



U.S. Department of Justice

*United States Attorney
Northern District of Illinois*

*Patrick J. Fitzgerald
United States Attorney*

*Federal Building
219 South Dearborn Street, 5th Floor
Chicago, Illinois 60604
(312) 353-5300*

FOR IMMEDIATE RELEASE
WEDNESDAY MARCH 25, 2009
www.usdoj.gov/usao/iln

PRESS CONTACTS:
AUSA Tyler Murray (312) 353-7846
AUSA Christopher Hotaling (312) 353-5324
AUSA Sunil Harjani (312) 353-9353
AUSA Charles Ex (312) 353-4305
Assistant PIO Kim Nerheim (312) 353-5489

**UNDERCOVER OPERATION RESULTS IN FRAUD CHARGES
AGAINST PROFESSIONALS IN THE MORTGAGE LOAN INDUSTRY**

CHICAGO – Federal law enforcement officials announced today that 24 defendants, most of whom are professionals in the mortgage loan industry – including mortgage brokers, loan officers, loan processors, attorneys, accountants, an appraiser, and a banker – were named in 10 indictments charging them with federal offenses relating to mortgage fraud in the Chicago area.

Nine of the indictments were the product of *Operation Madhouse*, an undercover investigation conducted by the Federal Bureau of Investigation and the Department of Housing and Urban Development, Office of Inspector General, in which undercover law enforcement agents posed as straw buyers of houses, seeking assistance in financing and closing fraudulent mortgage transactions. In each of the nine cases, multiple real estate professionals worked to carry out the frauds. Each case involved a different fraudulent mortgage loan arranged by a different group of defendants based in the Chicago area.

Those defendants' roles in the fraudulent transactions, as described in the individual indictments, included, among other things: preparing loan applications and other documents that they knew to contain false information about the undercover agents' identity, employment, and income;

creating (or explaining how the undercover agents could create) fraudulent banking information; fabricating income tax returns; creating fictitious verifications of employment and rental income; creating false appraisals; and submitting the bogus applications and supporting documents to the lenders.

In each of the undercover transactions, a cooperating individual represented that he was selling a house to a nominee buyer who intended to walk away from the property and default on the mortgage after the transaction closed. In reality, the nominee buyers were undercover agents, as were paralegals who assisted in closing the real estate transactions. The houses bought with the fraudulently obtained mortgage loans were actually owned by the federal government. Instead of defaulting on the fraudulently obtained loans after the closings (as the undercover agents had told the defendants they intended to do), the government fully repaid the lenders after each transaction closed.

The nine loans involved in the undercover project totaled approximately \$1.4 million. In the tenth case, which did not result from the undercover investigation, the defendants are alleged to have fraudulently obtained approximately \$4.2 million in loans, causing losses in excess of approximately \$1.1 million.

“Mortgage fraud often happens with the active participation of professionals in the industry,” said Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois. “It is particularly disturbing that the fraud has continued notwithstanding widespread publicity about the real and serious consequences of mortgage fraud. We will continue to use undercover operations like *Operation Madhouse* so that corrupt professionals will have to wonder whether the person sitting across the closing table from them is actually an undercover agent,” he added.

Mr. Fitzgerald announced the charges together with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; and Barry McLaughlin, Special Agent-in-Charge of the U.S. Department of Housing and Urban Development, Office of Inspector General, in Chicago. Officers from the Burbank and Hickory Hills Police Departments also assisted with the investigation.

Mr. Grant said, "We will not stand by while real estate professionals and others exploit the financial system for their personal gain. Mortgage fraud – and the foreclosures and boarded up houses that often follow from it – has a real and significant effect on neighborhoods and property values. The FBI is working tirelessly in every part of the country to protect communities and financial institutions from the effects of mortgage fraud."

All of the charges announced today are felonies and carry maximum penalties of 20 years in prison and a \$250,000 fine on each count of mail and wire fraud, and 30 years in prison and a \$1 million fine on each count of mail or wire fraud affecting a financial institution. If convicted, the Court would determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines. Each indictment also includes a forfeiture allegation to recover from the defendants the proceeds of their schemes.

The public is reminded that indictments contain only charges and are not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

In the Chicago area, 21 defendants were arrested today and were arraigned in district court earlier today.

The cases announced today are:

United States v. Mohammed Ali Moallem and Bahidad Javid (09 CR 228)

Mohammed Ali Moallem, 68, and **Bahidad Javid**, 66, both of Chicago, are charged with wire fraud affecting a financial institution. According to the indictment, **Moallem**, a mortgage broker and the owner of Quantum Financial Mortgage Company in Chicago, assisted by **Javid**, prepared a fraudulent loan application on behalf of an undercover agent posing as the nominee buyer of 4434 W. 117th Street, Alsip, Illinois (“the 117th Street residence”). **Moallem** then allegedly recruited Co-Schemer A, a certified public accountant, who provided an accountant’s letter which falsely represented that tax returns were prepared for the fictitious identity being used by the nominee buyer for the past three years.

The indictment further alleges that **Javid** advised that a fictitious corporation should be used to falsely represent the nominee buyer’s place of employment. **Javid** also allegedly instructed Co-Schemer A to prepare a 2005 tax return falsely reporting income of \$72,000 and a 2006 tax return falsely reporting income of \$75,000, and to prepare a verification of deposit falsely representing that the nominee buyer had an account with a balance of \$91,890.30 at Plaza Bank, all to induce a lending institution to approve the loan application. **Moallem** allegedly purchased a cellular telephone to provide a telephone number that could be called to verify the rental residence of the nominee buyer’s fictitious identity, and advised that the voicemail message for the cell phone should falsely represent that the phone number belonged to a landlord of a rental property.

Moallem and **Javid** allegedly prepared and submitted to First Franklin Financial Corporation a loan application and supporting documents on behalf of an undercover agent posing as a nominee buyer of the 117th Street residence which contained false statements and documents, including false verifications of deposit and employment, and the false accountant letter prepared by Co-Schemer A.

According to the indictment, in May 2007, **Moallem** and **Javid** fraudulently caused First Franklin to lend approximately \$202,300 to an undercover agent posing as the nominee buyer of the 117th Street residence.

United States v. Abe Karn, Donna Books, Hichem Julani and Daniel Lietz (09 CR 229)

Abe Karn, 50, of Oak Lawn, **Donna Brooks**, 41, of Chicago, **Hichem Julani**, 40, of Palos Park, and **Daniel Lietz**, 39, of Channahon, are all charged with wire fraud affecting a financial institution. **Karn**, a mortgage broker and the owner of Interforest Mortgage Company in Palos Heights, and **Brooks**, a loan officer at Interforest, allegedly agreed to fraudulently obtain a loan for an undercover agent posing as the nominee buyer of 305 Reedwood, Joilet, Illinois (“the Reedwood residence”). **Lietz**, a vice president at Charter One Bank, allegedly opened an account in the name of an undercover agent at Charter One Bank, and then prepared a verification of deposit which falsely represented the amount in the account. **Julani**, a licensed appraiser, allegedly prepared an appraisal which mis-described the condition of the property and inflated its value. **Brooks** allegedly prepared a verification of employment falsely representing that the undercover agent worked at a fictitious entity and a verification of rent falsely representing that the undercover agent resided at a Chicago address.

Karn and **Brooks** then allegedly prepared and submitted to IndyMac Bank a loan application and supporting documentation on behalf of an undercover agent posing as the nominee buyer of the Reedwood residence which contain false statements and documents, including the false verification of deposit prepared by **Lietz**, the false verifications of employment and rent prepared by **Brooks**, and the false appraisal prepared by **Julani**. According to the indictment, in July 2007, **Karn**, **Brooks**, **Julani**, and **Lietz** fraudulently caused IndyMac Bank to lend approximately \$180,500 to an undercover agent posing as the nominee buyer of the Reedwood residence.

United States v. Marwan Atieh and Ruwaida Dabbouseh (09 CR 230)

Marwan Atieh, 35, of Tinley Park, and **Ruwaida Dabbouseh**, 58, of Glen Ellyn, were both charged with wire fraud affecting a financial institution. It is alleged that **Atieh**, a mortgage broker at Citiwide Financial in Hanover Park, and **Dabbouseh**, a loan officer at Silo Mortgage Group in Palos Heights, prepared and submitted to Washington Mutual Bank a loan application on behalf of an undercover agent posing as the nominee buyer of a residential property located at 11319 S. Normandy Avenue, Worth, Illinois (“the Normandy residence”), which contained false statements regarding the undercover agent’s identity and employment. In preparing the fraudulent loan application, **Atieh** allegedly explained to **Dabbouseh** and the cooperating individual that because he believed Washington Mutual was closing down, he was not concerned about submitting a fraudulent loan package. According to the indictment, in May 2008, **Atieh** and **Dabbouseh** fraudulently caused Washington Mutual to lend approximately \$144,000 to an undercover agent posing as the nominee buyer of the Normandy residence.

United States v. Ruwaida Dabbouseh and Khalil Qandil (09 CR 231)

Ruwaida Dabbouseh and **Khalil Qandil**, 45, of Oak Lawn, are charged with wire fraud. It is alleged that **Dabbouseh** prepared and submitted to Fieldstone Mortgage Company a loan application on behalf of an undercover agent posing as the nominee buyer of 1058 Four Seasons Boulevard, Aurora, Illinois (“the Four Seasons residence”), which contained false statements concerning the undercover agent’s identity and employment. **Qandil**, the owner and operator of a construction and remodeling business, allegedly submitted to Fieldstone a verification of employment falsely representing that his company employed the undercover agent. According to the charges, in April 2007, **Dabbouseh** and **Qandil** fraudulently caused Fieldstone to lend approximately \$153,000 to an undercover agent posing as the nominee buyer of the Four Seasons residence.

United States v. Khaja Moinuddin, Mohammed Nasir and Ruwaida Dabbouseh (09 CR 232)

Khaja Moinuddin, 64, of Bloomingdale, **Mohammed Nasir**, 52, of Glendale Heights, and **Ruwaida Dabbouseh** were charged with wire fraud. The indictment alleges that **Moinuddin**, a mortgage broker at First Choice Mortgage in Bloomingdale, **Nasir**, a loan officer at First Choice, and **Dabbouseh** prepared and submitted to Comcor Mortgage a loan application on behalf of an undercover agent posing as the nominee buyer of a residential property located at 439 S. Elmwood Drive, Aurora, Illinois (“the Elmwood residence”), which contained false statements regarding the undercover agent’s identity and employment. According to the indictment, in March 2008, **Moinuddin**, **Nasir** and **Dabbouseh** fraudulently caused Comcor to lend \$153,000 to an undercover agent posing as the nominee buyer of the Elmwood residence.

United States v. Louis L. Javell, Aysha M. Arroyo, and Juan Gil (09 CR 233)

Louis L. Javell, 36, **Aysha M. Arroyo**, 32, and **Juan Gil**, 45, all of Chicago, are charged with wire fraud affecting a financial institution. According to the indictment, **Javell**, a mortgage broker and owner of Bell Capital Real Estate in Chicago, and **Arroyo**, an employee at Bell Capital, met a cooperating individual and an undercover agent at Bell Capital to discuss obtaining documents which would falsely represent the undercover agent’s financial condition and banking history. **Arroyo** allegedly suggested having a banker open a new account in the name of the undercover agent and back-date the records to make it appear that the account had been open longer. **Javell** and **Arroyo** also allegedly suggested adding the undercover agent’s name to a pre-existing bank account to make it appear as if the undercover agent had an established financial history. According to the charges, **Gil** provided a verification of rent falsely representing that the undercover agent had resided at a Chicago address since March 2004.

Javell and **Arroyo** allegedly prepared and submitted to Countrywide Home Loans a loan

application on behalf of the undercover agent posing as the nominee buyer of 2853 W. Everett Street, Blue Island, Illinois (“the Everett residence”), which contained false statements and documents, including the false verification of rent prepared by **Gil** and a verification of deposit containing the false information provided by **Arroyo**. In August 2007, **Javell**, **Arroyo** and **Gil** allegedly fraudulently caused Countrywide to lend approximately \$150,000 to an undercover agent posing as the nominee buyer of the Everett residence.

According to the indictment, after the closing, **Javell** and **Arroyo** cautioned the cooperating individual to make a couple of mortgage payments to Countrywide on the Everett residence loan before defaulting, because they believed that the FBI investigated all first payment mortgage defaults.

United States v. Michael Salem, Hakim A. Jaradat, and Robert Goldberg (09 CR 234)

Michael Salem, 63, of Park Ridge, and **Hakim A. Jaradat**, 65, and **Robert Goldberg**, 88, both of Chicago, are charged with mail and wire fraud affecting a financial institution. According to the indictment, **Jaradat**, a professional tax preparer, provided a cooperating individual with false tax returns for 2005 and 2006 to support a fraudulent loan application on behalf of an undercover agent posing as a nominee buyer of a residence located at 1225 Hickory Road, Homewood, Illinois (“the Hickory residence”). **Jaradat** also allegedly recruited **Goldberg**, owner of a construction company, to provide a false verification of employment for the undercover agent. Subsequently, **Goldberg** allegedly agreed to provide a verification of employment to a mortgage lender which would falsely state that the undercover agent was a supervisor at **Goldberg**’s company.

Salem, a realtor, allegedly prepared and submitted to Countrywide Bank, FSB, a loan application and supporting documentation on behalf of the undercover agent posing as the nominee buyer of the Hickory residence, which contained false statements and documents, including the false

tax returns prepared by **Jaradat**, and the false representation that the nominee buyer worked for **Goldberg's** company. In March 2008, **Salem, Jaradat** and **Goldberg** allegedly fraudulently caused Countrywide to lend approximately \$171,000 to an undercover agent posing as the nominee buyer of the Hickory residence.

United States v. Hakim A. Jaradat, Oscar Paredes, Maryam Khan, and Ruwaida Dabbouseh (09 CR 235)

Hakim A. Jaradat, Oscar Paredes, 28, of Park Ridge, **Maryam Khan**, 29, of Hickory Hills, and **Ruwaida Dabbouseh** are charged with mail and wire fraud affecting a financial institution. According to the indictment, Jaradat offered to assist in fraudulently obtaining a second mortgage loan for a transaction involving the Everett residence, and, specifically, to recruit someone to prepare the fraudulent mortgage loan application. Subsequently, **Paredes** allegedly agreed to assist in fraudulently obtaining a mortgage loan, and suggested, first, that they produce fraudulent copies of tax returns in the name of the nominee buyer which would report income of approximately \$75,000 per year, and second, that they create false documentation representing that the nominee buyer had assets in a pre-existing bank account. **Jaradat** allegedly provided the cooperating individual with false tax returns for 2006 and 2007 in the name of the nominee buyer.

According to the indictment, **Paredes** and **Jaradat** prepared and submitted to AmTrust Bank a loan application and supporting documentation on behalf of an undercover agent posing as the nominee buyer of the Everett residence, which contained false statements and documents, including the false tax returns prepared by **Jaradat**, and a false representation that the undercover agent had approximately \$38,000 in a LaSalle Bank checking account.

After the title company expressed concerns about the difference between the appraised value of the Everett residence and the loan amount, **Dabbouseh** allegedly referred the cooperating individual to **Khan**, an attorney in Palos Heights. **Dabbouseh** and the cooperating individual

allegedly met at **Khan**'s law office and informed **Khan** that the buyer and seller of the Everett residence were only nominees. According to the indictment, **Khan** responded by warning **Dabbouseh** and the cooperating individual about the potential liabilities, both criminal and civil, they all faced by fraudulently obtaining a mortgage loan, and then **Kahn** proceeded to falsely represent to both the title company and the lender that the appraisal was incorrect because of improvements that had been made to the Everett residence subsequent to the appraisal report.

According to the indictment, in May 2008, **Jaradat**, **Paredes**, **Khan** and **Dabbouseh** fraudulently caused AmTrust Bank to lend approximately \$147,250 to an undercover agent posing as the nominee buyer of the Everett residence.

United States v. Babajan Khoshabe, Sunil Kaushal and James Kotz (09 CR 236)

Babajan Khoshabe, 68, and **Sunil Kaushal**, 48, both of Chicago, and **James Kotz**, 48, of Munster, are charged with mail and wire fraud. **Khoshabe**, a mortgage broker and the owner of Nationwide Mortgage Company met with Co-Schemer A, a certified public accountant, a cooperating individual and an undercover agent posing as a nominee buyer of 4153 W. 89th Street, Hometown, Illinois ("the 89th Street residence"), and agreed that he would process a fraudulent mortgage loan provided that at least six mortgage payments were made before defaulting so that **Khoshabe** would not be held accountable for the mortgage loan. **Khoshabe** also allegedly expressed concern that lending institutions would be suspicious because there was no sales contract for the sale of the property, and requested that a contract be obtained. **Kaushal**, a loan officer at Nationwide, allegedly prepared a false verification of employment and verification of rent falsely stating that the undercover agent resided at 6256 S. Spaulding Road, Chicago, Illinois. According to the charges, **Kotz**, an attorney, prepared a power of attorney for the nominee seller, knowing that sale of the 89th Street residence was between persons using false identities for the purpose of defrauding the lender.

Khoshabe and **Kaushal** allegedly prepared and submitted to Equity Mortgage Corporation a loan application and supporting documentation on behalf of an undercover agent posing as the nominee buyer of the 89th Street residence, which contained false statements and documents, including the false verification of rent form prepared by **Kaushal** and the false real estate contract that **Khoshabe** requested. According to the indictment, in April 2008, **Khoshabe**, **Kaushal**, and **Kotz** caused Equity Mortgage Corporation to lend approximately \$144,000 to an undercover agent posing as the nominee buyer of the 89th Street residence.

United States v. Siamak Safavi Fard, Sunil Kaushal, and Noel Parmar (09 CR 247)

Siamak Safavi Fard, 50, of East Dundee, **Sunil Kaushal**, and **Noel Parmar**, 39, of Skokie, are all charged with wire fraud. The indictment alleges that between April 2001 and January 2005, **Fard**, who owned various financial companies, **Kaushal**, and **Parmar**, a loan processor, fraudulently obtained more than \$4.2 million in mortgage loans from numerous financial institutions and lenders, including loans secured by 2713 Norma Court, Glenview; 2962 North Oakley, Chicago; 728 North Ada Street, Chicago; 3057 W. 55th Street, Chicago; and 1947 West Chicago Avenue, Chicago.

According to the indictment, **Fard**, **Kaushal** and **Parmar** purchased the residences individually or through nominees who were promised that their credit ratings would increase by serving as the nominal owners; that **Fard** would be responsible for all down payments and ongoing mortgage payments; that the nominees would have no out-of-pocket expenses; that the residences would be rehabbed and resold at a profit; that the nominees would be removed from the titles of the residences after they were resold for profit; and that nominees would receive money for serving as the nominal owner.

Fard, **Kaushal** and **Parmar** allegedly prepared loan applications on behalf of the nominees which contained false statements regarding the nominees' employment, income, assets, citizenship

status, intention to occupy the premises as a primary residence, and the source of down payments. **Fard** and **Kaushal** also allegedly created documentation to support the fraudulent loan applications, including false verifications of employment, false pay stubs, false tax returns, false IRS W-2 forms, false leases in support of false rental income, false Tax Certification letters from alleged tax preparers regarding the alleged preparation of nominee tax returns, false bank account statements, false verifications of deposits, false verification of existing mortgages, false appraisals, and forged powers of attorney. **Fard**, **Kaushal** and **Parmar** then allegedly submitted fraudulent loan applications and false supporting documentation to lenders.

According to the indictment, **Fard**, **Kaushal** and **Parmar** fraudulently caused lenders to incur losses in the amount of at least approximately \$1.1 million.

###