

Exclusive: Reuters investigates business empire of Iran's supreme leader



Iran's supreme leader Ayatollah Ali Khamenei controls a business empire worth around \$95 billion - a sum exceeding the value of his oil-rich nation's current annual petroleum exports - a six-month Reuters investigation shows.

The little-known organization, called Setad, is one of the keys to the Iranian leader's enduring power and now holds stakes in nearly every sector of Iranian industry, including finance, oil, telecommunications, the production of birth-control pills and even ostrich farming.

Setad has built its empire on the systematic seizure of thousands of properties belonging to ordinary Iranians - members of religious minorities, Shi'ite Muslims, business people and Iranians living abroad.

The Reuters investigation, which is detailed in a three-part series, documents how Setad has amassed a giant portfolio of real estate by claiming in Iranian courts, sometimes falsely, that the properties are abandoned. The organization now holds a court-ordered

monopoly on taking property in the name of the supreme leader, and regularly sells the seized properties at auction or seeks to extract payments from the original owners.

Reuters reporters identified nearly 300 properties that Setad put up for auction in May alone, many worth millions of dollars.

The series can be viewed [here](#)

The organization's full name in Persian is "Setad Ejraiye Farmane Hazrate Emam" - Headquarters for Executing the Order of the Imam. The name refers to an edict signed by the Islamic Republic's first leader, Ayatollah Ruhollah Khomeini, shortly before his death in 1989. His order spawned an entity intended to manage and sell properties abandoned in the chaotic years after the 1979 Islamic Revolution.

According to one of its co-founders, Setad was created to help the poor and war veterans and was meant to exist for just two years.

Almost a quarter-century on, Setad has morphed into a business juggernaut with real estate, corporate stakes and other assets. While Setad controls a charitable foundation, it's not clear how much money goes to charity.

Under Khamenei, the organization has expanded its corporate holdings, buying stakes in dozens of Iranian companies, both private and public, with the stated goal of creating an Iranian conglomerate to boost the country's economic growth.

The supreme leader, judges and parliament over the years have issued a series of bureaucratic edicts, constitutional interpretations and judicial decisions bolstering Setad. "No supervisory organization can question its property," said Naghi Mahmoudi, an Iranian lawyer who left Iran in 2010 and now lives in Germany.

In June, the U.S. Treasury Department imposed sanctions on Setad and some of its corporate holdings, calling the organization "a massive network of front companies hiding assets on behalf of ... Iran's leadership."

The Iranian president's office and the foreign ministry did not respond to requests for comment for the series. Iran's embassy in the United Arab Emirates called Reuters' findings "scattered and disparate" and said that "none has any basis" but did not elaborate.

Setad's director general of public relations, Hamid Vaezi, said by email in response to a detailed description of this series that the information presented is "far from realities and is not correct." He did not go into specifics.

In a subsequent message, he said Setad disputes the Treasury's allegations and is "in the process of retaining U.S. counsel to address this matter." He added: "This communication puts you on notice that any action by your organization could prejudice our dispute in the United States and harm our position for which we hold you responsible."

Setad's total worth is difficult to pinpoint because of the secrecy of its accounts. Reuters estimates it at around \$95 billion, made up of about \$52 billion in real estate and \$43 billion in corporate holdings. The estimate is based on an analysis of statements by Setad officials, data from the Tehran Stock Exchange and company websites, and information from the U.S. Treasury Department. The amount is roughly 40 percent bigger than Iran's total oil exports last year, which totaled \$67.4 billion, according to the International Monetary Fund.

There is no evidence that Khamenei is tapping Setad to enrich himself. But Setad has empowered him. Through Setad, Khamenei has at his disposal financial resources whose value rivals the holdings of the shah, the Western-backed monarch who was overthrown in 1979.

As Iran's top cleric, Khamenei has final say on all governmental matters. His purview includes his nation's controversial nuclear program, which was the subject of intense negotiations between Iranian and international diplomats in Geneva that ended Sunday without an agreement. It is Khamenei who will set Iran's course in the nuclear talks and other recent efforts by the new president, Hassan Rouhani, to improve relations with Washington.

The investigation into Setad shows that as well as political power and military force there is a third dimension to Khamenei's power: economic might. The revenue stream generated by Setad helps explain why he has not only held on for 24 years but also in some ways has more control than even his revered predecessor. Setad gives him the financial means to operate independently of parliament and the national budget, insulating him from Iran's messy factional infighting.
