Raisi administration [to cut back on bread subsidies](#).

Protesters took to the street [to demonstrate](#) against corruption and mismanagement, as they accused well-connected individuals of bypassing industry regulations and endangering people's lives. Some of them chanted "[Khamenei is a murderer](#)," and other anti-regime slogans. They were met with regime security forces, while the IRGC [refused](#) to provide the necessary cargo planes for the transport of supplies to the site of the collapsed building.

The head of Iran's Construction Engineering Organization, Hamzeh Shakib, [said](#) that on multiple occasions his organization pointed out flaws in the proposal to build new floors, but the Abadan municipality, which had the authority to stop the construction, ignored the warnings, and allowed the construction to get underway illegally. Abadan municipality approved the addition and [did not inform](#) the Construction Engineering Organization of the permit, which was issued sometime after the lead engineer in the Construction Engineering Organization [was fired](#) when he refused to sign a permit for the addition.

The current governor of Khuzestan province, Sadegh Khalilian, [said](#) "the building was erected on the foundation of corruption and unhealthy relations." 13 people, including three former mayors, [have been arrested](#) in connection with the building's collapse.

The Suspects

Initially, [it was reported](#) that Hossein Abdolbaghi, the builder and owner of the Metropol Towers, was arrested, but the prosecutor general of Khuzestan province, Sadegh Jafari-Chegeni, told the judiciary's news agency that he was killed in the collapse of the towers. Thus, suspicions and [rumors](#) emerged. Some say that he left the building before it collapsed, and his influential connections helped him evacuate Iran to

avoid investigation for his alleged crimes. An audio tape revealed that a coroner worker [resisted pressure](#) to issue a death certificate for an unidentified body in his name.

[Ali Shamkhani](#), a former IRGC admiral and the current secretary of Iran's Supreme National Security Council, and his nephew, Moud Shamkhani, may have been involved in the efforts to circumvent the authorities that called into question the safety of the building and denied requests to build additional floors. Ali Shamkhani is [believed](#) to have been involved in Abdolbaghi Holding's management, and closely connected to [corrupt construction projects](#) involving the IRGC. Shamkhani also [sits on the board](#) of Arvand Free Trade Zone, which reportedly issued the Metropol building permit.

Moud Shamkhani, who Ali Shamkhani [appointed](#) as his representative at the Arvand Free Trade Zone, was deputy director of the Abadan branch at the time the permit was issued. He [allegedly lobbied](#) for Abdolbaghi to get approval from city and provincial authorities for building projects.

In addition to Ali and Moud Shamkhani, Iranian citizens [suspect](#) former Khuzestan Governor Gholamreza Shariati, former Abadan Mayor Hossein Hamidpur, former Expediency Council Secretary Mohsen Rezaei, head of the Arvand Free Trade Zone Esmail Zamani, Deputy Governor-General of Khuzestan Province Mahmoud Shirazi, and IRGC commander Mohammad Forouzandeh Behbahani were involved in the Metropol project given their close ties to Abdolbaghi.

Reports indicate that current Deputy Governor-General of Khuzestan Province Mahmoud Shirazi authorized construction of the Metropol despite safety concerns. Abdolbaghi [allegedly offered](#) to make Shirazi his partner in a major construction project in Karaj in exchange for the Metropol building permit.

Shariati and Hamidpur [stand accused](#) of providing land and funds to Abdolbaghi. Even Vice President Mohammad Mokhber might have been involved, as he [sat on the board](#) of the Arvand Free Trade Zone in Abadan, where Abdolbaghi had been accused of financial corruption.

The IRGC's Khatam al-Anbiya Construction Headquarters, in addition to the regime's Free Trade Organization, the Khuzestan province governor's office, and the Abadan municipality, all provided real estate to Abdolbaghi and his holding company, some of which was [confiscated from ordinary people](#). Although the precise terms of the land deals have not come to light, Abdolbaghi's rapid take-over of the real estate industry in Khuzestan province [raises red flags](#). He managed several government-funded construction projects on some of the most valuable land in Khuzestan, [including](#) a hospital and prison.

Iranian Vice President Mohammad Mokhber [called for an investigation](#) into Abdolbaghi's other construction projects, alleging "extensive corruption" between the owner, contractor, and regulatory bodies on the Metropol project, and citing the possibility of other regulatory breaches and danger to the public. The officials involved, though, may never be investigated or prosecuted given their rank within the Iranian establishment. The Iranian judiciary already appears to have [exculpated](#) former Governor Shariati.

The IRGC and other government agencies [supported](#) Abdolbaghi Holding, not only on the Metropol project, but others in the Khuzestan province. The Metropol collapse has thus become a symbol not only of corruption in the way that regulations were circumvented under pressure from high-ranking officials, but also the cronyism that allows companies to acquire excessive wealth.

The Metropol collapse is not the first of its kind and will probably not be the last. Nine years ago, a building constructed by Abdolbaghi Holding collapsed, and [no one was held accountable](#). In 2017, a high-rise building in Tehran (owned by the Mostazafan Foundation) [caught fire and collapsed](#) after safety issues had

been ignored. Subsequently, the Iranian Construction Engineers League carried out an investigation into the safety of buildings across Iran, and [identified](#) 170 unsafe buildings. The head of the Iranian fire department [identified](#) 33,000 insecure buildings.

The Judiciary

In 2018, Iran's supreme leader, who oversees the judiciary, [ordered](#) the creation of special corruption courts. [According](#) to Al-Monitor, these courts have reportedly issued 978 verdicts since August 2018, with nine defendants sentenced to death and four to life imprisonment. But given the lack of a truly independent judiciary in Iran and its own record on corruption, such courts can only be expected to target corruption in a piecemeal, rather than systematic manner.

Ebrahim Raisi was [appointed](#) to run the judiciary in 2019, whereby he nurtured the reputation of an anti-corruption prosecutor in cases against lawyers and judges. In some instances, these cases were attacks on political foes, but they shed some light on corruption within Iran's judicial system.

Judiciary officials, including former Judiciary Chief [Sadegh Amoli Larijani](#), and his deputy, Akbar Tabari, allegedly engaged in embezzlement, money laundering, and bribery. Sadegh Larijani, who served at the helm of the judiciary from 2009-19 as Raisi's predecessor, stood [accused](#) of depositing bail funds into 63 bank accounts under his name. Anonymous sources on a Telegram channel in Iran [claimed](#) more than £50 million in public funds were transferred into Larijani's bank accounts annually.

Larijani responded to the accusations in [exclaiming](#): "several media outlets criticize the judiciary for the slightest thing, which is due to ignorance of the law and some political tendencies." Raisi's investigations resulted in a report published on June 5, 2020 that [found](#) "the total profits of the mentioned accounts in 2019 were more than \$32.5 million dollars but \$30.3 million have been spent".

Khamenei [publicly defended](#) Larijani, and he escaped prosecution. However, his deputy was [arrested and sentenced](#) to 31 years in prison for corruption. In a trial broadcast live on Iranian television, Tabari [was accused](#) of leading a "criminal group" of officials within the department receiving bribes in exchange for influencing legal cases and procedures in favor of senior Iranian officials. He is believed to have received more than \$5 million dollars in land, villas, luxury apartments, and cash. When asked in court about a villa in Lavasan that he had received as a bribe, he [responded](#) "It is about friendship, if you don't have such friends it's not my problem."

But the allegations of corruption extend to lower-ranking judges as well. Ebrahim Raisi [fired](#) 60 judges over financial irregularities between early May and June 2019 alone. In May 2021, a month before the Iranian presidential elections in which Raisi ran on an anti-corruption platform, the judiciary [announced](#) a total of 200 judiciary staff members and 161 lawyers were arrested, and 1,000 judges were dismissed.

Speaker of Parliament Mohammad Bagher Ghalibaf

A former IRGC officer and mayor of Tehran, Parliament Speaker [Mohammad Bagher Ghalibaf](#) is a "[household name](#)" in many corruption cases in the Islamic Republic, yet he continues to avoid prosecution, some say because he is [a close relative](#) to Supreme Leader Ali Khamenei. His proximity to multiple corruption cases was particularly pronounced during his tenure as mayor of Tehran (2005-2017).

It is [widely believed](#) that then Mayor Ghalibaf gave a total of 71,397 square meters of land to his wife's charity, the [Imam Reza Charity](#), apart from a separate \$100 million dollars. Moreover, a classified report by the State Audit Organization showed up to \$500 million dollars-worth of property had been sold at a discount or given to close associates of Ghalibaf while he was mayor. At least 200 government-owned properties in Tehran were sold at a [50 percent discount](#) to Ghalibaf's associates. The publisher of the documents, Yashar Soltani, [was arrested](#).

Ghalibaf [allegedly bribed](#) a former member of parliament, Abolfazl Mousavi, to the tune of 650 billion rials (\$22 million dollars) to prevent an investigation into [the multi-million dollar property fraud case](#), but whether he will be tried for fraud or bribery remains in doubt.

Former MP Mousavi [was arrested](#) in connection with the 22 million dollar bribe from Tehran municipality. Ghalibaf's deputy, Issa Sharifi, was arrested in September 2017 in the fraud case, [charged](#) by a military prosecutor as having engaged in \$22 million dollars-worth of corruption (well short of the \$5 billion dollars alleged by the newly-installed city council), and in 2021 [sentenced](#) to 20 years in prison and fined for corruption. According to the lawsuit against Sharifi, financial irregularities [totaling 13 trillion rials](#) (\$440 million dollars) occurred under the former mayor's watch.

The former mayor is also known to have [mismanaged a massive budget](#) in building flashy highways, malls, and residential towers on IRGC land, instead of much-needed transportation infrastructure between northern Tehran and the southern reaches of the city. In 2017, the Tehran City Council said that a huge amount of money was spent on the [Sadr Expressway](#) without adequate research into the project, and thus it failed to ameliorate the traffic congestion on roads running east to west of Tehran. In fact, urban experts say that the infrastructure project, which costed up to \$2.5 billion dollars, made traffic worse. Ghalibaf's investments in the artificial [Chitgar Lake](#) in northwestern Tehran resulted in environmental degradation, because the trees in the area were deprived of the underground irrigation system whose water was illegally diverted to the lake.

In April 2022, photographs taken of the parliament speaker carrying excess luggage, including carriages, baby clothing, and accessories, on his return trip from Turkey, [circulated the internet](#), prompting calls for him to resign. As many Iranians are suffering due to a weak domestic economy, these images are damning, especially because he claims to be a champion of the poor and [once rebuked](#) a politician for doing the exact same thing in Italy. Khabar Online, a conservative Iranian news outlet, [blasted](#) Ghalibaf, saying that his "lies and hypocrisy... have devastated Iranian politics and power."

The IRGC: A Corrupt Conglomerate

The IRGC, empowered under Iran's past presidents, is at the forefront of corruption in Iran today. Designed to safeguard the Islamic Revolution and maintain an ideologically austere ethos, the IRGC has become increasingly corrupt and materialistic.

The IRGC now owns billions in assets and controls hundreds of shell corporations. The organization is commonly awarded [no-bid contracts without independent oversight](#) in Iran's lucrative energy sector and across the economy. The IRGC claims that its profits then go into the national treasury, but there are [no public records](#) to verify this.

Wealth also came historically from the IRGC's immense smuggling operations. The IRGC leveraged its economic and political influence to corner Iran's [\\$12 billion smuggling industry](#) by illegally importing vast

quantities of goods through [IRGC-controlled jetties and airport terminals](#) that operate outside the jurisdiction of Iranian customs authorities.

As a result of the IRGC's financial penetration, it is estimated that [IRGC control of the economy “range\[s\] from a third to nearly two-thirds of Iran's GDP – amounting to tens of billions of dollars.”](#) The IRGC is [estimated to own at least half of Iran's government-owned companies and control 68 percent of Iran's total exports](#). With this newfound wealth, [the IRGC has been importing expensive luxury cars](#).

The IRGC has also embezzled funds from the City of Tehran—its Cooperative Foundation stands [accused](#) of embezzling more than \$1 billion. U.S. Secretary of State Mike Pompeo has labeled them “racketeers, not revolutionaries.”

A circular firing squad among power centers has developed, with Iran's president deflecting allegations of corruption within his own administration by [accusing](#) unnamed military organizations—for instance, the IRGC—about why auditing is not done on them but done on his government.

Yas Holding

In 2019, Mohammad Hossein Rostami, the former director of Ammariyoun, a hardline media outlet affiliated with the IRGC, [released an audio recording](#) from prison. People close to former President Ahmadinejad subsequently circulated the recording in which Rostami makes accusations against the current IRGC intelligence chief, Hossein Taeb. He blamed Taeb for (and called into doubt the veracity of) IRGC allegations that led to his prosecution.

The IRGC alleged that Rostami had sent information to an opposition Iranian Telegram channel, Amad News. During his prosecution in 2016, a state-controlled T.V. network [aired video footage](#) produced by the IRGC in which Rostami is accused of receiving money and providing information on Iranian troops in Syria to Israel. He [was sentenced](#) to ten years in prison for espionage.

In the recording he released from prison, Rostami [alleged](#) that Taeb discredited and framed him to protect himself against his knowledge of Taeb's corrupt dealings with Yas Holding, a subsidiary owned by the IRGC's Cooperative Foundation that [operates](#) as a dealer and subcontractor in the housing sector.

In February 2022, Radio Farda, a Persian news channel of U.S.-funded Radio Free Europe, [published a separate audio recording](#), whose authenticity was later [confirmed](#) by Iran's state-owned Fars News, of a conversation between former top IRGC Commander Mohammad Ali Jafari, and his economic affairs deputy, Sadegh Zolghadr, implicating former IRGC Quds Force Commander [Qassem Soleimani](#), then Mayor of Tehran [Mohammad Bagher Ghalibaf](#), and Taeb. The recording shows that Ghalibaf, while mayor, sought to cover up some 80 trillion rials (\$3 billion dollars) embezzled by Yas Holding and Tehran municipality.

The tape recorded then IRGC Economic Affairs Deputy Zolghadr telling then IRGC Commander Jafari that he had refused to do what Ghalibaf wanted him to do—that is, sign a false memorandum between the IRGC and Tehran to cover up the missing funds [identified](#) in an audit of the Cooperative Foundation—given that it would reflect badly on the both of them. According to these tape recordings, Taeb, who is close to the Supreme Leader, [supported](#) Ghalibaf's plan. Moreover, high-ranking officials, including Soleimani, [knew about the financial crimes](#), which contradicted the Supreme Leader's order that 90 percent of the money earned by Yas Holding through its real estate dealings be used to finance the Quds Force.

Yas Holding, like other opaque, state-sponsored trusts that the IRGC uses to fund its operations without

public scrutiny, [offers a means](#) for the IRGC's Quds Force to avoid stirring up popular discontent with the diversion of state funds to foreign terrorist groups. Given that Iran's economy is reeling under international sanctions imposed, in part, because of Iran's support for foreign terrorist organizations, many Iranians believe that state funds should be allocated to the domestic economy, rather than the Quds Force, and disagree with the state's radical and expansionary foreign policy.

Yet, the lack of transparency into the finances of the military will likely not change anytime soon, as Iran's parliament recently [exempted](#) the Iranian armed forces, which includes the IRGC, from legislation aimed at increasing the transparency of the executive, legislative, and judicial branches of government. In a nod to the objectionable tactics of the MOIS and the IRGC's Intelligence Department, Salman Zaker, an MP from West Azerbaijan province, justified the exemptions in [saying](#) "[these intelligence agencies] should not be subject to transparency laws if we want [them] to gain information to preserve the Islamic Revolution's security."

Bonyads

The Iranian state dominates the economy by ensuring that bonyads—purported charities controlled by regime insiders—are allowed to monopolize key industries.

Bonyads are poised to increase their influence in the economy, given that Raisi [has appointed](#) many officials who formerly or currently hold top posts in prominent bonyads, such as Vice President Mohammad Mokhber (SETAD), Oil Minister Javad Oji (Mostazafan Foundation), and Intelligence Minister Esmail Khatib (AQR). While these appointments do not necessarily indicate corruption, empowering monopolies will lead to further [corruption and mismanagement](#).

A former government minister, Behzad Nabavi, [remarked](#) that "there are four institutions which control 60 percent of the national [Iranian] wealth. This includes Executive Headquarters of Imam's Directive, [the IRGC-run] Khatam-al-Anbiay Base, Astan-e Quds, and Foundation of the Oppressed and Disabled. None of these institutions are connected with the government and parliament."

On top of the profits that they gain through business activities, bonyads can be [publicly-funded](#) and are typically tax-exempt, yet their finances remain opaque to the public, and its officials unaccountable. The Supreme Leader's accounting firm, Mofid Rahbar, which the U.S. Treasury Department [sanctioned](#) on January 13, 2021, retains exclusive oversight over major bonyads, granting Khamenei the power to [grow a patronage network](#) of loyal clerics, politicians, and generals by shielding them, and the monopolies they are appointed to run, from public scrutiny.

Regime elites in charge of bonyads commonly find their way into official government posts [based on patronage links](#), rather than qualifications. For example, Vice President [Mohammad Mokhber](#) was a former deputy at the Mostazafan Foundation, former head of SETAD, and then became vice president. President [Ebrahim Raisi](#) was custodian of AQR and a trustee at SETAD, before he became chief justice, and then president.

Yet, in the 2021 Iran presidential debates, Mohsen Mehr Alizadeh, a presidential candidate, asserted that Raisi's "[six literacy classes](#)" did not qualify him to run the country, while acknowledging his religious credentials. Raisi's campaign website [says](#) he has a doctorate in law and jurisprudence from Mottahari University, but these credentials, which he claims date back to his years as Prosecutor of the Islamic Revolution in Karaj, [have been debated](#), as that posting would have required a full-time presence.

A transparency law passed in May 2022 [reportedly](#) applies to all private institutions in charge of public

services, including charities (bonyads), yet it remains unlikely that the Office of the Supreme Leader (Beit-e Rahbari) will yield its oversight privileges, for that would weaken the bonyads' purpose as a revolving door to public office for regime loyalists.

Setad Ejraiye Farmane Hazrate Emam (SETAD)

SETAD was founded by Ayatollah Khomeini in the latter part of his reign to manage abandoned properties in the aftermath of the Islamic Revolution of 1979. [According](#) to the Treasury Department, SETAD, “through two main subsidiaries, oversees a labyrinth of 37 ostensibly private businesses, many of which are front companies. The purpose of the network is to generate and control massive, off-the-books investments, shielded from the view of the Iranian people and international regulators.”

According to a 2013 investigation by [Reuters](#), SETAD is directly controlled by the supreme leader, has assets totaling \$95 billion, and is has no external supervisory structure. Per Reuters, “[t]he revenue stream generated by Setad helps explain why Khamenei has not only held on for 24 years... Setad gives him the financial means to operate independently of parliament and the national budget, insulating him from Iran's messy factional infighting.”

In addition to SETAD's lack of accountability, it has engaged in self-dealing. For example, in 2016, the National Iranian Oil Company (NIOC), which the U.S. Treasury Department has dubbed an agent or affiliate of the IRGC, [signed](#) its first oil output contract with Persia Oil & Gas Industry Development Company, an Iranian firm that is a subsidiary of SETAD.

It's within this context that Iran's protests envelop the country—a country plagued by opacity, unaccountability, and corruption and mismanagement scandals across successive presidential administrations and branches of government.

Astan Quds Razavi (AQR)

Purportedly a charity organization in charge of the Imam Reza Shrine in Mashhad, AQR is a vast business empire with extensive financial interests in key sectors of the Iranian economy, including construction, agriculture, energy, telecommunications, and financial services. The organization, like other bonyads, acts as a “[vital economic artery](#)” for regime officials, and maintains close ties with the IRGC.

AQR collects [billions of dollars in donations](#) every year that are intended for the Imam Reza Shrine, in addition to tax-exempt business profits, and government funding. The organization manages assets reportedly worth [\\$15 billion dollars](#), with [6 major holding companies and 351 firms](#). The bonyad is one of the largest land owners in the Middle East, operates major infrastructure and power lines, and controls pivotal public services, including finance, media, and education. For example, AQR owns an insurance brokerage firm, a currency exchange office, and two prominent universities: Imam Reza International University and Razavi University of Islamic Sciences.

The U.S. Treasury Department sanctioned AQR along with its leader, Ahmad Marvi, on January 13, 2021, explaining in [its press release](#) that AQR “assets have been used by the Supreme Leader Ali Khamenei to enrich his office, reward his political allies, and persecute the regime's perceived enemies.”

Mostazafan Foundation

A U.S. Treasury Department [press release](#) issued to explain the department's decision to designate the

Mostazafan Foundation on November 18, 2020 notes that the bonyad purports to be a charity devoted to the poor and oppressed, but is in reality an immense profit-seeking business conglomerate with some 160 holdings in key sectors of Iran’s economy. Many of its holdings were “expropriated from the Iranian people and used by the Supreme Leader Ali Khamenei to enrich his office, reward his political allies, and persecute the regime’s enemies.” The OFAC designations target Parviz Fattah—a former IRGC official and former Minister of Energy who now leads Mostazafan—and 50 subsidiaries owned by the multi-billion-dollar enterprise, some of which are listed in the press release.

Like other bonyads, the Mostazafan Foundation receives state benefits and is tax exempt, but faces no government oversight except that of the Office of the Supreme Leader. Its opaque finances are funneled to other U.S.-designated entities, including the IRGC. Former IRGC Quds Force commander Qassem Soleimani [requested of Parviz Fattah](#) that his organization provide financing for the Fatemiyoun Brigade, a militia composed of Afghans, sometimes as young as 14 years old, stood up by the Quds Force to deploy to Syria in support of Assad. The bonyads’ properties [are occupied](#) by the IRGC, the Iranian Navy, the Iranian Parliament (Majlis), and former President Mahmoud Ahmadinejad for free.