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SOUTHERN DISTRICT OF CALIFORNIA

CASE UNSEALED PER ORDER OF COURT

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

January 2019 Grand Jury

19 CR 2955 BAS

UNITED STATES OF AMERICA,

Case No. _____

v.

ALEXANDER AVERGOON,

Defendant.

INDICTMENT

Title 18, U.S.C., Sec. 1343 – Wire Fraud;
Title 18, U.S.C., Sec. 1028A – Aggravated
Identity Theft; Title 18, U.S.C.,
Sec. 1956(a)(1)(B) (i) – Laundering
Monetary Instruments; Title 18, U.S.C.,
Sec. 1957 – Money Laundering
(Transactions Over \$10,000); Title 18,
U.S.C., Secs. 981(a)(1)(C) and 982(a)(1),
and Title 28, U.S.C., Sec. 2461(c) –
Criminal Forfeiture

The grand jury charges:

INTRODUCTORY ALLEGATIONS

At all times material to this indictment:

1. Defendant ALEXANDER AVERGOON (“AVERGOON”) was a San Diego real estate agent, licensed as a real estate salesperson by the State of California since 2004. His license was suspended for a brief period in 2015 due to tax delinquencies, but was reinstated in approximately July 2015.

2. AVERGOON operated, among other companies, Alex Avergoon Financial Services Inc. (“AAFS”); Advantage Retirement Solutions, Inc.; Advantage Retirement Solutions Health Care Inc.; ARS Transportation Division Inc.; London Plaza Advantage,

RMC

cc: Petri

1 LLC; Clairemont Villa Adult Day Health Center, Inc.; Imagination International Investment
2 Group, Inc.; and Imagination Construction. Avergoon operated each of these entities in
3 California, primarily within the Southern District of California.

4 Counts 1 through 14

5 18 U.S.C. § 1343

6 (Wire Fraud)

7 **FRAUDULENT PROPERTY PURCHASE SCHEME**

8 3. Beginning at least as early as 2010 and continuing up through at least May
9 2016, within the Southern District of California and elsewhere, defendant ALEXANDER
10 AVERGOON, with the intent to defraud, knowingly participated in, devised, and intended
11 to devise a material scheme and plan to defraud and to obtain money and property by
12 materially false and fraudulent pretenses, representations, and promises; that is, the
13 “Fraudulent Property Purchase Scheme.”

14 Purpose of the Fraudulent Property Purchase Scheme

15 4. It was the purpose of AVERGOON’s fraudulent property purchase scheme to
16 obtain millions of dollars from unwitting investors by falsely promising those investors that
17 he would use their investment funds to purchase income-generating rental residential and
18 business properties, when in fact AVERGOON lied to the investors and only pretended to
19 use their money to purchase real property as promised, and instead diverted their funds for
20 his personal gain.

21 Method and Means of the Fraudulent Property Purchase Scheme

22 5. In order to execute the fraudulent property purchase scheme, AVERGOON
23 utilized the following methods and means, among others:

24 a. AVERGOON would use his connections as a real estate agent and his
25 reputation for success to identify and target trusting victims to invest in the purchase of San
26 Diego-area real estate, including multi-unit residential apartment buildings and commercial
27 office space.

1 b. AVERGOON would promise potential investors monthly dividends
2 during the period they owned the properties, which he promised to collect in the form of
3 rental income from tenants. AVERGOON would further promise that if and when the
4 properties were sold, the investors would share in the appreciation of value of the properties.

5 c. To bolster the false impression that the investments were sound,
6 AVERGOON would distribute written prospectus materials including projected income and
7 expenses, circulate written partnership agreements describing the investors' purported
8 ownership interest in the properties, and falsely represent that other investors (including
9 AVERGOON) were contributing money to fund the investments.

10 d. To further this illusion of legitimacy, AVERGOON would describe the
11 investments as retirement vehicles, which he packaged as "Advantage Retirement
12 Solutions, LLP," and would fraudulently convince investors that they were funding safe
13 passive-income investments that would help supplement their retirement incomes.

14 e. Instead of purchasing the residential apartment buildings as promised,
15 AVERGOON would secretly divert the investors' money to his personal use and simply
16 pretend to own the buildings he falsely told the investors he had purchased with their funds.

17 f. Throughout the scheme, to maintain the illusion that the investments
18 were sound and to recruit new investors, AVERGOON would make occasional "dividend"
19 payments to the investors, which he pretended had been generated by monthly rent
20 payments from the properties' tenants.

21 g. To further maintain the illusion that the investments were sound,
22 AVERGOON would create phony annual Internal Revenue Service ("IRS") Forms
23 1099-DIV, which he mailed to his investors but never actually submitted to the IRS.

24 h. To conceal the fact that AVERGOON had not purchased the residential
25 apartment buildings as promised, and to consolidate the investors' funds and generate
26 additional proceeds for his fraudulent scheme, AVERGOON would encourage the investors
27 to re-invest or roll their investments over into the purchase of a multi-million dollar San
28 Diego commercial building located at 10174 Old Grove Road, San Diego, California

1 through a partnership known as London Plaza Advantage, LLC (“LPA”), which he
2 promised would continue to generate dividends through the collection of rent from business
3 tenants.

4 i. To convince the investors to agree to invest in the purchase of the Old
5 Grove office building, AVERGOON would provide false partnership agreements that
6 misrepresented the number of investors, the amounts invested, and the share of funds each
7 had contributed.

8 j. Unbeknownst to the investors at the time, AVERGOON would conceal
9 that he had in fact already purchased the Old Grove office building using money contributed
10 by another unwitting investor, and that AVERGOON had told that first investor nothing
11 about the new purported shares he pretended to sell to others.

12 k. Unbeknownst to the investors at the time, AVERGOON would
13 misrepresent the purchase price of the Old Grove office building and falsely report that they
14 owned the building outright without any mortgage debt, when in fact AVERGOON bought
15 the property for a lower price and encumbered the property with a \$2 million loan, all so
16 that he could secretly divert the investors’ funds to his personal use.

17 l. When investors asked for their funds to be returned, AVERGOON
18 would falsely claim that he was selling the properties, and would provide the investors
19 fraudulent paperwork designed to disguise the true ownership and status of the properties.

20 m. When investors grew suspicious and concerned that their investment
21 funds were unavailable, AVERGOON would falsely promise that repayments were
22 imminent, present fraudulent paperwork such as altered bank statements, and dissuade
23 investors from pursuing legal remedies for the return of their funds.

24 n. To conceal and disguise the nature, location, source, ownership, and
25 control of the proceeds of AVERGOON’s fraudulent property purchase scheme, and to
26 facilitate his ability to siphon the proceeds to his personal use without detection,
27 AVERGOON would form shell companies and maintain dozens of bank accounts at
28 multiple financial institutions, which he would use to transfer funds and divert the proceeds.

6. Using this fraudulent property purchase scheme, between approximately 2011 and 2016, AVERGOON fraudulently obtained investment funds from more than a dozen unwitting investors, totaling at least approximately \$5 million in fraudulently-obtained proceeds, by falsely promising to use the funds to purchase and maintain investment real estate, which AVERGOON did not buy as described and promised to the investors.

Execution of Scheme by Wire Communications

7. Paragraphs 1 through 6 are realleged and incorporated herein.

8. For the purpose of executing the Fraudulent Property Purchase Scheme, on or about the following dates, within the Southern District of California and elsewhere, defendant ALEXANDER AVERGOON, as specified for each count listed below, knowingly caused to be transmitted by wire communication in interstate commerce the following signals and sounds, in the form of transfers of funds, in the following approximate amounts:

Count	Approx. Date	Sender/Sending Bank	Recipient/Receiving Bank	Approx. Amount	Purpose
1	10/31/14	A.U. SDCCU/ ***3403	LPA Wells Fargo/ ***0083	\$3,000,000	Investment
2	3/16/15	I.F. BofA/ ***1099	LPA Wells Fargo/ ***0083	\$100,000	Investment
3	5/19/15	LPA Wells Fargo/ ***0083	Z.K. Bank Yahav/ ***4816	\$28,150	Dividend
4	10/19/15	LPA Wells Fargo/ ***0083	Z.K. Bank Yahav/ ***4816	\$10,000	Dividend
5	11/04/15	LPA Wells Fargo/ ***0083	A.U. Wells Fargo/ ***8722	\$62,180	Dividend
6	3/22/16	B.Ge. SDCCU/ ***1617	LPA Wells Fargo/ ***0083	\$110,000	Investment

1		B.Ge.			
2	7	3/22/16	National Financial Services/J.P. Morgan Chase/ ***0021	LPA Wells Fargo/ ***0083	\$390,000 Investment
3					
4	8	5/11/16	J.S. Asset Exchange Co./Boff/ ***8163	AAFS BofA/ ***7951	\$213,205 Investment
5					
6					

7

8 9. For the purpose of executing the Fraudulent Property Purchase Scheme, on or

9 about the following dates, within the Southern District of California and elsewhere,

10 defendant ALEXANDER AVERGOON, as specified for each count listed below,

11 knowingly transmitted and caused to be transmitted by wire communication in interstate

12 commerce the following signals and sounds, in the form of emails to investors about the

13 purchase and distribution of funds related to the Old Grove office building:

15	Count	Approx. Date	Sender	Recipients	Description
16	9	9/15/14	AVERGOON	A.H. A.G. L.S.-G. V.G. M.P. B.G.	"New Investment & Commercial Building" with offer to buy Old Grove office building
17					
18	10	3/02/15	AVERGOON	V.K. and Z.K.	Attachment of "Final Statement" for purchase of Old Grove office building
19					
20	11	3/02/15	AVERGOON	V.K. and Z.K.	Attachment of "Grant Deed" for purchase of Old Grove office building
21					
22	12	3/06/15	AVERGOON	V.K. Z.K. M.P. B.G. L.S.-G. I.F.	Purchase of Old Grove office building
23					
24					
25					
26					
27					
28					

13	3/19/15	AVERGOON	V.K. and Z.K.	Distribution of money for purchase of Old Grove office building
14	5/06/15	AVERGOON	V.K. Z.K. L.S.-G. B.G.	Signatures and distribution of funds for purchase of Old Grove office building

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

Count 15

18 U.S.C. § 1028A

(Aggravated Identity Theft)

10. Paragraphs 1 through 6 and 8 through 9 are realleged and incorporated herein.

11. On or about March 24, 2015, within the Southern District of California and elsewhere, during and in relation to a felony violation of Title 18, United States Code, Section 1343 (Wire Fraud), defendant ALEXANDER AVERGOON knowingly used, without legal authority, a means of identification of another person, to wit, the name and purported signature of A.U. on a fraudulent document entitled “Exhibit A, Initial Percentage Interests and List of Partners Advantage Retirement Solutions III L.P. a California Limited Partnership,” knowing that the means of identification belonged to another actual person.

All in violation of Title 18, United States Code, Section 1028A.

Counts 16 through 27

18 U.S.C. § 1956(a)(1)(B)(i)

(Laundering Money Instruments)

12. Paragraphs 1 through 6 and 8 through 9 are realleged and incorporated herein.

13. On or about the dates set forth below, within the Southern District of California and elsewhere, defendant ALEXANDER AVERGOON knowingly conducted the following financial transactions affecting interstate commerce, which transactions involved the proceeds of specified unlawful activity, that is, wire fraud in violation of 18 U.S.C. § 1343, knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said unlawful

1 activity, and knowing that the property involved in the financial transactions represented
2 the proceeds of some form of unlawful activity:

Count	Date	Amount	Funds Transferred From	Funds Transferred To
16	10/31/14	\$10,000	LPA WFB/***0083	Cash withdrawal
17	11/07/14	\$5,000	LPA WFB/***0083	Cash withdrawal
18	12/12/14	\$9,000	LPA WFB/***0083	Cash withdrawal
19	11/24/14	\$1,100	AAFS Wells Fargo/***0468	AVERGOON Wells Fargo/***8776
20	12/12/14	\$65,000	AAFS Wells Fargo/***0097	AAFS Wells Fargo/***0468
21	12/22/14	\$50,000	AAFS Wells Fargo/***0097	AAFS Wells Fargo/***0468
22	12/31/14	\$150,000	AAFS Wells Fargo/***0097	AAFS Wells Fargo/***0468
23	1/09/15	\$95,000	AAFS Wells Fargo/***0097	AAFS Wells Fargo/***0468
24	1/16/15	\$200,000	AAFS Wells Fargo/***0097	AVERGOON and M.K. Wells Fargo/ ***8776
25	1/16/15	\$200,000	AVERGOON and M.K. Wells Fargo/***8776	M.K. TD Waterhouse/ ***6774
26	5/19/16	\$211,830.40	AAFS BofA/***7951	Cashier's check made out to AVERGOON
27	5/19/16	\$211,830.40	Cashier's check made out to AVERGOON	AAFS U.S. Bank/***5436

23 All in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

24 Counts 28 through 37

25 18 U.S.C. § 1957

26 (Financial Transactions in Excess of \$10,000 in Proceeds)

27 14. Paragraphs 1 through 6 and 8 through 9 realleged and incorporated herein.

1 15. On or about the dates set forth below, within the Southern District of California
 2 and elsewhere, defendant ALEXANDER AVERGOON did knowingly engage in the
 3 following monetary transactions by, through, and to a financial institution, affecting
 4 interstate and foreign commerce, in criminally derived property of a value greater than
 5 \$10,000 and which was derived from specified unlawful activity, that is, wire fraud in
 6 violation of 18 U.S.C. § 1343:

Count	Date	Amount	Funds Transferred From	Funds Transferred To
28	11/03/14	\$141,500	LPA Wells Fargo/***0083	Maxim Properties City National Bank/ ***6066
29	11/13/14	\$100,000	LPA Wells Fargo/***0083	AAFS Wells Fargo/***0468
30	12/03/14	\$100,000	LPA Wells Fargo/***0083	AAFS Wells Fargo/***0468
31	12/08/14	\$500,000	LPA Wells Fargo/***0083	AAFS Wells Fargo/***0097
32	12/11/14	\$500,000	LPA Wells Fargo/***0083	AAFS Wells Fargo/***0097
33	12/12/14	\$500,000	LPA Wells Fargo/***0083	AAFS Wells Fargo/***0097
34	1/07/15	\$400,755	AAFS Wells Fargo/***0097	First American Title Company Wells Fargo/***1255
35	1/16/15	\$200,000	AAFS Wells Fargo/***0097	AVERGOON and M.K. Wells Fargo/***8776
36	1/16/15	\$200,000	AVERGOON and M.K. Wells Fargo/***8776	M.K. TD Waterhouse/***6774
37	5/17/16	\$250,000	Advantage Retirement Solutions Health Care Inc. BofA/***6922	AAFS BofA/***7951

27 All in violation of Title 18, United States Code, Section 1957.

1 Counts 38 through 41

2 18 U.S.C. § 1343

3 (Wire Fraud)

4 **FRAUDULENT SHORT-TERM LOAN SCHEME**

5 16. Beginning at least as early as August 2014 and continuing up through at least
6 September 2015, within the Southern District of California and elsewhere, defendant
7 ALEXANDER AVERGOON, with the intent to defraud, knowingly participated in,
8 devised, and intended to devise a material scheme and plan to defraud and to obtain money
9 and property by materially false and fraudulent pretenses, representations, and promises;
10 that is, the “Fraudulent Short-Term Loan Scheme.”

11 Purpose of the Fraudulent Short-Term Loan Scheme

12 17. It was the purpose of AVERGOON’s fraudulent short-term loan scheme to
13 obtain millions of dollars from unwitting investors persuaded to fund short-term secured
14 loans with high interest rates for individual borrowers when in reality there were no
15 borrowers and AVERGOON kept the investors’ money for personal use.

16 Method and Means of the Fraudulent Short-Term Loan Scheme

17 18. In order to execute the fraudulent short-term loan scheme, AVERGOON
18 utilized the following methods and means, among others:

19 a. AVERGOON would recruit potential investors, including investor A.U.
20 and A.U.’s wife, by offering them the opportunity to fund short-term loans for individual
21 borrowers that would generate interest income of approximately 8 to 20 percent and
22 purportedly be secured by a residence owned by the borrower.

23 b. To induce the investors to fund the purported loans and to create the
24 illusion that the investment was sound, AVERGOON would falsely claim that the
25 homeowner-borrowers needed short-term access to capital to fund their own investment
26 opportunities, and that they would therefore be able to quickly repay the investors’ loans.

27 c. AVERGOON would offer to the investors that he would act as the loan
28 broker when, in reality, the homeowner-borrowers knew nothing about the proposed loan

1 agreements AVERGOON created, were not working with AVERGOON, had not agreed to
2 borrow money from the investors, and, in some cases, were not the owners of the homes
3 that purportedly would be used as collateral.

4 d. To create the illusion of legitimacy, AVERGOON would draft
5 fraudulent and forged loan agreements, Deeds of Trust, Notes, and other official-looking
6 documents, many of which included notary stamps and document identification numbers
7 purportedly issued by the San Diego County Recorder's Office.

8 e. Instead of directing the loan proceeds to the purported homeowner-
9 borrowers as promised, AVERGOON would divert the investors' money to his personal
10 use.

11 f. To maintain the illusion that the loans were performing, while he had
12 available funds, AVERGOON would send lulling payments to the investors that purportedly
13 were loan repayments by the homeowner-borrowers.

14 g. To conceal and disguise the nature, location, source, ownership, and
15 control of the proceeds of AVERGOON's fraudulent short-term loan scheme, and to
16 facilitate his ability to siphon the proceeds to his personal use without detection,
17 AVERGOON would form shell companies and maintain dozens of bank accounts at
18 multiple financial institutions, which he would use to transfer funds and divert the proceeds.

19 19. Using this fraudulent scheme, between approximately August 2014 and June
20 2015, AVERGOON collected at least \$5,980,000 in fraudulently-obtained proceeds from
21 investor A.U.

22 Execution of Scheme by Wire Communications

23 20. Paragraphs 1 through 2 and 16 through 19 are realleged and incorporated
24 herein.

25 21. For the purpose of executing the Fraudulent Short-Term Loan Scheme, on or
26 about the following dates, within the Southern District of California and elsewhere,
27 defendant ALEXANDER AVERGOON, as specified for each count listed below,
28 knowingly caused to be transmitted by wire communication in interstate commerce the

1 following signals and sounds in the form of transfers of funds in the following approximate
2 amounts:

Count	Approx. Date	Sender/ Bank	Recipient	Approx. Amount	Property Purportedly Securing the Loan
38	1/16/15	A.U. Wells Fargo/ ***8722	AAFS Wells Fargo/ ***0468	\$85,000	1822 Calypso Drive, Vista, CA
39	1/20/15	A.U. SDCCU/ ***3403	AAFS Wells Fargo/ ***0468	\$125,000	1822 Calypso Drive, Vista, CA
40	1/20/15	A.U. SDCCU/ ***3403	AAFS Wells Fargo/ ***0468	\$425,000	13628 Lindamere Ln, San Diego, CA
41	6/22/15	D.S. BofA/ ***1773	AAFS Wells Fargo/ ***0468	\$100,000	197 Arnold Way, Alpine, CA

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

15 Counts 42 through 44

16 18 U.S.C. § 1028A

17 (Aggravated Identity Theft)

18 22. Paragraphs 1 through 2 and 16 through 21 are realleged and incorporated
19 herein.

20 23. On or about the dates set forth below, within the Southern District of California
21 and elsewhere, during and in relation to a felony violation of 18 U.S.C. § 1343 (wire fraud),
22 defendant ALEXANDER AVERGOON knowingly used, without legal authority, the
23 means of identification, that is, the names and purported signatures, of the following
24 specified individuals, knowing that the means of identification belonged to another actual
25 person:

26 //

27 //

28 //

Count	Approx. Date	Actual Person	Document
42	1/26/15	K.S.	Deed of Trust 1822 Calypso Drive, Vista CA 92081
43	1/26/15	I.A.	Deed of Trust 1822 Calypso Drive, Vista CA 92081
44	1/26/15	P.I.	Deed of Trust 13628 Lindamere Ln, San Diego CA 92128

All in violation of Title 18, United States Code, Section 1028A.

Counts 45 through 46

18 U.S.C. § 1956(a)(1)(B)(i)

(Laundering Money Instruments)

24. Paragraphs 1 through 2 and 16 through 21 are realleged and incorporated herein.

25. On or about the dates set forth below, within the Southern District of California and elsewhere, defendant ALEXANDER AVERGOON knowingly conducted the following financial transactions affecting interstate commerce, which transactions involved the proceeds of specified unlawful activity, that is, wire fraud in violation of 18 U.S.C. § 1343, knowing that the transactions were designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said unlawful activity, and knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity:

Count	Approx. Date	Approx. Amount	Funds Transferred From	Funds Transferred To
45	1/20/15	\$4,000	AAFS Wells Fargo/***0468	AAFS Wells Fargo/***0675
46	1/20/15	\$20,000	AAFS Wells Fargo/***0468	Advantage Retirement Solutions Health Care Inc. Wells Fargo/***0785
47	6/22/15	\$47,000	AAFS Wells Fargo/***0468	LPA Wells Fargo/***0083

48	6/25/15	\$7,000	AAFS Wells Fargo /***0468	Clairemont Villa Adult Day Health Center, Inc. Wells Fargo/***0843
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All in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i).

Counts 49 through 50

18 U.S.C. § 1957

(Financial Transactions in Excess of \$10,000 in Proceeds)

26. Paragraphs 1 through 2 and 16 through 19 are realleged and incorporated herein.

27. On or about the dates set forth below, in the Southern District of California and elsewhere, defendant ALEXANDER AVERGOON did knowingly engage in the following monetary transactions by, through, and to a financial institution, affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000 and which was derived from specified unlawful activity, that is, wire fraud in violation of 18 U.S.C. § 1343:

Count	Date	Amount	Funds Transferred From	Funds Transferred To
49	1/21/15	\$20,000	AAFS Wells Fargo/***0468	American Express account of A.N.
50	2/4/15	\$703,000	AAFS Wells Fargo/***0097	FCI Lender Services Sunwest Bank/***8003

All in violation of Title 18, United States Code, Section 1957.

FORFEITURE ALLEGATIONS

28. Upon conviction of one or more of the offenses alleged in Counts 1 through 14 and 38 through 41 of this Indictment and pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), defendant ALEXANDER AVERGOON shall forfeit to the United States any property, real and personal, which constitutes and is derived from proceeds traceable to the offenses, and any property traceable to such property.

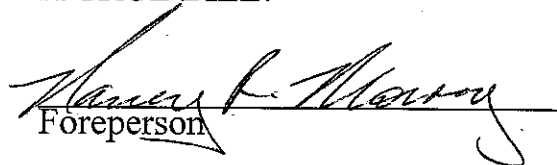
1 29. Upon conviction of one or more of the offenses alleged in Counts 16 through
2 37 and 45 through 50 of this Indictment and pursuant to Title 18, United States Code,
3 Section 982(a)(1), defendant ALEXANDER AVERGOON shall forfeit to the United States
4 any property, real and personal, involved in such offenses and any property traceable to
5 such property.

6 30. If any of the above-described forfeited property, as a result of any act or
7 omission of defendant AVERGOON, cannot be located upon the exercise of due diligence;
8 has been transferred or sold to, or deposited with, a third person; has been placed beyond
9 the jurisdiction of the Court; has been substantially diminished in value; or has been
10 commingled with other property which cannot be subdivided without difficulty, it is the
11 intent of the United States, pursuant to Title 21, United States Code, Section 853 (p), made
12 applicable herein by Title 18, United States Code, Section 982 (b), to seek forfeiture of any
13 other property of the defendant up to the value of the property described above subject to
14 forfeiture.


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

17 DATED: August 1, 2019.

18 A TRUE BILL:

19
20 
Foreperson

21 ROBERT S. BREWER, JR.
22 United States Attorney

23 By: 
24 OLEKSANDRA JOHNSON
25 EMILY W. ALLEN
26 ANDREW P. YOUNG
27 Assistant U.S. Attorneys
28