

ORIGINAL

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10 **UNITED STATES DISTRICT COURT**  
11 **DISTRICT OF NEVADA**

12 **-oOo-**

14 UNITED STATES OF AMERICA,  
15 Plaintiff,

16 v.

17 DANIEL J. SOLOMON,  
18 Defendant.  
19

) CASE NO.: 2:11-cr-00383-LDG -PAL  
)  
) DATE FILED:  
)  
) VIOLATION:  
)  
) 18 U.S.C. §1349 (conspiracy to commit mail  
) and wire fraud -- 1 count)

20  
21 **INFORMATION**

22 **INTRODUCTION**

23 **THE UNITED STATES CHARGES THAT:**

24 At all times material to this Information:

25 1. Pursuant to Nevada law, a homeowner's association (HOA) is a corporation that  
26 governs a common interest community. A HOA is originally controlled by the developer until the

1 housing units are sold, at which time the control is transferred to the bonafide homeowners. Only  
2 bonafide homeowners can be members in the HOA.

3           2. A HOA is governed by a board of directors with a minimum of three members,  
4 all of whom must be bonafide homeowners. The board members are elected by the bonafide  
5 homeowners annually.

6           3. Under Nevada law, HOA board members are fiduciaries. As fiduciaries they are  
7 required—among other duties—to act on an informed basis, in good faith and in the honest belief that  
8 their actions are in the best interest of the association. Any person nominated for the board must  
9 make a good faith effort to disclose any financial, business, professional, or personal relationship or  
10 interest that would result or would appear to a reasonable person to result in a potential conflict of  
11 interest.

12           4. Consistent with their fiduciary duties and pursuant to Nevada law, HOA board  
13 members may not solicit or accept any form of compensation, gratuity, or other remuneration that  
14 would improperly influence or reasonably appear to influence the board member's decision or  
15 would result or reasonably appear to result in a conflict of interest.

16           5. Consistent with their fiduciary duties, the board of directors is empowered to  
17 make decisions related to the common interests of the homeowners, including but not limited to:  
18 adopting and amending bylaws and budgets, hiring managers, employees, agents, attorneys,  
19 independent contractors, instituting or defending the community in litigation, and causing  
20 additional improvements or maintenance repairs to be made.

21           6. Before hiring individuals and companies to work on behalf of the HOA, the  
22 HOA board usually obtains three bids for consideration. The three bids are usually presented  
23 during public board meetings with an opportunity for the homeowners to comment and discuss the  
24 issues at hand. The property manager is usually selected first, and then the property manager helps  
25 to identify and obtain bids for other services.

26

1           7. Under Nevada law, property managers must earn a Community Association  
2 Management (CAM) license before being able to work in the state of Nevada. Property managers  
3 have fiduciary obligations to act in the best interest of the community, safeguard financial and  
4 confidential information for the community, and disclose any affiliation or financial interest with  
5 any other person or business that furnishes goods or services to the community.

6           8. Chateau Versailles, a common interest community with 371 units, was located  
7 in Las Vegas, Nevada. It had a HOA board consisting of three people.

8           9. Chateau Nouveau, a common interest community with 564 units, was located in  
9 Las Vegas, Nevada. It had a HOA board consisting of seven people.

10          10. Park Avenue, a common interest community with 642 units, was located in Las  
11 Vegas, Nevada. It had a HOA board consisting of five people.

12          11. Jasmine, a common interest community with 300 units, was located in North  
13 Las Vegas, Nevada. It had a HOA board consisting of three people.

14          12. Vistana, a common interest community with 732 units, was located in Las  
15 Vegas, Nevada. It had a HOA board consisting of five people.

16          13. Sunset Cliffs, a common interest community with 368 units, was located in Las  
17 Vegas, Nevada. It had a HOA board consisting of five people.

18          14. Palmilla, a common interest community with 300 units, was located in North  
19 Las Vegas, Nevada. It had a HOA board consisting of three people.

20          15. Pebble Creek, a common interest community with 196 units, was located in Las  
21 Vegas, Nevada. It had a HOA board consisting of three people.

22          16. Mission Ridge, a common interest community with 384 units, was located in  
23 Las Vegas, Nevada. It had a HOA board consisting of five people.

24          17. Mission Pointe, a common interest community with 248 units, was located in  
25 Las Vegas, Nevada. It had a HOA board consisting of three people.

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1 18. Horizons at Seven Hills, a common interest community with 328 units, was  
2 located in Las Vegas, Nevada. It had a HOA board consisting of three people.

3 19. Co-Conspirator A was a construction company incorporated in the state of  
4 Nevada. Co-Conspirator A purported to specialize in home building and repairs, including repairs  
5 involving so-called construction defects. Co-Conspirator A was owned and controlled by Co-  
6 Conspirator B, a Nevada resident. Defendant was an employee at Co-Conspirator A, beginning in  
7 or around January 2006 through in or around January 2007.

8 20. Co-Conspirator C was a law firm in Las Vegas that specialized in construction  
9 defect litigation. Co-Conspirator D was a Nevada attorney who owned and controlled Co-  
10 Conspirator C.

11 **COUNT ONE**

12 **THE CONSPIRACY**

13 21. From in or about January 2006 through in or about February 2009, in the  
14 District of Nevada and elsewhere, Defendant

15 **DANIEL J. SOLOMON,**

16 with others known and unknown to the United States did knowingly and intentionally conspire,  
17 combine, confederate and agree to commit certain offenses against the United States, that is:

18 a. to devise and intend to devise a scheme and artifice to defraud and to obtain  
19 money and property by means of materially false and fraudulent pretenses, representations and  
20 promises; and for the purpose of executing such scheme and artifice, Defendant and his co-  
21 conspirators did knowingly place or caused to be placed in a post office and authorized depository  
22 for mail matter a thing to be sent and delivered by the U.S. Postal Service or any private or  
23 commercial interstate carrier, in violation of Title 18, United States Code, Section 1341; and,

24 b. to devise and intend to devise a scheme and artifice to defraud and to obtain  
25 money and property by means of materially false and fraudulent pretenses, representations, and  
26 promises; and for the purpose of executing such scheme and artifice, Defendant and his co-

1 conspirators did knowingly transmit and cause to be transmitted by means of wire communication  
2 in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, all in violation of  
3 Title 18, United States Code, Section 1343.

4 **OBJECTS OF THE CONSPIRACY**

5 22. The objects of the conspiracy, which Defendant SOLOMON joined in or around  
6 January 2006, were for the co-conspirators to:

7 a. designate and facilitate the placement of straw purchasers in certain common  
8 interest communities identified above;

9 b. facilitate the purchase of units in certain common interest communities  
10 identified above by straw purchasers acting on behalf of the beneficial owners of the unit;

11 c. manipulate the elections of board candidates designated by the co-conspirators  
12 and to thereby gain and maintain control of HOA boards and candidates designated by the co-  
13 conspirators;

14 d. manipulate the conduct of HOA business including, but not limited to, the  
15 appointment of designated property managers, the hiring of designated lawyers and law firms, and  
16 the hiring of designated contractors; and,

17 e. unlawfully enrich the co-conspirators at the expense of the HOA and bonafide  
18 homeowners.

19 **MANNER AND MEANS**

20 23. In order to achieve the objects of the conspiracy, Defendant SOLOMON and  
21 others known and unknown to the United States, used the following manner and means, among  
22 others:

23 a. Co-conspirators enlisted several individuals as straw purchasers to use their  
24 own name and credit to purchase mortgage loans for units within the HOA communities on behalf  
25 of the beneficial owners. These units were often identified by licensed realtors in the state of  
26 Nevada, acting on behalf of the co-conspirators. The straw nominees then purchased the properties

1 while concealing the identity and financial interest of the true beneficial owners of the properties  
2 from banks, mortgage companies, HOAs, and bonafide homeowners. Defendant SOLOMON  
3 became a straw purchaser when he used his name and credit to purchase a condominium at Vistana.

4           b. In order to obtain loans to finance these purchases, Defendant SOLOMON and  
5 others falsely stated to mortgage lenders that: (i) they were to be the true owners of the properties,  
6 (ii) they had made the down payment, (iii) they would make the monthly mortgage payments; and,  
7 (iv) they intended to live in the properties. However, Defendant SOLOMON and the other straw  
8 purchasers knew the beneficial owners made the down payments and promised to make the  
9 monthly mortgage payments for these properties so that there would be little or no cost to the straw  
10 purchasers. Defendant SOLOMON and the other straw purchasers often represented that the  
11 properties were to be "owner occupied" when in fact they were not.

12           c. Once the straw purchases were complete, the beneficial owners and co-  
13 conspirators would find tenants to rent the units. The beneficial owners received the rental  
14 payments and continued to pay the mortgages and various expenses associated with the straw  
15 purchases on behalf of the straw purchasers. Defendant SOLOMON lived in another unit  
16 purchased in furtherance of the conspiracy, for which he made a small monthly rental payment to  
17 his co-conspirators.

18           d. Other co-conspirators were hired to manage and operate the payments  
19 associated with maintaining these straw properties. The co-conspirators called the business of  
20 funding these properties the "Bill Pay Program." In order to fund the properties, the co-  
21 conspirators maintained several limited liability companies, at the direction of Co-Conspirator B,  
22 for the purpose of opening bank accounts and concealing the funds for the Bill Pay Program. Many  
23 of the payments on these properties were wired or caused to be wired from California to Nevada.

24           e. On several occasions, instead of making a straw purchase, the co-conspirators  
25 transferred a partial interest in a unit to another co-conspirator for the purpose of making it appear  
26 as if the co-conspirator was a bonafide homeowner.

1 f. Defendant SOLOMON, the straw purchasers, and those co-conspirators who  
2 acquired a transferred interest in the properties agreed with co-conspirators to run for election to the  
3 respective HOA boards. Defendant SOLOMON ran for election and was elected to the HOA board  
4 at Vistana. Defendant SOLOMON and others concealed their relationship with the co-conspirators  
5 from the bonafide homeowners and the HOA.

6 g. To ensure Defendant SOLOMON and the straw purchasers would win the  
7 election, co-conspirators employed deceitful tactics, such as creating false phone surveys to gather  
8 information about homeowners' voting intentions, using mailing lists to vote on behalf of out-of-  
9 town homeowners unlikely to participate in the elections, and submitting fake and forged ballots.  
10 Co-conspirators also hired private investigators to find "dirt" on the bonafide candidates in order to  
11 create smear campaigns.

12 h. Another tactic the co-conspirators used to rig certain HOA board elections was  
13 to prepare forged ballots for out-of-town homeowners and cause them to be either transported or  
14 mailed to California and thereafter to have the ballots mailed back to Las Vegas from various  
15 locations around California so as to make it appear that the ballots were completed and mailed by  
16 bonafide homeowners residing outside Nevada.

17 i. On several occasions, co-conspirators attempted to create the appearance that  
18 the elections were legitimate by hiring "independent" attorneys to run the HOA board elections.  
19 The homeowners were led to believe that these "special election masters" would collect and secure  
20 the ballots and preside over the HOA board election, including supervising the counting of ballots,  
21 to ensure no tampering occurred. However, the special election masters were paid or promised  
22 cash, checks, or things of value for their assistance in rigging the elections. They allowed the co-  
23 conspirators to access the ballots for the purpose of opening the ballots and pre-counting the votes  
24 entered for each candidate to then know the number of fake ballots which needed to be created to  
25 ensure the co-conspirator up for election won the seat on the HOA board.

26 j. Once Defendant SOLOMON and other co-conspirators were elected to the HOA

1 boards, the co-conspirators paid or promised them cash, checks, or things of value for their  
2 participation, all of which resulted in a personal financial benefit to the co-conspirators, including  
3 Co-Conspirators A, B, C, and D.

4 k. Defendant SOLOMON and the other co-conspirator board members used their  
5 positions on the board to hire individuals and companies that would result in a personal financial  
6 benefit to the co-conspirators, such as the property manager, contractors, and general counsel.

7 l. The straw purchaser board members would meet with the co-conspirators in  
8 order to manipulate board votes, including the selection of property managers, contractors, general  
9 counsel, and attorneys to represent the HOA. These co-conspirator property managers and general  
10 counsel would then recommend that the HOA board hire Co-Conspirators A and B for remediation  
11 and construction defect repairs and Co-Conspirators C and D to handle the construction defect  
12 litigation. Defendant SOLOMON and the other co-conspirator board members voted according to  
13 these recommendations and at the direction of Co-Conspirator B and others.

14 m. Often the co-conspirators created and submitted fake bids for “competitors”  
15 to make the process appear to be legitimate while ensuring co-conspirators were awarded the  
16 contract. In addition, Co-Conspirator A’s initial contract for emergency remediation repairs  
17 contained a “right of first refusal” clause to ensure Co-Conspirator A was awarded the construction  
18 repair contracts following the construction defect litigation.

19 n. In particular, Defendant SOLOMON used his position on the HOA board to  
20 participate in the following votes, among others : (i) on or about July 20, 2007, vote to agree to  
21 settle the construction defect lawsuit for \$19,000,000; (ii) on or about September 7, 2007, vote to  
22 award the construct defect remediation contract to Co-Conspirator A; and, (iii) on or about  
23 November 16, 2007, vote to pay \$1,528,250 to Co-Conspirator A, which was followed by several  
24 other votes for payment to Co-Conspirator A, related to the construction defect remediation work.

25 o. This process created the appearance of legitimacy since bonafide homeowners  
26



1 believed the elected board members, property managers, and general counsel were, as fiduciaries,  
2 acting in their best interest rather than to advance the financial interests of co-conspirators. In fact,  
3 Defendant SOLOMON and others were paid or promised cash, check, or things of value by or on  
4 behalf of their co-conspirators, including Co-Conspirators A, B, C, and D, for their assistance in  
5 purchasing the properties, obtaining HOA membership status, rigging elections, and manipulating  
6 their votes to further the goals of the conspiracy and to enrich the co-conspirators at the expense of  
7 the HOA and bonafide homeowners.

8 All in violation of Title 18, United States Code, Section 1349.

9 **NOTICE OF FORFEITURE**

10 1. As a result of the violations of Title 18, United States Code, Sections 1341 and  
11 1343, set forth in this information, Defendant

12 **DANIEL J. SOLOMON**

13 shall forfeit to the United States of America any property, real or personal, that constitutes or is  
14 derived from proceeds traceable to the commission of such offenses, as charged in this Information,  
15 including, but not limited to, approximately:

16 a. the amount of the unlawfully obtained financing for the unit at Vistana  
17 that Defendant SOLOMON purchased on or about July 7, 2006;

18 b. the amount of any salary, payment, or thing of value he received in connection  
19 with the conspiracy to commit mail and wire fraud.

20 2. If any of the property subject to forfeiture, as a result of any act or omission of  
21 the defendant:

22 a. cannot be located upon the exercise of due diligence;

23 b. has been transferred or sold to, or deposited with, a third party;

24 c. has been placed beyond the jurisdiction of the Court;

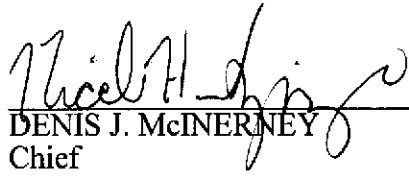
25 d. has been substantially diminished in value; or  
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e. has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982(a)(2).



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