

NEWS RELEASE



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SOUTHERN DISTRICT OF CALIFORNIA
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For Immediate Release

**SECOND DEFENDANT PLEADS GUILTY; ADMITS
HIS ROLE IN COMPLEX SCAM TO STEAL
SOUTHERN CALIFORNIA HOMES**

***BUSINESS OWNER ADMITED HE HELPED LAUNDER THE PROCEEDS THROUGH
MULTIPLE BANK ACCOUNTS IN ORDER TO CONCEAL THE SCHEME***

NEWS RELEASE SUMMARY – July 7, 2015

SAN DIEGO – Norwegian businessman Mohamed Daoud has pleaded guilty to laundering the proceeds of a complex scheme to steal real property.

According to his plea agreement, between July 2012 and February 2013, Daoud helped to launder some of the millions of dollars in proceeds generated by a group of confederates who posed as the real owners of Southern California homes in order to “sell” the properties to unsuspecting buyers – who later learned that they had actually purchased nothing. Immediately after each sale, Daoud admitted, the confederates would disburse the money, ensuring that the funds vanished and the buyers could not recover their stolen money.

During his guilty plea yesterday, Daoud admitted that he worked with a co-conspirator who used Daoud’s company, “Norway LLC,” as well as other business names, to pretend to acquire title to properties. The co-conspirator created fake deeds that made it appear the true owners had transferred the property to these

companies, when in fact, the deeds were just forgeries, and the true owners had never really deeded the properties to anyone. He then arranged to have the forged deeds and other official documents recorded at the county recorder's offices, so that the title records would make it appear that he was the property owner.

The confederates used a complex web of aliases and fake identities in order to shield themselves and protect the proceeds of the scheme. They diverted the proceeds of each transaction to bank accounts held in the name of fake businesses, then distributed the money further to conceal and disguise the location of the proceeds. Daoud admitted that during his participation in the money laundering conspiracy, his confederates induced at least six different buyers to purchase properties they did not own, leaving them with worthless claims to title and generating at least \$1.4 million in proceeds from the fraud. Daoud received approximately \$270,000 of the proceeds.

Another co-schemer, Daniel Deaibes, pleaded guilty in March 2015 to participating in the fraud. Deaibes admitted that he and others continued to operate the scheme until November 2014 (when Daoud, Deaibes, and another co-defendant were each indicted and arrested). In total, Daoud and Deaibes have admitted that they and their confederates fraudulently sold or attempted to sell at least 13 homes for more than \$3 million.

As Deaibes admitted during his guilty plea, the schemers even took steps to thwart efforts by the true owners to regain clean title to the properties. In one instance, true owner Fannie Mae discovered that a fraudulent grant deed had been recorded on a property it owned in Rowland Heights, California. Shortly after discovering the fraudulent deed, Fannie Mae filed a lawsuit to recover control over the property and notify prospective buyers of the fraudulent deed. Undeterred, the schemers created a fake "Withdrawal of Lis Pendens" in an effort to proceed with the fraudulent sale. When Fannie Mae won a judgment in its favor and obtained a court finding that the deed was fraudulent, they created a fake "Satisfaction of Judgment" and recorded that fraudulent document as well.

Deaibes also admitted that he used the alias "John Moran" to pose as the seller's representative in several of the fraudulent sales. He introduced himself as "Moran" and presented a fake driver's license to two different notaries in 2014. Deaibes admitted that he signed fraudulent documents using this alias in an effort to sell or encumber properties that belonged to unsuspecting owners.

Most of these properties were actually owned by Fannie Mae and Freddie Mac -- government sponsored enterprises with a mission to provide liquidity, stability, and affordability to the United States housing and mortgage markets. As part of their 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.

U.S. Attorney Laura E. Duffy commented, "The Department of Justice and our law enforcement partners are committed to protecting the recovering housing market from those who misuse the process to commit fraud. We will act aggressively to root out these invidious schemes and to protect the public's confidence in the security of their most important investment, their homes."

Leslie P. DeMarco, Special Agent in Charge, Western Region, Federal Housing Finance Agency -- Office of Inspector General, said: "Mohamed Daoud will be held responsible for his role in a scheme that has caused loss to innocent victims and also worked to undermine the recovery of the housing market. FHFA-OIG will continue to work aggressively with our law enforcement partners to root out fraudsters and

protect the taxpayers and unwitting victims in the housing market.”

Eric S. Birnbaum, FBI Special Agent in Charge in San Diego, commented, “The FBI is committed to working with our law enforcement partners in identifying, disrupting and dismantling complex fraudulent schemes that undermine our economy. Today's conviction is an example of the collective efforts of the FBI and our partners to hold accountable those individuals that seek to steal money from taxpayer funded programs.”

Erick Martinez, Special Agent in Charge, IRS – Criminal Investigation, said, “These types of real estate fraud schemes perpetuated on an unsuspecting public are very damaging to our economy. IRS-CI and our law enforcement partners are committed to protecting the integrity of our recovering housing market and the financial system. IRS-CI has the financial investigators and expertise to uncover these complex fraudulent transactions and follow the money trail to expose money laundering activities by these criminals.”

Daoud’s sentencing is set for September 28 at 9:00 am before U.S. District Judge Cynthia Bashant.

Daoud was arrested at Los Angeles International Airport as he prepared to depart for his home country of Norway. Deaibes and another co-defendant, Mazen Alzoubi, were arrested in November 2014 in a related case and charged with mail fraud. Deaibes is scheduled to be sentenced on August 31, 2015. No trial date has yet been set in Alzoubi’s case.

The investigation into this fraud scheme is continuing. Anyone with information relating to these charges or similar scams is encouraged to contact the San Diego FBI Field Office, (858) 320-1800 or the Federal Housing Finance Agency - Office of Inspector General hotline at (800) 793-7724.

As to defendant Mazen Alzoubi, the public is reminded that the charges are not evidence that the defendant committed the crime charged. The defendant is presumed innocent until the United States meets its burden in court of proving guilt beyond a reasonable doubt.

DEFENDANT PLEADING GUILTY: **Case Number 14CR3326-BAS**

Mohamed Daoud, Age: 50 Norway

CHARGE

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.

DEFENDANTS PREVIOUSLY CHARGED:

Mazen Alzoubi, 14CR3325-BAS	Age: 31 Rancho Cucamonga, CA
Daniel Deaibes, 14CR3325-BAS	Age: 36 Rancho Cucamonga, CA

Charges: Mail fraud, 18 U.S.C. § 1341

AGENCIES

Federal Housing Finance Agency – Office of Inspector General

Federal Bureau of Investigation

Internal Revenue Service – Criminal Investigations