OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California

United States Attorney
Laura E. Duffy

For Further Information, Contact:

Assistant U.S. Attorney Emily W. Allen (619) 546-9738

For Immediate Release

FIRST CO-DEFENDANT IN MULTI-MILLION DOLLAR REAL ESTATE DEED THEFT SCHEME SENTENCED TO PRISON

"INVESTORS" PRETENDED TO OWN—AND THEN SELL—PROPERTIES WORTH MORE THAN $3.6 MILLION

NEWS RELEASE SUMMARY – October 24, 2016

SAN DIEGO – Daniel Deaibes was sentenced today to 24 months for his role in a scheme to steal title to Southern California homes and then "sell" the properties to unsuspecting buyers – before the buyers realized who the true owners were.

From September 2012 through their arrest in November 2014, Deaibes and his co-conspirators, including co-defendants Mazen Alzoubi and Mohamed Daoud, fraudulently sold or attempted to sell at least 15 homes worth more than $3.6 million that actually never belonged to them. On at least 10 occasions, they were successful—earning illicit proceeds of nearly $2.2 million.

Deaibes pleaded guilty in March 2015 to participating in the fraud and was sentenced today by U.S. District Judge Cynthia Bashant. As part of this plea, Deaibes admitted that he used aliases to deceive escrow and title officers into believing that he was "John Moran," and that he was the true owner of property that was being marketed for sale. In fact, "John Moran" did not exist, and Deaibes and his co-conspirators planned to fraudulently sell the properties, divert the proceeds to their own bank accounts, and then quickly disburse the money overseas. On at least three occasions, Deaibes, posing as "Moran" and presenting a fake driver's license, appeared before notaries to sign title documents and property deeds.

To make it appear that they owned these properties, the co-conspirators generated forged deeds that made it appear the true property owner had sold his or her home to a sham real estate "investment" business the co-conspirators controlled. They forged the true owners' signatures on the deeds, and used forged notary stamps to make them appear legitimate. In reality, though, the true owners were entirely unaware of the pretend sales. Once the fraudulent documents were recorded in the chain of title, Alzoubi (using aliases and stolen identities) listed the properties for sale, posing to buyers, escrow companies, and title officers as the new owner. In this way, the co-conspirators collected all the proceeds of the sale, and the true owners were left with nothing.

Alzoubi, the ringleader of the fraudulent scheme, assumed multiple fake identities to keep the scheme going. He also posed as real people, pretending on one occasion that he was an attorney for one of the true owners. (Unbeknownst to Alzoubi at the time, he was talking to an undercover federal agent.) As a result of his greater role in the scheme, Alzoubi was charged with, and in January 2016 pleaded guilty to, aggravated identity theft, which carries a mandatory sentence of two years in prison in addition to his sentence for the fraud and money laundering. His sentencing is scheduled for November 7, 2016, at 9:00 am, before Judge Bashant.

Mohamed Daoud also pleaded guilty, in July 2015, admitting that he helped Alzoubi launder the proceeds of the scheme. They used Daoud's company, "Norway LLC," to pretend to acquire title to some of the properties. Daoud received approximately $270,000 in proceeds. In December 2015, before he was sentenced, Daoud fled the country and is now a fugitive.

Most of the properties the co-conspirators "sold" were post-foreclosure properties owned by banks or institutions such as Fannie Mae and Freddie Mac. Fannie Mae and Freddie Mac are government-sponsored enterprises with a mission to provide liquidity, stability, and affordability to the United States housing and mortgage markets. As part of this mission, Fannie Mae and Freddie Mac purchase residential mortgages in the secondary market, enabling lenders to replenish their funds to finance additional single family loans. Fannie Mae and Freddie Mac can become the property owners if they own the mortgage loan at the time a home is foreclosed.

"Schemes like this one undermine the public's confidence in their most personal and important investment, their homes," said U.S. Attorney Laura Duffy. "I am committed to prosecuting people who continue to prey on the victims of the devastating mortgage meltdown, and sending those criminals to prison."

"This scheme was designed to literally rip home ownership right out of the hands of innocent victims, and for those victims the costs were far greater than a title to a house," said Leslie P. DeMarco, Special Agent in Charge, Western Region. "This scheme is callous and the perpetrators deserve the punishment set out for them. FHFA-OIG remains committed to our relentless pursuit of individuals who try to profit from the aftermath of the housing crisis."

“Fraud targeting a family’s home, the heart of a family’s financial investment, has a ripple effect through our nation’s economy,” said FBI Special Agent in Charge Eric S. Birnbaum. “The FBI is committed to investigate and uncover schemes by those who defraud homeowners.”

In addition to his jail sentence, Deaibes was ordered to pay $1,819,591 in restitution to the victims of the fraud.

DEFENDANT:

Daniel Deaibes, 14CR3325-BAS Age: 38 Rancho Cucamonga, CA

COUNT ONE: Mail fraud, in violation of 18 U.S.C. § 1341
Maximum Penalties: 20 years’ imprisonment, $250,000 fine or twice the pecuniary gain or loss resulting from the offense, $100 special assessment, restitution.

CO-DEFENDANTS:

Mazen Alzoubi, 14CR3325-BAS Age: 33 Rancho Cucamonga, CA

COUNT ONE: Conspiracy to commit mail fraud and wire fraud, in violation of 18 U.S.C. § 1349.
Maximum Penalties: 20 years’ imprisonment, $250,000 fine or twice the pecuniary gain or loss resulting from the offense, $100 special assessment, restitution, and forfeiture.

COUNT TWO: Mail fraud, in violation of 18 U.S.C. § 1341.
Maximum Penalties: 20 years’ imprisonment, $250,000 fine or twice the pecuniary gain or loss resulting from the offense, $100 special assessment, restitution.

COUNTS THREE AND FOUR: Aggravated identity theft, in violation of 18 U.S.C. § 1028A.
Maximum Penalties: mandatory 2 years’ imprisonment, consecutive to any other term of imprisonment, $250,000 fine, $100 special assessment, restitution.

COUNT FIVE: Conspiracy to launder money, in violation of 18 U.S.C. § 1956(h).
Maximum Penalties: 20 years’ imprisonment, $500,000 fine or twice the value of the property involved in the transaction, $100 special assessment, restitution, and forfeiture.

Mohamed Daoud, 14CR3326-BAS Age: 53 Norway

COUNT ONE: Conspiracy to launder money, in violation of 18 U.S.C. § 1956(h)
Maximum Penalties: 20 years’ imprisonment, $500,000 fine or twice the value of the property involved in the transaction, $100 special assessment, restitution, and forfeiture.

AGENCIES

Federal Housing Finance Agency – Office of Inspector General
Federal Bureau of Investigation

Kelly Thornton
Director of Media Relations
Office of the U.S. Attorney
Southern District of California
619.546.9726