

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

<b>UNITED STATES OF AMERICA</b>	:	<b>CRIMINAL NO.</b> _____
<b>v.</b>	:	<b>DATE FILED:</b> _____
<b>ZAKI BEY</b>	:	<b>VIOLATIONS:</b>
	:	<b>18 U.S.C. § 371 (conspiracy to commit</b>
	:	<b>loan fraud and bank fraud - 1 count)</b>
	:	<b>18 U.S.C. § 1349 (conspiracy to commit</b>
	:	<b>wire fraud - 1 count)</b>
	:	<b>18 U.S.C. § 1014 (loan fraud – 3 counts)</b>
	:	<b>18 U.S.C. § 1343 (wire fraud – 3 counts)</b>
	:	<b>18 U.S.C. § 286 (conspiracy to defraud</b>
	:	<b>government - 1 count)</b>
	:	<b>18 U.S.C. §287 (false claims to</b>
	:	<b>government agency – 5 counts)</b>
	:	<b>26 U.S.C. §7212(a) (corruptly</b>
	:	<b>endeavoring to obstruct or impede the</b>
	:	<b>due administration of the Internal</b>
	:	<b>Revenue Service – 1 count)</b>
	:	<b>18 U.S.C. § 2 (aiding and abetting)</b>
	:	<b>Notice of Forfeiture</b>

**SUPERSEDING INDICTMENT**

**COUNT ONE**

**THE GRAND JURY CHARGES THAT:**

**INTRODUCTION**

At all times material to this indictment:

1. Beginning in or about 2007 and continuing until at least in or about mid-2014, defendants ZAKI BEY, and Co-Conspirator #1 and Co-Conspirator #2, both charged elsewhere, and others known to the grand jury, knowingly and intentionally conspired together and with others to make false statements to influence the actions of federally insured banks and

to execute a scheme and artifice to defraud federally insured banks and other mortgage lending businesses to obtain their money and property by means of materially false and fraudulent pretenses, representations, and promises. In furtherance of the conspiracy and scheme, defendant BEY, Co-Conspirator #1 and Co-Conspirator #2 aided and abetted each other in the conspiracy that involved the purchase of real properties in Philadelphia and New Jersey and the obtaining of mortgage loans on those properties and another loan and by making false statements and representations.

### **THE CO-CONSPIRATORS**

1. Defendant ZAKI BEY owned and operated “Natural Home Builders, LLC” which purported to engage in real estate construction and which defendant BEY used to maintain a bank account at TD Bank, formerly Commerce Bank, into which fraud proceeds were deposited.

2. Co-Conspirator #1 was a mortgage broker working at some times during the conspiracy for a mortgage company with an office in Willow Grove, Pennsylvania. Co-Conspirator #1 facilitated the submission of mortgage loan applications for defendant ZAKI BEY and otherwise assisted defendant BEY in applying for another commercial loan.

3. Person #1, Person #2, Person #3 and Person #4, known to the grand jury, were individuals solicited by defendant ZAKI BEY to be the “straw” buyers of the purchased properties and applicant/borrowers on mortgage loans on those properties.

4. Co-Conspirator #2, charged elsewhere, assisted defendant ZAKI BEY and Co-Conspirator #1 in preparing fake documents and records submitted in support of mortgage applications in the name of straw buyers Person #1, Person #2, Person #3 and Person #4. Such fake and altered documents included payroll earnings statements, W-2 forms, monthly bank

account statements, and other documents that, along with other fake documents prepared by defendant BEY and Co-Conspirator #1, were furnished to lenders in support of loan applications to such institutions.

**THE FINANCIAL INSTITUTION LENDERS**

5. The following were financial institutions, within the meaning of Title 18, United States Code, Section 20, whose deposits and accounts were insured by the Federal Deposit Insurance Corporation (“FDIC”) and which were engaged in the business of making and servicing mortgage and other loans to the public (collectively, the “Financial Institution Lenders”):

- a. First Tennessee Bank, NA, FDIC Certificate #4977, doing business as First Horizons Home Loans (First Horizons);
- b. EverBank, FDIC Certificate # 34775 (“EverBank”), doing business as EverHome Mortgage;
- c. Countrywide Bank, FSB, Certificate #33143, doing business as Countrywide Home Loans, Inc. (“Countrywide”);
- d. Wachovia Mortgage, FSB, FDIC Certificate 27076, doing business as Wachovia Mortgage Corporation (“Wachovia Mortgage”);
- e. MidSouth Bank, NA, FDIC Certificate #25884 (“MidSouth Bank”);
- f. JP Morgan Chase, NA, FDIC Certificate 43240 (“JP Morgan Chase”).

## **THE NON-FINANCIAL INSTITUTION LENDERS**

6. The following entities were engaged in the business of making mortgage and other loans to the public (collectively, the “Non-Financial Institution Lenders”):

- a. Allied Mortgage Group (“Allied Mortgage”);
- b. GMAC Mortgage, LLC, doing business as Homecomings Financial, LLC (“Homecomings Financial”);
- c. Atlantic Pacific Mortgage Corp. (“Atlantic Pacific Mortgage”);
- d. Provident Funding Group, LLC (“Provident Funding”);
- e. Mortgage IT, Inc. (“Mortgage IT”).

The Financial Institution Lenders and Non-Financial Institution Lenders, when discussed collectively, are referred to as the “Lenders.”

## **BACKGROUND OF MORTGAGES AND OTHER LOANS**

7. One method of financing in the United States was to obtain mortgage loans through various financial and lending institutions. Such financing included loans for the purchase of a primary residence and for rental real estate. The term “mortgage” was used in the real estate industry to refer to a loan to finance the purchase of real estate property, usually with specific payment periods and interest rates, in which the borrower/mortgagor gave the lender/mortgagee a lien on the property as collateral for the loan.

8. As part of the lending process in a real estate transaction, a borrower typically completed a loan application, usually a standard Uniform Residential Loan Application form that, as completed, provided information about the amount of loan being sought, the

biographical information of the borrower, the amount of down payment the borrower would provide for the loan, the source of the down payment, the borrower's income, assets and outstanding liabilities, the borrower's creditworthiness, the intended occupancy of the property and other information. Lenders relied on the information provided by the buyer on the Uniform Residential Loan Application, as well as on supporting documentation submitted to the Lender, in determining whether to approve and extend the requested real estate mortgage loan.

9. Federal law required the use of a standard closing form (known as a HUD-1) as a statement and listing of settlement costs for federally related mortgage loans, but the form was typically used in non-federally related mortgage loans as well. This statement was required to clearly itemize all charges imposed upon the borrower/buyer and all charges imposed upon the seller in connection with the closing of a real estate sale. Lenders relied on the accuracy of estimated HUD-1s in determining whether to fund a requested loan.

10. The term "closing" was used in the real estate industry to refer to the event at which the legal transfer of real estate from seller to buyer formally took place, the event at which the borrower became obligated on the mortgage loan, and the point at which the funds were transferred between the various parties, such as from the lender to the seller on the buyer's behalf. The fund transfers at closing were often accomplished by temporarily passing the funds through an intermediary commonly referred to as an escrow agent, settlement agent, title company, or settlement company. Lenders often utilized escrow agents, settlement agents, title companies and settlement companies to complete their real estate purchase/loan transactions, including the accurate completion of the HUD-1, and to disburse the loan funds provided by the lender at a settlement.

11. Another method of financing in the United States was for lenders to provide loans to businesses for business operations and other purposes. A borrower typically completed a loan application that provided information about the amount of loan being sought, the borrower's business name and type of business, business income and other information. Lenders relied on the information provided by the applicant on the loan application in determining whether to approve the requested business loan.

**THE CONSPIRACY AND SCHEME TO DEFRAUD**

12. Beginning in or about mid-2007 and continuing at least until mid-2014, in the Eastern District of Pennsylvania, and elsewhere, defendant

**ZAKI BEY**

along with Co-Conspirator #1 AND Co-Conspirator #2, and others known to the grand jury, knowingly and intentionally conspired together and with others to make false statements and reports, for the purpose of influencing in any way the action of an institution the accounts of which are insured by the Federal Deposit Insurance Corporation, in violation of Title 18, United States Code, Section 1014, and to execute a scheme and artifice to defraud a financial institution and to obtain moneys, funds, assets and other property owned by, and under the custody and control of, a financial institution, by means of false and fraudulent pretenses, representations and promises, in violation of Title 18, United States Code, Section 1344.

**OBJECT OF THE CONSPIRACY**

13. The defendants and their co-conspirators sought to and did unlawfully enrich themselves by, among other things: (a) recruiting and using straw buyers to purchase and finance residential properties; (b) making and causing to be made false and fraudulent representations on mortgage loan and other loan applications submitted to Lenders, including

submitting false information about the buyer's earnings and income, assets, and intent to occupy the property as a primary residence, among other things, and submitting false supporting documentation, wage and earnings statements, bank statements, rental agreements and other documents to Lenders; (c) causing, through the submission of such false and fraudulent information, the Lenders to loan money that they otherwise would not have loaned; (d) upon defaulting on mortgage payments, filing fraudulent and meritless bankruptcy proceedings and other legal documents in an effort to frustrate the legitimate efforts of lienholder/mortgagees to recover the collateral on their loans.

#### **MANNER AND MEANS OF THE CONSPIRACY**

It was a part of the conspiracy that:

14. Defendant ZAKI BEY identified properties for purchase, and solicited Person #1, Person #2, Person #3 And Person #4 and others to be the straw buyers of the respective properties and the borrowers on the respective mortgages on those properties.

15. Co-Conspirator #1, who worked as a mortgage broker, assisted defendant ZAKI BEY in initiating and completing mortgage applications containing false statements, including misrepresentations as to applicants' biographical information and marital status, income, assets, outstanding liabilities and the borrower's occupancy of the subject premises as a primary residence made to Lenders, and in receiving documentation from defendant BEY and from others at BEY's direction in support of such applications.

16. Defendant ZAKI BEY recruited Co-Conspirator #2 to produce fake documents of Person #1, Person #2, Person #3, Person #4 and others, such as fake payroll earnings statements, IRS W-2 forms, monthly bank statements, deposit slips and other documents to furnish to the Lenders in support of the mortgage applications for these properties.

In addition, defendant BEY caused other false documents, such as fake rental agreements ostensibly executed between “Person #5,” as the supposed tenant, and each of the several buyers, as the supposed landlord, and caused checks, deposit slips and letters to be furnished, through Co-Conspirator #1 to the various Lenders in support of the mortgage applications.

17. Defendant ZAKI BEY assured the straw buyers that he would arrange for potential tenants and payment on mortgage loans, collect any rents and otherwise manage the purchased properties, with a view toward selling the properties at a profit and sharing profits with the straw buyers.

18. Co-Conspirator #1 assisted defendant ZAKI BEY in obtaining mortgages on the properties by forwarding fake and altered documentation to Lenders in furtherance of the mortgage applications. Co-Conspirator #1 also otherwise assisted defendant BEY in securing information for BEY to facilitate business loans for BEY and his intended borrowers on those loans.

19. In some cases, defendant ZAKI BEY and Co-Conspirator #1 caused multiple mortgage applications to be made to different Lenders on behalf of the same borrowers in a relatively short period of time in order to avoid disclosing the existence of significant pre-existing liabilities on the part of the borrowers.

20. Defendant ZAKI BEY arranged for significant payments to be made to his company, “Natural Home Builders, LLC” at the time of real estate closings for “construction” payouts. Defendant BEY sometimes arranged with a particular seller to execute addendums to the purchase contracts, without the buyer’s knowledge or signature, providing for a substantial payment to be made at closing to defendant BEY’s company, Natural Home Builders, LLC, and



otherwise caused the settlement agent to disburse a payment to defendant BEY's company, Natural Home Builders, LLC, at the time of each of the closings.

21. Upon the initiation of foreclosure actions by Lenders after some mortgage loans went into default, defendant ZAKI BEY initiated bankruptcy proceedings in the name of the borrower and filed other civil actions and sent correspondence to Lenders and their successors on behalf of the borrower and himself, including meritless legal demands that if the Lenders did not respond he considered the debts associated with the properties extinguished, all in an effort to frustrate the ability of Lenders and their successors to recover the properties as collateral on the defaulted mortgage loans.

22. Defendant BEY, in an effort to compensate some of the borrowers for the adverse consequences resulting from the foreclosures on the properties by Lenders, solicited Co-Conspirator #2 to submit fraudulent tax returns claiming false income and withholding information on a federal tax return in an effort to fraudulently obtain substantial tax refunds.

23. Co-Conspirator #1 further assisted defendant BEY in identifying a corporation, its address and Employer Identification Number ("EIN") and arranging for a fraudulent corporate filing made with the Pennsylvania Bureau of Corporations and Charitable Organizations at the request of defendant BEY in order to facilitate the application for a loan purportedly from an FDIC-insured bank for BEY in the name of a straw borrower.

### **OVERT ACTS OF THE CONSPIRACY**

Defendants ZAKI BEY, Co-Conspirator #1 and Co-Conspirator #2 committed and caused to be committed the following overt acts, among others, in furtherance of the conspiracy:

**1924 Medary Street, Philadelphia, PA**

1. On or about August 24, 2007, Co-Conspirator #1 and defendant ZAKI BEY caused a Uniform Residential Loan Application containing false representations to be furnished to Homecomings Financial, made in connection with a mortgage application for 1924 Medary Street, Philadelphia, PA on behalf of buyer/borrower Person #1. Such application contained the fake signature of Person #1.

2. On or about September 7, 2007, defendant ZAKI BEY received funds from Advantage Abstract, Inc., settlement agent, in the approximate amount of \$26,640, representing a disbursement made to defendant BEY's company, Natural Home Builders, at the closing on 1924 Medary Avenue, Philadelphia, PA.

**5861 N. Marshall Street, Philadelphia, PA**

3. On or about September 6, 2007, defendant ZAKI BEY and Co-Conspirator #1 caused a Uniform Residential Loan Application containing false representations to be furnished to Countrywide, made in connection with a mortgage application for 5861 N. Marshall Street, Philadelphia, PA, on behalf of buyer/borrower Person #1. Such application contained the fake signature of Person #1.

4. On or about September 6, 2007, defendant ZAKI BEY furnished an Agreement for Sale of Real Estate" for 5861 N. Marshall Street, Philadelphia, PA, to Co-Conspirator #1, which Agreement contained the fake signature of the buyer, Person #1, and which Agreement was furnished to Countrywide.

5. On or about October 9, 2007, defendant ZAKI BEY received funds from settlement agent Blackstone Settlement Services in the approximate amount of \$17,864.26, representing a disbursement made to defendant BEY's company, Natural Home Builders, at the closing on 5861 N. Marshall Street, Philadelphia, PA.

**5975 Kemble Street, Philadelphia, PA**

6. On or about September 5, 2007, defendant ZAKI BEY furnished an “Agreement for Sale of Real Estate” for 5975 Kemble Street, Philadelphia, PA to Co-Conspirator #1, which Agreement contained the fake signature of the buyer, Person #1.

7. On or about September 14, 2007, defendant ZAKI BEY and Co-Conspirator #1 caused a Uniform Residential Loan Application containing false representations to be furnished to Wachovia Mortgage, made in connection with a mortgage application for 5975 Kemble Street, Philadelphia, PA, on behalf of buyer/borrower Person #1.

8. On or about October 31, 2007, defendant ZAKI BEY received funds from settlement agent New Century Abstract in the approximate amount of \$23,250.00, representing a disbursement made to defendant BEY’s company, Natural Home Builders, at the closing on 5975 Kemble Street, Philadelphia, PA.

**1257 East Cheltenham Ave., Philadelphia, PA**

9. On or about October 15, 2007, defendant ZAKI BEY and Co-Conspirator #1 caused a Uniform Residential Loan Application containing false representations to be furnished to Mortgage IT, made in connection with a mortgage application and containing false representations, for 1257 E. Cheltenham Ave., Philadelphia, PA, on behalf of buyer/borrower Person #1.

10. In October, 2007 on several occasions, defendant ZAKI BEY furnished to Co-Conspirator #1 documents created by Co-Conspirator #2, including altered bank statements for buyer/borrower Person #1, which were furnished by Co-Conspirator #1 to Mortgage IT in furtherance of the mortgage application for 1257 E. Cheltenham Ave., Philadelphia, PA, on behalf of Person #1.

11. On or about November 6, 2007, defendant ZAKI BEY deposited a check from settlement agent Abstract One the amount of \$23,750, representing a disbursement made at closing on 1257 E. Cheltenham Ave., Philadelphia, PA.

**6030 Palmetto Street, Philadelphia, PA**

12. On or about October 9, 2007, defendant ZAKI BEY and Co-Conspirator #1 caused a Uniform Residential Loan Application containing false representations to be furnished to Allied Mortgage, made in connection with a mortgage application for 6030 Palmetto Street, Philadelphia, PA, on behalf of buyer/borrower Person #1. Such application contained the fake signature of Person #1.

13. On or about October 18, 2007, defendant ZAKI BEY furnished to Co-Conspirator #1 a "Rental Agreement" dated October 11, 2007, between Person #5 (as "tenant") and Person #1 (as "landlord") for a purported lease of 6030 Palmetto Street, Philadelphia, PA. Such rental agreement was furnished to Allied Mortgage in support of the mortgage application on 6030 Palmetto Street, Philadelphia, PA.

14. On or about October 30, 2007, defendant ZAKI BEY wire-transferred approximately \$5500 to Person #1 at Person #1's bank account at Citadel Federal Credit Union.

15. On or about October 30, 2007, Co-Conspirator #1 furnished to Co-Conspirator #1 a "Gift Letter" bearing defendant ZAKI BEY's signature, along with a copy of a wire-transfer record of \$5500 from defendant BEY to Person #1, and requested Co-Conspirator #1 complete the rest of the letter. Co-Conspirator #1 completed such letter and forwarded it and the wire-transfer record to Allied Mortgage in support of the mortgage application of buyer/borrower Person #1 for 6030 Palmetto Street, Philadelphia, PA.

16. On or about November 2, 2007, defendant ZAKI BEY endorsed and

deposited a check received back from Person #1 in the amount of \$5500 made payable back to defendant BEY's company, Natural Home Builders, and deposited into defendant BEY's bank account.

17. On or about November 6, 2007, defendant ZAKI BEY and Co-Conspirator #1 caused a payment in the approximate amount of \$220,595.11 to be made from Allied Mortgage to Eagles Abstract, settlement agent for the closing on 6030 Palmetto Street, Philadelphia, PA representing the mortgage loan proceeds for this property.

**5014 Newhall Street, Philadelphia, PA**

18. In mid-January, 2008, defendant ZAKI BEY caused an executed Agreement of Sale for the purchase of 5014 Newhall Street, Philadelphia, PA to be forwarded to Co-Conspirator #1. The agreement bore a fake signature of Person #2.

19. In mid-January, 2008, defendant ZAKI BEY signed an "Addendum (sic) to Agreement of Sale," with the seller of 5014 Newhall Street, Philadelphia, PA (Person #9, known to the grand jury), dated January 10, 2008, providing that a credit of \$35,000 would be given to "Contractor" (defendant BEY's company, Natural Home Builders) at the time of settlement from Person #9's proceeds at closing.

20. On or about January 17, 2008, defendant ZAKI BEY forwarded a document to Coldwell Banker Realty captioned "Standard Agreement for the Sale of Real Estate" for the purchase of 5014 Newhall Street, Philadelphia, PA. The document bore a fake signature of the buyer/borrower, Person #2, and was also thereafter made part of the mortgage loan application made to Allied Mortgage Group.

20A. On or about January 23, 2008, at the request of defendant ZAKI BEY and in furtherance of the mortgage application containing false representations of buyer/borrower

Person #2 on 5014 Newhall Street, Philadelphia, Pennsylvania, Co-Conspirator #2 prepared a false earnings statement, W-2 form and various other bank documents and faxed them to defendant BEY. Defendant BEY and Co-Conspirator #1 caused these documents to be made part of the mortgage application and caused them to be forwarded to mortgagee Allied Mortgage Group.

21. On or about February 11, 2008, defendant ZAKI BEY faxed to Co-Conspirator #1 a Wachovia Bank deposit slip in support of Person #2's mortgage application on 5014 Newhall Street, Philadelphia, PA. Co-Conspirator #2 made this deposit slip, a corresponding check and a fake Rental Agreement between Person #5 (as supposed tenant) and Person #2 (as supposed landlord) and dated January 28, 2008 and bearing the fake signatures of Person #5 and Person #2 part of the mortgage application to mortgagee Allied Mortgage.

22. On or about February 13, 2008, defendants ZAKI BEY and Co-Conspirator #1 attended a real estate closing in Philadelphia for the purchase and mortgage of 5014 Newhall Street, Philadelphia, PA.

23. On or about February 13, 2008, defendants ZAKI BEY and Co-Conspirator #1 caused a payment in the approximate amount of \$203,465.58 be made from Allied Mortgage Group to settlement agent Chelsea Land Transfer, settlement agent for the closing on 5014 Newhall Street, Philadelphia, PA, representing the mortgage loan proceeds for this property.

24. On or about February 13, 2008, defendant ZAKI BEY deposited a check from settlement agent Chelsea Land Transfer, Inc. in the amount of \$28,300, representing a disbursement made at closing on 5014 Newhall Street, Philadelphia.

**435 Hansberry Street, Philadelphia, PA**

25. On or about January 17, 2008, defendant ZAKI BEY forwarded a “Standard Agreement for Sale of Real Estate” to Co-Conspirator #1 in connection with the purchase of 435 Hansberry Street, Philadelphia, PA by Person #2. The document bore a fake signature of Person #2, and Co-Conspirator #1 made this document of the mortgage application on the property to the mortgagee, Homecomings Financial.

26. On or about January 24, 2008, in furtherance of a mortgage application on 435 Hansberry Street, Philadelphia, PA, containing false representations, defendant ZAKI BEY delivered to Co-Conspirator #1 copies of fake Wachovia monthly bank statements and employment earnings statements of buyer/borrower Person #2, which were prepared by Co-Conspirator #2 at the request of defendant BEY.

27. On or about February 4, 2008, defendant ZAKI BEY delivered a Uniform Residential Loan Application, dated February 1 2008, to Co-Conspirator #1 containing false representations as to the income and other matters of buyer/borrower D.W. The document bore a fake signature of Person #2 and was furnished by Co-Conspirator #2 to Homecomings Financial as part of the mortgage application on the property.

28. On or about February 21, 2008, at the request of and with defendant ZAKI BEY, Person #2 attended a real estate closing in Philadelphia for the purchase and mortgage of 435 Hansberry Street, Philadelphia, PA and, at the request of defendant BEY, executed documents in connection therewith that purchase and loan.

29. On or about February 21, 2008, defendant ZAKI BEY and Co-Conspirator #1 caused an approximate \$213,290.38 payment to be made from Homecomings Financial to settlement agent Chelsea Land Transfer for the closing on 435 Hansberry Street Philadelphia, PA, representing the mortgage loan proceeds for this property.

30. On or about February 27, 2008 and March 5, 2008, defendant ZAKI BEY deposited two checks totaling approximately \$28,000 from settlement agent Chelsea Land Transfer, Inc., representing a disbursement made at closing to defendant BEY's company, Natural Home Builders, LLC, on 435 Hansberry Street, Philadelphia, PA.

**222 Hidden Drive, Gloucester Township, NJ**

31. On or about March 27, 2008, in furtherance of a mortgage application containing false representations by buyer/borrower Person #2 on 222 Hidden Drive, Gloucester Township, NJ, defendant ZAKI BEY and Co-Conspirator #1 caused various documents, including false earnings statements, a 2007 IRS W-2 form, and bank account statements prepared by Co-Conspirator #2, and a fake Rental Agreement dated March 11, 2008 between Person #5 (as supposed tenant) and Person #2 (as supposed landlord) and other false documents to be furnished to Atlantic Pacific Mortgage.

32. On or about April 8, 2008, defendant ZAKI BEY and Co-Conspirator #1 caused a mortgage application to be forwarded to Atlantic Pacific Mortgage bearing the fake signature of buyer/borrower Person #2 which contained false representations as to the income, outstanding liabilities and other matters concerning Person #2.

33. On or about April 14, 2008, defendant ZAKI BEY attended a real estate closing at Abstract One Resources, Yardley, PA for purchase and mortgage of 222 Hidden Drive, Gloucester Township, NJ.

34. On or about April 14, 2008, defendant ZAKI BEY caused a payment of approximately \$213,668.59 to be made from Cornerstone Bank (account of Atlantic Pacific Mortgage) to First National Bank and Trust of Newtown, account of settlement agent Abstract One Resources, Inc., for the closing on 435 Hansberry Street Philadelphia, PA, representing the



mortgage loan proceeds for this property.

35. On or about April 16, 2008, defendant ZAKI BEY deposited a check totaling \$32,000 from Abstract One Resources, Inc. representing a disbursement made at closing to defendant BEY's company, Natural Home Builders, LLC at closing on 222 Hidden Drive, Gloucester, NJ.

**7201 Hanford Street, Philadelphia, PA**

36. In or about April, 2008, in furtherance of a mortgage application of buyer/borrower D.W. containing false representations on 7201 Hanford Street, Philadelphia, PA, defendants ZAKI BEY and Co-Conspirator #1 caused various documents, including false earnings statements, a 2007 IRS W-2 form, bank account statements created by Co-Conspirator #2, and a fake Rental Agreement dated March 11, 2008, between Person #5 (as supposed tenant) and the buyer/borrower Person #2 (as supposed landlord), and other false documents, to be furnished to First Horizons Home Loans, a division of First Tennessee Bank, N.A.

37. On or about April 15, 2008, defendant ZAKI BEY and Co-Conspirator #1 caused a payment to be made in the approximately amount of \$177,811.62 from First Tennessee Bank (d/b/a First Horizon Home Loans) to First National Bank and Trust, account of Abstract One Resources, Inc., settlement agent for the closing on 7201 Hanford Street, Philadelphia, PA, representing the mortgage loan proceeds for this property.

38. On or about April 21, 2008, defendant ZAKI BEY deposited a check totaling \$32,000 from Abstract One Resources, Inc. representing a disbursement made at closing to defendant BEY's company, Natural Home Builders, LLC at closing on 7201 Hanford Street, Philadelphia, PA.

**23 Hummingbird Drive, Willingboro, NJ**

39. On or about April 21, 2008, defendant ZAKI BEY faxed to Co-Conspirator #1 a Uniform Residential Loan Application containing false representations and other documents and containing the fake signature of Person #2.

40. In or about April, 2008 to June, 2008, in furtherance of a mortgage application on 23 Hummingbird Lane, Willingboro, NJ defendants ZAKI BEY and Co-Conspirator #1 caused various documents, including a Uniform Residential Loan Application, false earnings statements, false 2006 and 2007 IRS W-2 forms and bank account statements created by Co-Conspirator #2, and a fake Rental Agreement between Person #5 (as supposed tenant) and buyer/borrower Person #2 (as supposed landlord) dated March 11, 2008, and other false documents to be furnished to EverBank, d/b/a EverHome Mortgage.

41. On or about June 26, 2008, defendants ZAKI BEY and Co-Conspirator #1 caused a payment to be made in the approximately amount of \$224,044.07 from EverBank to First National Bank and Trust of Newtown, account of Abstract One Resources, Inc., settlement agent for the closing on 23 Hummingbird Lane, Willingboro, NJ., representing the mortgage loan proceeds for this property.

42. On or about June 30, 2008 and July 1, 2008, defendant ZAKI BEY deposited checks totaling approximately \$58,286.12 from settlement agent Abstract One Resources, Inc. representing disbursements made at closing to defendant BEY's company, Natural Home Builders, LLC at closing on 23 Hummingbird Drive, Willingboro, NJ.

**6335 Ambrose Street, Philadelphia, PA**

43. On or about August 27, 2008, defendant ZAKI BEY and Co-Conspirator #1 caused a mortgage application in the name of buyer/borrower Person #3, "known to the grand jury, to be made to Provident Funding Associates, Inc., ("Provident") on the property at 6335

Ambrose Street, Philadelphia, PA.

44. On or about August 31, 2008, defendant ZAKI BEY forwarded to Co-Conspirator #1 a copy of a fake Rental Agreement between Person #5. (as supposed tenant) and buyer/borrower Person #3 (as supposed landlord) dated August 27, 2008, bank statements and other false documents, who furnished them to Provident in furtherance of the mortgage application of buyer/borrower Person #3 on 6335 Ambrose Street, Philadelphia, PA.

45. On or about September 10, 2008, defendants ZAKI BEY and Co-Conspirator #1 caused a payment to be made in the approximately amount of \$162,462.41 from Provident Funding to the account of Abstract One Resources, Inc., settlement agent for the closing on 6335 Ambrose Street, Philadelphia, PA, representing the mortgage loan proceeds for this property.

46. On or about September 10 and 12, 2008, defendant ZAKI BEY deposited two checks totaling approximately \$40,100 from Abstract One Resources, Inc. representing disbursements made to defendant BEY's company, Natural Home Builders, LLC at closing on 6335 Ambrose Street, Philadelphia, PA.

**1766 North Mascher Street, Phila., PA and 439 E. Montana Street, Phila., PA**

47. On or about October 15, 2008, Co-Conspirator #1 received a fax from Person #4, made by Person #4 at the direction of defendant ZAKI BEY, which fax contained various documents, including a legitimate 2007 W2 form, Social Security benefits documents, pay stubs and other documents of Person #4, who was to be the purchaser of and applicant on mortgage loans on 1766 N. Mascher Street, Philadelphia, PA and 439 E. Montana Street, Philadelphia, PA

48. On or about October 16, 2008, Co-Conspirator #1 received a fax from

Person #4, made by Person #4 at the direction of defendant ZAKI BEY, containing legitimate Commerce Bank monthly bank statements of Person #4 in furtherance of mortgage loan applications on 1766 N. Mascher Street, Philadelphia, PA and 439 E. Montana Street, Philadelphia, PA.

49. In late October, 2008 and early November, 2008, Co-Conspirator #1 forwarded to lender Provident altered monthly bank statements of Person #4 and other altered documents created by Co-Conspirator #2, along with a mortgage application containing false representations about Person #4 and containing the fake signature of Person #4, in support of a mortgage application to Provident for 1766 N. Mascher Street, Philadelphia, PA

50. On or about October 28, 2008, Co-Conspirator #1 submitted a mortgage application, dated October 13, 2008, to EverBank, which contained false representations about J.N., the fake signature of Person #4, along with altered bank statements and other altered documents to EverBank, in connection with the mortgage application of Person #4 for 439 E. Montana Street, Philadelphia, PA.

51. On or about November 6, 2008, defendant ZAKI BEY forwarded to Co-Conspirator #1 a fake Rental Agreement between Person #5 (as supposed tenant) and buyer/borrower Person #4 (as supposed landlord) dated November 3, 2008.

52. On or about November 7, 2008, Co-Conspirator #1 forwarded the fake Rental Agreement between Person #5 and Person #4 to EverBank, in support of the mortgage application of Person #4 on 439 E. Montana Street, Philadelphia, PA.

53. On or about November 10, 2008, defendants ZAKI BEY and Co-Conspirator #1 caused a payment to be made in the approximately amount of \$195,448.78 from Provident Funding to the account of Abstract One Resources, Inc., settlement agent for the

closing on 1766 N. Mascher Street, Philadelphia, PA, representing mortgage loan proceeds for this property.

54. On or about November 10, 2008 and November 13, 2008, defendant ZAKI BEY deposited two checks totaling approximately \$38,400 from Abstract One Resources, representing disbursements made at closing to defendant BEY's company, "Natural Home Construction" for 1766 N. Mascher Street, Philadelphia, PA.

55. On or about November 18, 2008, defendants ZAKI BEY and Co-Conspirator #1 caused a payment to be made in the approximately amount of \$161,905.04 from EverBank to the account of Abstract One Resources, Inc., settlement agent for the closing on 439 E. Montana Street, Philadelphia, PA, representing mortgage loan proceeds for this property.

56. On or about November 18, 2008 and November 19, 2008, defendant ZAKI BEY deposited two checks totaling approximately \$42,720 from Abstract One Resources, representing disbursements made at closing to defendant BEY's company, "Natural Home Construction" for 439 E. Montana Street, Philadelphia, PA.

#### **MidSouth Bank Loan Application**

57. In or about May, 2013, defendant ZAKI BEY corresponded by email with "Person #6," known to the grand jury, regarding loan applications for Person #7 and Person #8, both known to the grand jury.

58. On or about May 20, 2013, defendant ZAKI BEY received an email from Person #6 with a "MidSouth Bank Commercial Loan Application" form. The email stated, in part, "MidSouth Bank Application for the 50k (\$50,000 loan)—fill out and get back to me ASAP so I can get it to our contact...you just have to put them as 100% owner on your corp...through the secretary of state..."

59. On or about May 20, 2013, defendant ZAKI BEY stated in a response email to Person #6 “(Person #7) and (Person #8) would have to purchase a corp first, not sure if they have the time to do so. What’s the quickest way to establish a corp in thier (sic) name.”

60. On or about May 20, 2013, Co-Conspirator #1 forwarded an email to defendant ZAKI BEY attaching a form from the Pennsylvania Department of State, Bureau of Corporations, transferring sole membership in defendant BEY’s company, Natural Home Builders, to Person #7.

61. On or about May 21, 2013, defendant ZAKI BEY sent an email to Person #6 with a completed MidSouth Bank Commercial Loan Application representing that Person #7 was the “President” and 100% owner of Natural Home Builders, LLC, with annual sales of 350K (\$350,000).

62. On or about May 21, 2013, Co-Conspirator #1 forwarded emails to defendant ZAKI BEY attaching forms from the Pennsylvania Department of State, Bureau of Corporations, purporting to transfer sole membership in a business in southwest Philadelphia (“the business in southwest Philadelphia” to Person #8.

63. On or about May 21, 2013, Co-Conspirator #1 sent an email to defendant ZAKI BEY captioned “Address” with an attached document from the Pennsylvania Department of State captioned “Business Entity Filing History” for the business in southwest Philadelphia including a handwritten note identifying the IRS “Employer Identification Number” for that business.

64. On or about May 21, 2013, defendant ZAKI BEY sent an email to “creativefinancingteam@gmail.com (Person #6’s email account) attaching a completed MidSouth Bank Commercial Loan Application representing that Person #8 was the “President”

and 100% owner of the business in southwest Philadelphia with annual sales of 175K (\$175,000).

65. On or about May 22, 2013, defendant ZAKI BEY sent an email to Co-Conspirator #1 captioned “(Person #7) app” with an attached “MidSouth bank application” form, defendant BEY stated “The loan is a personal loan backed by a business that personally guaranteed (sic) by the principles (sic) personal credit... The loan is relatively small (50k)...”. Co-Conspirator #1 responded to defendant ZAKI BEY by email, stating “OK sounds good, let me know when you get approval and I will get bank account info for auto shop.” Defendant BEY responded back by email, stating “I will.”

#### **Other Overt Acts**

66. On or about October 6, 2009, Co-Conspirator #1 sent an email to Co-Conspirator #2 captioned “Bank Statements” stating “...Hold up on those statements, we are not using Chevy Chase Statements, Zaki (defendant ZAKI BEY) will be getting you ones from CITI, we are still using Wachovia so we still need NSF gone.”

67. On or about July 22, 2010, defendant ZAKI BEY caused a filing to be made in the U.S. Bankruptcy Court, Eastern District of Pennsylvania, in the name of Person #2.

68. On or about November 18, 2010, defendant ZAKI BEY caused a filing to be made in the U.S. Bankruptcy Court, Eastern District of Pennsylvania, in the name of Person #2.

69. On or about November 23, 2010, defendant ZAKI BEY sent an email captioned “Dummy Bankruptcy” stating, in part, “I’ll start off with the fact that the bankruptcy filing isn’t real.”

70. On or about September 6, 2011, defendant ZAKI BEY caused a deed,

transferring title and ownership in 5014 Newhall Street, Philadelphia, PA from Person #2 to defendant BEY, to be filed with the Philadelphia Recorder of Deeds. Such filing by defendant ZAKI BEY included a “Philadelphia Real Estate Transfer Tax Certification” claiming exemption from the real estate transfer tax based on a false claim that he was the brother of Person #2.

71. On or about May 16, 2012, defendant ZAKI BEY caused a deed, transferring title and ownership of 5014 Newhall Street, Philadelphia, PA, from defendant ZAKI BEY to the “Bey Family Trust,” to be filed with the Philadelphia Recorder of Deeds.

72. In January, 2014, defendant ZAKI BEY caused various documents, including a “Notice of Settlement Agreement” dated December 16, 2013 and a “Private Registered Promissory Note” with the face amount of \$1,000,000, to be delivered to J.P. Morgan Chase, a Lender holding the mortgage on 5014 Newhall Street, Philadelphia, PA, which documents attempted to satisfy and discharge the mortgage lien on such property without payment.

73. In July, 2014, defendant ZAKI BEY caused various documents, including a “Notice of Settlement Agreement” dated May 23, 2014, to be delivered to J.P. Morgan Chase, a Lender holding the mortgage on 23 Hummingbird Lane, Willingboro, NJ, which documents attempted to satisfy and discharge the mortgage lien on such property without payment.

All in violation of Title 18, United States Code, Sections 371.



**COUNT TWO**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 11, 13 through 23 and Overt Acts 36 through 38 of Count One are incorporated here.
2. On or about April 15, 2008, in the Eastern District of Pennsylvania, and elsewhere, defendant

**ZAKI BEY**

knowingly made, and aided and abetted and caused the making of, a false statement to First Horizons Home Loans, a division of First Tennessee Bank, N.A., for the purpose of influencing the actions of First Tennessee Bank, N.A. upon a loan, that is a \$175,750 mortgage loan in the name of Person #2 on 7201 Hanford Street, Philadelphia, Pennsylvania, in that defendant BEY caused to be submitted to First Tennessee Bank, N.A. a false residential loan application on behalf of Person #2 which falsely represented Person #2 marital status, income, assets, the extent of Person #2's pre-existing liabilities, and occupancy of the subject property as the borrower's (Person #2's) primary residence.

In violation of Title 18, United States Code, Sections 1014 and 2.

**COUNT THREE**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 11, 13 through 23 and Overt Acts 39 through 42 of Count One are incorporated here.

2. On or about June 26, 2008, in the Eastern District of Pennsylvania, and elsewhere, defendant

**ZAKI BEY**

knowingly made, and aided and abetted and caused the making of, a false statement to EverBank for the purpose of influencing the actions of EverBank upon a loan, that is a \$223,236.00 mortgage loan in the name of Person #2 on 23 Hummingbird Lane, Willingboro, New Jersey, in that defendant BEY caused to be submitted to EverBank a false residential loan application on behalf of Person #2 which falsely represented Person #2's marital status, income, assets, the extent of Person #2's pre-existing liabilities, and occupancy of the subject property as the borrower's (Person #2's) primary residence.

In violation of Title 18, United States Code, Sections 1014 and 2.

**COUNT FOUR**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 11, 13 through 23, and Overt Acts 47, 48, 50, 51, 52, 55 and 56 of Count One are incorporated here.
2. On or about November 18, 2008, in the Eastern District of Pennsylvania, and elsewhere, defendant

**ZAKI BEY**

knowingly made, and aided and abetted and caused the making of, a false statement to EverBank for the purpose of influencing the actions of EverBank upon a loan, that is a \$158,650.00 mortgage loan in the name of Person #4 on 439 East Montana Street, Philadelphia, PA, in that defendant BEY caused to be submitted to EverBank a false residential loan application on behalf of Person #4 which falsely represented Person #4's marital status, assets, income and occupancy of the subject property as the borrower's (Person #4's) primary residence.

In violation of Title 18, United States Code, Sections 1014 and 2.

## COUNT FIVE

### **THE GRAND JURY FURTHER CHARGES THAT:**

At all times relevant to this Indictment:

1. The Internal Revenue Service (“IRS”) was a constituent agency within the United States Department of the Treasury charged with, among other things, enforcing the tax laws of the United States. In enforcing those laws, the IRS requires individuals and businesses that have certain income to report the income on returns filed with the IRS. The filed returns must truthfully account for income earned, for expenses and deductions taken against such income, and for tax withholding remittances made to the IRS.

2. “Original Issue Discount” (“OID”) is the excess of a debt obligation's stated redemption price at maturity over its issue price. OID income was a form of interest income typically realized on debt instruments, such as bonds, that were issued at a discount to, or purchased at less than, the ultimate redemption value of the debt instrument. The IRS typically considered the holders of such discounted debt instruments to have realized yearly OID income from such instruments in amounts corresponding to a pro-rated portion of the overall difference in value between the issuance or purchase price of the instrument and its redemption price.

3. The IRS generally requires taxpayers to recognize OID income on their tax returns. The IRS also required financial institutions and other issuers of debt obligations involving OID to report OID income realized by taxpayers from OID instruments for a particular year, both to the IRS and to the holder of the OID instrument, through the use of IRS Form 1099-OID, a copy of which form is required to be provided to the holder of the OID instrument for use in preparing the taxpayer's federal income tax return for the year and the original of which is to be filed by the financial institution or issuer with the IRS.

4. IRS Forms 1099-OID reported, among other things, the name and address of a financial institution or debt issuer (“payer”) and its federal identification number, the recipient’s name and address and federal identification number, the amount of OID for the tax year, the amount of federal income tax withheld for the tax year, and other information.

5. IRS Form 1096, entitled “Annual Summary and Transmittal of U.S. Information Returns,” was used to transmit IRS Form 1099 and other tax forms to the IRS, and reported the filer’s name and address, the name of the Person to contact, email address and telephone number, the employer identification number and/or social security number of the filer, the amount of federal income tax withheld, the number of forms attached to the transmittal and other information.

6. Defendant ZAKI BEY operated a business known as Natural Home Builders, LLC (“NHB”) which purportedly was sometimes involved in the real estate business. Defendant BEY maintained bank accounts in the name of NHB and held himself as the sole owner and president of NHB. BEY sometimes submitted tax returns or other documents to the IRS on behalf of himself and on behalf of his business NHB.

7. Co-Conspirator #2, charged elsewhere, operated a small tax preparation and accounting office in Philadelphia, Pennsylvania. In or about 2007, Co-Conspirator #2 and defendant ZAKI BEY became acquainted and thereafter became business associates. In late-2007 to early 2008, defendant ZAKI BEY and Co-Conspirator #2 were involved in a fraudulent real estate scheme, along with Person #2, known to the grand jury, through which Person #2 acquired properties and financed them with mortgages obtained with misrepresentations as to the mortgage applicant’s (Person #2’s) income, liabilities and other items. At closings, defendant BEY took out significant funds for purported “construction” expenses incurred, thereby

enriching himself. The arrangement soon became financially unsustainable, resulting in adverse credit consequences to Person #2, the named purchaser of the properties.

8. Defendant BEY completed IRS forms and provided false interest income and tax withholding payment information to Co-Conspirator #2 so that BEY and Co-Conspirator #2 could prepare and submit false tax information to the IRS. Co-Conspirator #2 assisted defendant BEY by receiving the false information from BEY and by preparing and sometimes electronically filing tax returns for BEY, BEY'S clients and for himself, knowing that the returns and associated tax documents contained false information.

### **THE CONSPIRACY**

9. From at least in or about the spring of 2009 to at least the summer of 2012, in the Eastern District of Pennsylvania and elsewhere, defendant

### **ZAKI BEY**

and Co-Conspirator #2, charged elsewhere, knowingly combined, conspired, and agreed to defraud the United States by filing, and willfully causing the filing of, false, fictitious and fraudulent claims, namely the 2007, 2008, 2009 and 2010 individual tax returns of defendant ZAKI BEY, and the 2008 amended joint tax return of Co-Conspirator #2 and Person #2, and others known and unknown to the grand jury, with the IRS, and obtaining and attempting to obtain, and aiding the obtaining and payment of a false, fictitious and fraudulent tax refund remittance from the IRS, to wit: Defendant BEY and Co-Conspirator #2 caused false income tax returns to be filed with the IRS which claimed false interest income and federal tax withholding payments made to the IRS, resulting in the payment of a refund to BEY on his 2009 federal income tax return.

## THE MANNER AND MEANS OF THE CONSPIRACY

It was part of the conspiracy that:

10. Defendant ZAKI BEY persuaded Co-Conspirator #2 that they could recover from the adverse consequences that Co-Conspirator #2 and Person #2 had suffered from participating in the fraudulent real estate scheme by participating in another fraudulent scheme, this one designed to obtain large tax refunds from the U.S. Treasury.

11. Defendant ZAKI BEY proposed filing false tax returns to Co-Conspirator #2 claiming bogus "Original Issue Discount" income and tax withholding claims.

12. In order to obtain the large tax refunds for various tax years, defendant ZAKI BEY prepared false information and documentation to give to Co-Conspirator #2 for use in preparing the false tax returns. Among the information and documents prepared by defendant BEY were false OID interest income and tax withholding information and IRS Forms 1096 and Forms 1099-OID.

13. Defendant ZAKI BEY and Co-Conspirator #2 then submitted a series of false federal tax returns to the IRS via the U.S. mail and electronic means in order to obtain tax refunds in the hundreds of thousands of dollars.

14. Upon receiving a refund from the IRS of approximately \$145,405, electronically deposited by the U.S. Treasury into defendant ZAKI BEY's business bank account, defendant BEY tried to prevent the IRS from recovering the refund proceeds by immediately transferring the money to the bank account of Person #14, known to the grand jury.

15. After the IRS determined that defendant BEY had obtained the refund through the use of bogus income and withholding tax information in his returns, defendant ZAKI BEY further resisted efforts by the IRS to recover the \$145,405, including sending checks

to the IRS drawn on a closed bank account in order to frustrate the IRS' recovery of the monies remitted to BEY.

### **OVERT ACTS OF THE CONSPIRACY**

In furtherance of the conspiracy and to accomplish its objects, defendant ZAKI BEY and Co-Conspirator #2 committed the following overt acts, among others, in the Eastern District of Pennsylvania and elsewhere:

#### **The false 2009 tax return of defendant Zaki Bey**

1. In or about July or early August, 2010, defendant ZAKI BEY furnished false OID interest income and tax withholding payment information to Co-Conspirator #2 in preparation of defendant BEY's 2009 federal tax return.

2. On or about August 2, 2010, Co-Conspirator #2 electronically transmitted defendant ZAKI BEY's 2009 Form 1040 tax return information to the IRS from Philadelphia, which information included false claims of interest income and tax withholding payments made and a false claim for a tax refund in the amount of \$148,296.

3. On or about August 13, 2010, defendant ZAKI BEY caused \$120,000 to be transferred from his "Natural Home Builders, LLC" bank account at Citibank to the bank account of Person #14, which amount represented the bulk of a \$145,405.39 2009 tax refund that had been deposited by the IRS into the same bank account on the same day.

#### **The false 2008 amended tax return of Co-Conspirator #2 and Person #2**

4. On or about August 3, 2010, defendant ZAKI BEY mailed the 2008 Form 1040X amended tax return and return information of Co-Conspirator #2 and Person #2 to the IRS from a Philadelphia post office, which information included false claims of interest income and tax withholding payments made and a false claim for a tax refund in the amount of \$



553,491.

**The false 2007 tax return of defendant Zaki Bey**

5. On or about November 16, 2010, Co-Conspirator #2 sent defendant ZAKI BEY an email captioned “2007 Natural home” and included as attachments defendant BEY’s 2007 Form 1040 tax return and other schedules to that tax return.

6. On or about November 19, 2010, defendant ZAKI BEY mailed his 2007 Form 1040 tax return to the IRS from Philadelphia, which information included false claims of interest income and tax withholding payments made and a false claim for a tax refund in the amount of \$325,380.

**The false 2008 tax return of defendant Zaki Bey**

7. On or about November 5, 2010, defendant ZAKI BEY sent Co-Conspirator #2 an email with the message “08 return info” and attaching Forms 1099-OID indicating “Natural Home Builders, LLC” as the payor and \$655,069.04 in federal income tax withheld. In addition, defendant BEY attached along with the Forms 1099-OID monthly bank statements from his “Natural Home Builders, LLC” bank account.

8. On or about December 3, 2010, Co-Conspirator #2 sent defendant ZAKI BEY an email captioned “2008” and included a copy of defendant BEY’s 2008 Form 1040 tax return.

9. On or about December 7, 2010, defendant ZAKI BEY mailed his 2008 Form 1040 tax return to the IRS from Philadelphia, which information included false claims of interest income and tax withholding payments made and a false claim for a tax refund in the amount of \$409,122.

**Correspondence regarding IRS demand for additional tax information**

10. On or about January 3, 2011, defendant ZAKI BEY sent an email to Co-Conspirator #2 with the subject “natural 07 tax letter” stating “check this out” and attached a letter from the IRS addressed to defendant BEY about BEY’s 2007 Form 1040 income tax return, which requested BEY provide information supporting his tax withholding entry of \$509,806.00 on his 2007 Form 1040.

11. On or about March 11, 2011, the IRS received from defendant ZAKI BEY a “Declaration Under Penalty of Perjury,” dated March 7, 2011, identifying various 2008 Forms 1096 and 1099 which had been previously sent to the IRS by defendant BEY.

**The false 2010 tax return of defendant Zaki Bey**

12. On or about January 4, 2011, defendant ZAKI BEY noted in his email account “Nataral (sic) 2010 391, 241.62” containing the information “Nataral (sic) oid 2010 391, 241.62.”

13. On or about January 22, 2011, Co-Conspirator #2 electronically transmitted defendant ZAKI BEY’s 2010 For 1040 tax return information to the IRS from Philadelphia, which information included false claims of interest income and tax withholding payments made and a false claim for a tax refund in the amount of \$258,879.

**Defendant Zaki Bey’s submission of documents and checks drawn on closed bank accounts to the IRS**

14. On or about July 10, 2012, the IRS received correspondences, an IRS payment voucher and two checks, dated June 30, 2012 and July 1, 2012, in the amount of \$218,000 and \$12,000, each payable to the Internal Revenue Service and marked “EFT ONLY FOR DISCHARGE OF DEBT” from defendant ZAKI BEY. The checks were drawn on a closed

Citibank bank account belonging to defendant BEY.

All in violation of Title 18, United States Code, Section 286.

**COUNTS SIX THROUGH TEN**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 8 and 10 through 15 and Overt Acts 1 through 14 of Count Five are incorporated here.

2. As to each count listed in the chart below, on or about the dates identified, in the Eastern District of Pennsylvania and elsewhere, defendant

**ZAKI BEY**

knowingly made and presented, and willfully caused to be made and presented, and aided and abetted the making and presenting of a false, fictitious, and fraudulent claim upon the United States to the Internal Revenue Service, an agency of the United States Department of the Treasury, that is, a 2007, 2008, 2009 and 2010 individual federal income tax return submitted and filed on behalf of himself and a 2008 amended joint tax return filed on behalf of Co-Conspirator #2 and Person #2, known to the grand jury, as identified in each of the counts listed in the chart below, falsely claiming a tax refund based upon fraudulent interest income and tax withholding payments made to the Internal Revenue Service, knowing such claim to be false, fictitious, and fraudulent:

<b>Count</b>	<b>Taxpayer</b>	<b>Tax Year</b>	<b>False Taxable Interest Claimed</b>	<b>False Tax Withholding Payment Claimed</b>	<b>False Refund Claimed</b>	<b>Date Filed/ Received by IRS</b>
6	Zaki Bey	2009	\$199,612	\$199,612	\$148,296	08/02/2010
7	Co-Conspirator #2 and Person #2	2008	\$817,486	\$817,486	\$553,491	08/11/2010
8	Zaki Bey	2007	\$509,806	\$509,806	\$325,380	11/30/2010

9	Zaki Bey	2008	\$655,069	\$655,069	\$409,122	12/13/2010
10	Zaki Bey	2010	\$391,242	\$391,242	\$258,879	01/22/2011

All in violation of Title 18, United States Code, Sections 287 and 2.

**COUNT ELEVEN**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 8 and 10 through 15 and Overt Acts 1 through 14 of Count Five are incorporated here.
2. In or about July, 2012, in the Eastern District of Pennsylvania and elsewhere, defendant

**ZAKI BEY**

corruptly endeavored to obstruct and impede the due administration of the internal revenue laws by, committing, among things, the following acts: On or about July 10, 2012, the IRS received correspondences, an IRS payment voucher and two checks, dated June 30, 2012 and July 1, 2012, in the amount of \$218,000 and \$12,000, each payable to the Internal Revenue Service and marked "EFT ONLY FOR DISCHARGE OF DEBT" from defendant BEY. The checks were drawn on a closed Citibank bank account belonging to BEY.

All in violation of Title 26, United States Code, Section 7212(a).

## **COUNT TWELVE**

### **THE GRAND JURY FURTHER CHARGES THAT:**

#### **INTRODUCTION**

At all times material to this indictment:

1. Beginning in or about mid-2010 and continuing until at least in or about late 2014, defendant ZAKI BEY and Co-Conspirator #3, charged elsewhere, and Co-Conspirator #4, and others both known and unknown to the grand jury, devised and intended to devise a scheme and artifice for Co-Conspirator #3 to create and furnish to defendant ZAKI BEY fraudulent financial and payroll documents, so that defendant ZAKI BEY could use such documents to furnish to Co-Conspirator #4 in furtherance of credit and loan applications made to auto dealerships and lenders.

2. One method of financing the purchase of automobiles in the United States was to make applications to obtain auto loans through various financial and lending institutions.

3. As part of the typical lending process for the financing of automobiles, a customer seeking to finance the purchase of an automobile would make a credit application and deliver it, sometimes along with supporting documentation such as payroll stubs and paychecks, to the automobile dealer, who would use the information to send the credit application to a financing source for the credit customer.

4. Dealertrack , Inc., (“Dealertrack”) a business located in New York, operated a secure electronic, automated credit application transmittal system which automobile dealers nationwide would use to submit customer credit applications to prospective lenders for automobile financing. This system offered an alternative to the dealer’s forwarding the application manually or by facsimile transmission directly to the lender. Automobile

dealerships contracted with Dealertrack for Dealertrack to provide a secure electronic routing system for transmitting credit applications to lenders selected by the dealer and for the lenders to return decisions electronically to the dealer. The Dealertrack system would receive customer credit application data from the dealer via its secure website and would transmit it electronically to the lenders to facilitate the lender's timely processing of the customer's credit application.

5. If a customer's credit application was approved by a lender, the automobile dealership would complete a retail installment sales contract for the automobile and the lender forward the credit proceeds to the automobile dealership on behalf of the customer. The lender would thereafter receive period installment payments on the credit obligation from the customer.

6. If a customer's credit application was approved by a lender, the automobile dealership would complete a retail installment sales contract for the automobile and the lender forward the credit proceeds to the automobile dealership on behalf of the customer. The lender would thereafter receive period installment payments on the credit obligation from the customer.

7. Another method of obtaining financing for business loans was for a borrower to use a broker or third-party to identify potential lenders and to act as an intermediary between the potential borrower and the lender, to receive credit applications and other supporting documentation from the borrower for the purpose of furnishing such applications and documentation to the lender.



## **THE CONSPIRACY**

8. Beginning in or about mid-2010 and continuing to at least until in or about mid-2014, in the Eastern District of Pennsylvania, and elsewhere, defendant

### **ZAKI BEY**

and Co-Conspirator #3, charged elsewhere, and Co-Conspirator #4 and others known and unknown to the grand jury, knowingly and intentionally conspired together and with others to execute a scheme and artifice to defraud, for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, and did transmit and caused to be transmitted by means of wire communication in interstate and foreign commerce, writing, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

## **OBJECT OF THE CONSPIRACY**

9. Co-Conspirator #3 created fake financial and payroll documents for defendant ZAKI BEY for defendant ZAKI BEY's use in obtaining money and property from lenders and auto dealers in connection with the purchase and financing of automobiles and, through Co-Conspirator #4, for another loan, by means of false and fraudulent pretenses, representations and promises, by creating, furnishing and submitting, and attempting to submit, false credit applications and supporting documentation and causing the transmission of documents via email and the Internet.

## **MANNER AND MEANS OF THE CONSPIRACY**

It was a part of the conspiracy and conspiracy to defraud that:

10. Defendant ZAKI BEY, who was associated with companies called "Natural Home Builders" and "Nova Cleaning Services," made requests by email and phone to

Co-Conspirator #3 for her to create altered bank statements and to create fictitious paystubs and payroll checks in the name of other individuals associated with defendant BEY, for the purpose of BEY's using such documents to substantiate fraudulent credit applications to automobile dealers and for other loan applications.

11. Co-Conspirator #3 worked as a payroll specialist and bookkeeper in Arizona.

12. Co-Conspirator #3 introduced Co-Conspirator #4, known to the grand jury, to defendant ZAKI BEY. Co-Conspirator #4, who was an individual associated with a companies called "Amerivest Capital" and "Advanta Capital Funding, Inc." in Chicago, IL, purported to arrange for loans and financing for customers. Co-Conspirator #4, via email, assisted defendant ZAKI BEY in reviewing and suggesting alterations of bank documents to be submitted in connection with a loan application.

13. At defendant ZAKI BEY's request, Co-Conspirator #3 altered bank statements and created fictitious paystubs and payroll checks for defendant BEY and emailed copies of those documents to BEY, who in turn paid Co-Conspirator #3 for her services by making deposits into her bank account.

14. Defendant ZAKI BEY caused and attempted to cause fraudulent loan and credit applications to be made in the name of third-parties, including Person #7, Person #10, Person #11, Person #12, and Person #13, known to the grand jury, to auto dealerships and, through the dealerships, to the Dealertrack credit application system over the Internet for the purpose of obtaining financing for the purchase of automobiles at dealerships located in Pennsylvania and New Jersey.

15. After borrowers defaulted on their auto loans, defendant ZAKI BEY corresponded with lenders and other acting on their behalf and forwarded checks drawn on a closed bank account to frustrate collection efforts by those lenders.

16. Defendants ZAKI BEY and Co-Conspirator #3, along with Co-Conspirator #4, corresponded by email with each other about preparing false bank statements in connection with a loan application for defendant BEY and Nova Cleaning Services and, in some of those emails, attached unaltered, marked-up and altered Bank of America bank statements in connection with a loan application to be made with the assistance of Co-Conspirator #4.

### **OVERT ACTS**

Defendant ZAKI BEY, Co-Conspirator #3 and Co-Conspirator #4 committed and caused to be committed the following overt acts, among others, in furtherance of the conspiracy:

1. On or about June 29, 2010, defendant ZAKI BEY sent an email to Co-Conspirator #3 captioned "stub work" and stated "I'm looking to provide stubs for my wife...showing a gross income of 52k...i'd like to know the process so I can move forward."

2. On or about June 30, 2010, Co-Conspirator #3 sent an email to defendant ZAKI BEY captioned "stub work" stating that she needed the full name and address (of the payee), last four digits of the "social" (social security number), and the name and address of the employing company. Co-Conspirator #3 stated "My prices have gone up, the price is now \$40 each, however you will be pleased with the final product. I will email copies to you once I see the payment in my bank. You must deposit cash."

3. On or about July 7, 2010, Co-Conspirator #3 sent an email to defendant ZAKI BEY stating "Hi there! You had mentioned that you were going to fax me a bank

statement to review/change. Do you need a fax number? If you can scan and email, that would be great. Let me know what you are thinking!!!”

4. On or about July 19, 2010, defendant ZAKI BEY sent an email to Co-Conspirator #3 with an attached ING Direct savings account statement of Person #10, known to the grand jury, showing an opening balance on January 19, 2010 of \$401.25 and an ending balance on April 30, 2010 of \$2.00, and stated “I attached a ING bank statement that needs to show a average balance of 4500\$ over the last 3 months...you can have the source of the funds being deposited in january...actually need the statement back by tomorrow at the latest...thanx zaki”.

5. On or about July 19, 2010, Co-Conspirator #3 sent an email to defendant ZAKI BEY with an attached ING Direct savings account statement of Person #10, showing an opening balance on January 4, 2010 of \$4,976.25 on April 30, 2010 balance of \$4,559.65, and stated “Okay, here ya go. I am expecting \$85.00 cash in Bank of America tomorrow...”

6. On or about July 20, 2010, defendant ZAKI BEY sent an email to Co-Conspirator #3 stating “Payment made....Just looked at the statement again. I think we had a misunderstanding. I needed the source of the funds to be deposited in Jan and for her to show a 4500 average balance up to the current date. U only have her showing that balance through April...Do you know a timeframe in which that can be corrected?”

7. On or about July 20, 2010, Co-Conspirator #3 sent an email to defendant ZAKI BEY stating “Hope this is what you needed!! and attaching to the email an ING Direct savings account statement for Person #10 showing an opening balance on January 19, 2010 of \$4,841.25 and an ending balance of July 16, 2010 of \$4540.96.

8. On or about August 25, 2010, defendant ZAKI BEY sent an email to Co-Conspirator #3 with two TD Bank payroll statements for Person #10 and stating “hey (Co-Conspirator #3)...anyway, need my clients stub to show a4k a month gross..doubling her hourly rate from 11.98 to 24.00 should do it....need stubs back asap..let me know...thanx zaki.”

9. On or about August 27, 2010, Co-Conspirator #3 sent an email to defendant ZAKI BEY with two altered TD Bank payroll statements for Person #10, stating “Try this. Review for accuracy! This is as close as I could get! Let me know.”.

10. On or about June 11, 2012, Co-Conspirator #3 sent an email captioned “Sanders Pyrl” to defendant ZAKI BEY, and attached to the email was a copy of a paycheck and paystubs for Person #10, representing Person #10 was an employee of Natural Home Builders.

11. On or about June 11, 2012, defendant ZAKI BEY emailed a salesperson at Family Dodge, 6735 Essington Avenue, Philadelphia, PA with a copy of a paycheck and paystubs for Person #10, representing Person #10 was an employee of defendant BEY’s company, Natural Home Builders.

12. On or about June 11, 2012, defendant ZAKI BEY caused a credit application containing false representations in the name of Person #10 to be completed for and electronically sent by Family Dodge, 6735 Essington Avenue, Philadelphia, PA, to Dealertrack, Inc., in connection with the purchase and financing of a 2010 Dodge Ram truck.

13. On or about August 1, 2012, defendant ZAKI BEY sent an email to a salesperson at BMW of Mount Laurel, NJ containing a completed BMW Financial Services Consumer Credit Application containing false representations about applicant Person #11 and stating “It’s zaki...I attached my partners applications...he’s looking for 2012/13 m3 (referring to a BMW M3 automobile) run him and let me know if he qualifies.”

14. On or about August 1, 2012, defendant ZAKI BEY sent another email to the salesperson at BMW of Mount Laurel, NJ captioned “BMW Consumer Credit App” and stating “235k annual income whats on app is a misprint...can you white out and correct?”

15. On or about August 3, 2012, Co-Conspirator #3 sent an email to defendant ZAKI BEY containing a payroll account voucher showing a two-week salary for Person #11 of \$9,038.46 and a copy of a “Natural Home Builders” paycheck payable to Person #11 in the amount of \$5662.99 dated July 20, 2012.

16. On or about August 3, 2012, defendant ZAKI BEY caused a credit application containing false representations in the name of Person #11 to be completed for and electronically made by BMW of Mount Laurel (NJ) to Dealertrack, Inc., in connection with the purchase and financing of a BMW automobile.

17. On or about August 6, 2012, defendant ZAKI BEY caused a credit application containing false representations in the name of Person #11 to be completed for and electronically sent by Family Dodge, 6735 Essington Avenue, Philadelphia, PA, to Dealertrack, Inc., in connection with the purchase and financing of a Dodge Challenger automobile.

18. On or about August 6, 2012, defendant ZAKI BEY caused a credit application containing false representations in the name of Person #11 to be completed for and electronically made by Chapman Nissan, 6723 Essington Avenue, Philadelphia, PA, to Dealertrack, Inc., in connection with the purchase and financing of a Nissan Maxima automobile.

19. On or about September 4, 2012, defendant ZAKI BEY caused a check drawn on a closed account to be sent to VNB (Valley National Bank) Loan Services in connection with the attempted payoff of a Dodge Challenger automobile in the name of Person

#11. Such check was made in the amount of \$38,000 with the memo “EFT Only For Discharge of Debt.”

20. On or about October 12, 2012, defendant ZAKI BEY caused a check drawn on a closed bank account to be made payable and sent to “Financial Services Remarketing, Inc.,” an affiliate of BMW Financial Services, in connection with the attempted payoff of a BMW automobile in the name of Person #11. Such check was made in the amount of \$91,000.00 with the memo “EFT Only For Discharge of Debt.”

21. On or about June 1, 2013, defendant ZAKI BEY sent an email to Co-Conspirator #3 stating “(Person #7) and (Person #13) stubs needs to look different as if they from two different employers. Stubs should represent the last two pay periods. No direct deposit for either.”

22. On or about June 1, 2013, Co-Conspirator #3 sent an email to defendant ZAKI BEY asking “Which format for (Person #7)???? Both on their way once you select format,” and attaching two different fake paystubs showing Person #7 as employed by a business in southwest Philadelphia (“the business in southwest Philadelphia”)

23. On or about June 1, 2013, Co-Conspirator #3 sent an email to defendant ZAKI BEY with attached copies of fake paystubs for Person #7 and Person #13.

24. On or about June 1, 2013, defendant ZAKI BEY caused a credit application containing false representations in the name of Person #7 and Person #13 to be completed for and electronically sent by Barbera’s Autoland, Roosevelt Boulevard, Philadelphia, PA to Dealertrack, Inc., in connection with the attempted purchase of an automobile.

25. On or about November 20, 2013, defendant ZAKI BEY sent an email to Co-Conspirator #3 stating “Hey (Co-Conspirator #3)...Need last two stubs for (H.S.)” and

providing Person #12'S full name, address, last four digits of a Social Security Number and employer as Natural Home Builders, LLC with a salary of "85K" (\$85,000).

26. On or about November 20, 2013, Co-Conspirator #3 sent an email with attached employee paystubs and a check stub for Person #13 in the amount of \$2338.40 for a two-week pay period in October, 2013.

27. On or about November 20, 2013, defendant ZAKI BEY caused a credit application containing false representations in the name of Person #13 to be completed for and made by Chapman Nissan, 6723 Essington Avenue, Philadelphia, PA, to Dealertrack, Inc., in connection with the purchase and financing of two automobiles, Nissan Pathfinder automobile and a Nissan Sentra automobile.

28. On or about October 1, 2014, defendant ZAKI BEY received an email with various attachments from Co-Conspirator #4 of "Amerivest Capital," in which Co-Conspirator #4 stated: "Zaki, Complete these form (sic) and send them along with you (sic) other documents that I requested so I can get your loans."

29. On or about October 10, 2014, defendant ZAKI BEY sent an email to Co-Conspirator #4 with a completed "Uniform Commercial Loan Application" and other related documents.

30. On October 8, 2014, Co-Conspirator #4 sent an email to defendant ZAKI BEY captioned "Nova June" and with an attachment described as "See My Notes.pdf" which contained marked-up copies of Bank of America bank statements for "Nova Cleaning Services, Inc." In this email, Co-Conspirator #4 wrote "These are the correction (sic) that must be made either your new Person or (Co-Conspirator #3)? but it has to be right made notes on all pages.



31. On or about October 2, 2014, Co-Conspirator #3 sent an email to defendant ZAKI BEY with attached altered bank statements , and stated “I did this because (Co-Conspirator #4) stated he wanted to see your statement and what kinda of deposits you had. He said he didn’t care how much just if you had a valid account open for six months or more with deposits going through it. Tell me what you think and then we (c)an revise to fit his request.”

32. On or about October 7, 2014, Co-Conspirator #3 sent an email to Co-Conspirator #4 with altered bank statements, stating “Here is the final for June. I will send July the moment I complete it.”

32. On or about October 7, 2014, Co-Conspirator #3 sent an email to defendant ZAKI BEY, with attached altered bank statements, stating “here ya go. (Co-Conspirator #4) has his also. He is still not happy.”

33. On or about October 23, 2014, Co-Conspirator #3 sent to defendant ZAKI BEY an email captioned “Nova docs” with attached altered Bank of America monthly bank statements for “Nova Cleaning Services, Inc.” in which Co-Conspirator #3 stated: “OK. I made several changes. I looked hard and did not see anything out of line from my changes. ALL your numbers are correct now and dates are correct. LET ME KNOW.”

In violation of Title 18, United States Code, Section 1349.

**COUNTS THIRTEEN THROUGH FIFTEEN**

**THE GRAND JURY FURTHER CHARGES THAT:**

1. Paragraphs 1 through 6, 9 through 11, and 13 through 15 of Count Twelve are re-alleged and incorporated here.

2. From at least mid-2012 to at least late 2013, in the Eastern District of Pennsylvania, and elsewhere, defendant

**ZAKI BEY**

along with CO-CONSPIRATOR #3, charged elsewhere, and others known to the grand jury, devised and intended to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire communication in interstate commerce, writings, sounds and signals for the purpose of executing such scheme and artifice.

**THE SCHEME**

It was part of the scheme that:

3. Overt Acts 9 through 26 of Count Twelve are incorporated here.

4. On or about each of the dates set forth below, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendant

**ZAKI BEY**

for the purpose of executing the scheme described above, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce the writings, signs, and signals described below for each count, each transmission constituting a separate count:

<b>COUNT</b>	<b>DATE</b>	<b>DESCRIPTION</b>
13	August 6, 2012	Credit application of Person #11 made to Dealertrack, Inc. by Family Dodge, Inc., 6735 Essington Ave., Philadelphia, PA
14	August 6, 2012	Credit application of Person #11 made to Dealertrack, Inc. by Chapman Nissan, Inc., 6723 Essington Ave., Philadelphia, PA
15	November 20, 2013	Credit application of Person #12 made to Dealertrack, Inc. by Chapman Nissan, Inc., 6723 Essington Ave., Philadelphia, PA

All in violation of Title 18, United States Code, Section 1343 and 2.

## FORFEITURE

### THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Sections 371, 1014, 1343, 1344 and 1349, as set forth in this indictment, defendant ZAKI BEY shall forfeit to the United States of America any property that constitutes, or is derived from, proceeds obtained directly or indirectly from the commission of such offenses.

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

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (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) and Title 28, United States Code, Section 2461(c), both incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant(s) up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Sections 981(a)(1)(C), 981(a)(1)(D) and 982(a)(2).

**A TRUE BILL:**

**GRAND JURY FOREPERSON**

**ZANE DAVID MEMEGER**  
**UNITED STATES ATTORNEY**