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RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND

9 UNITED STATES DISTRICT COURT
10 NORTHERN DISTRICT OF CALIFORNIA
11 OAKLAND DIVISION

12
13 CR10-00395 PJH
No.

14 UNITED STATES OF AMERICA,)

15 Plaintiff,)

16 v.)

17 JAMES DELBERT MCCONVILLE,)
a/k/a Delbert James McConville,)

18 LAURA MARGERY CATON,)
a/k/a Laura Margery Tate)
a/k/a Laura Gussman)

19 ARAKS DAVOUDI,)
a/k/a Araks Galstanian)

20 DONNA DEMELLO,)
a/k/a Donna Demello Martin,)
a/k/a Donna Kay McDaniel,)
a/k/a Donna Kay Demello,)

21 JASON ARTHUR PIETTE, and)
22 RASUL RASULI,)

23 Defendants.)
24

VIOLATIONS:

18 U.S.C. § 1349 – Conspiracy; 18 U.S.C. §
1957 – Money Laundering (4 Counts); 18
U.S.C. § 981; 21 U.S.C. § 2461(c) – Fraud
Forfeiture; 18 U.S.C. § 982 – Money
Laundering Forfeiture

25 INDICTMENT

26 The Grand Jury charges:

27 Background

28 1. JAMES DELBERT MCCONVILLE (“MCCONVILLE”) was a self-described real

INDICTMENT
[MCCONVILLE]

1 estate developer who used straw buyers to purchase hundreds of condominiums throughout
2 California, including approximately 300 units in Ridgecrest and approximately 80 units in
3 Escondido and San Marcos, California. MCCONVILLE used a number of shell corporations to
4 receive money at the close of escrow on each purchase in the name of a straw buyer.

5 2. The final settlement statement at the close of escrow for a sale of real property is
6 generated on a form approved by the United States Department of Housing and Urban
7 Development called a "HUD-1".

8 3. A straw buyer is defined as a person who allows his name, identifiers, and credit
9 rating to be used to secure a mortgage for the purchase of real property. The straw buyer
10 generally understands that he will neither occupy the property nor make payments on the loan.
11 The straw buyer is generally paid a fee by someone who either intends to flip the property or use
12 the loan to launder illicit funds.

13 4. From approximately November 2002 until approximately December 2009,
14 Diamond House Development was a California corporation based in Fremont, California, and
15 controlled by MCCONVILLE.

16 5. From approximately September 2000 until approximately December 2009,
17 Emerald Park House Corporation was a California corporation based in Fremont, California, and
18 controlled by MCCONVILLE.

19 6. Since approximately October 2006, HI Investments has been a California
20 corporation based in Fremont, California, and controlled by MCCONVILLE.

21 7. From approximately June 2006 until approximately December 2009, La Mirage
22 HA was a California corporation based in Moraga, California, and controlled by MCCONVILLE.

23 8. Since approximately July 2001, Sapphire Park House Corporation has been a
24 California corporation based in Fremont, California, and controlled by McConville.

25 9. From approximately January 31, 2007 until approximately December 2009,
26 Stonemark Asset Portfolio was a California corporation based in Moraga, California, and
27 controlled by MCCONVILLE.

28 10. From approximately May 2007 until approximately December 2009, Sunset Drive

1 Media was a California corporation based in Fremont, California, and controlled by
2 MCCONVILLE.

3 11. Since approximately May 2007, 3 Mac Asset Portfolio has been a California
4 corporation based in Fremont, California, and controlled by MCCONVILLE.

5 12. From approximately June 2003 until approximately December 2009, 3 Mac
6 Development Corporation was a California corporation based in Fremont, California, and
7 controlled by MCCONVILLE.

8 13. MCCONVILLE controlled the following bank accounts at Union Bank, the
9 deposits of which were then insured by the Federal Insurance Deposit Corporation:

- 10 a. Account No. Ending 2445 in the name of Diamond House Development;
- 11 b. Account No. Ending 0464 in the name of HI Investments;
- 12 c. Account No. Ending 0194 in the name of Kearny Mesa Townhomes, LLC;
- 13 d. Account No. Ending 9938 in the name of La Mirage;
- 14 e. Account No. Ending 0240 in the name of Stonemark Asset Portfolio;
- 15 f. Account No. Ending 4626 in the name of 3 Mac Development Corp.

16 14. MCCONVILLE controlled the following bank accounts at First Republic Bank,
17 the deposits of which were then insured by the Federal Insurance Deposit Corporation:

- 18 a. Account No. Ending 3713 in the name of Emerald Park House Corp.;
- 19 b. Account No. Ending 3705 in the name of Sapphire Park House Corp.;
- 20 c. Account No. Ending 8446 in the name of 3 Mac Asset Portfolio.

21 15. Defendant JASON ARTHUR PIETTE ("PIETTE") was a licensed realtor in the
22 State of California. PIETTE began working for MCCONVILLE in approximately September
23 2001.

24 16. Defendant RASUL RASULI ("RASULI") began working for MCCONVILLE in
25 approximately July 2007.

26 17. Co-conspirator Raymond Davoudi worked at Pacific Residential Financing
27 starting some time in early 2006 until approximately February 2007. In approximately February
28 2007, Davoudi began working for MCCONVILLE.

1 18. Co-conspirator Bahareh Shamlou received a commission from the State of
2 California to be a notary public in or about June 2006. She began working for MCCONVILLE
3 in or about October 2006.

4 19. Defendant DONNA DEMELLO ("DEMELLO") worked as an escrow officer at
5 Stewart Title in Campbell, California. DEMELLO began working on real estate transactions for
6 MCCONVILLE in or about June 2008.

7 20. Defendant ARAKS DAVOUDI ("DAVOUDI") worked at a Citibank branch in
8 San Jose, California as a personal banker from approximately 2003 to June 2008.

9 21. Defendant LAURA MARGERY CATON ("CATON") was a licensed realtor in
10 the State of California. In approximately February 2007, CATON began working for
11 MCCONVILLE.

12 COUNT ONE: (18 U.S.C. § 1349 -- Conspiracy to Commit Mail and Wire Fraud)

13 22. Paragraphs 1 through 21 are realleged as if fully set forth herein.

14 23. Beginning in at least August 2006 and continuing until in or about December
15 2009, in the Northern District of California and elsewhere, the defendants,

16 JAMES DELBERT MCCONVILLE,
17 a/k/a Delbert James McConville,
18 LAURA MARGERY CATON,
19 a/k/a Laura Margery Tate
20 a/k/a Laura Gussman
21 ARAKS DAVOUDI,
22 a/k/a Araks Galstanian
23 DONNA DEMELLO,
24 a/k/a Donna Demello Martin,
25 a/k/a Donna Kay McDaniel,
26 a/k/a Donna Kay Demello,
27 JASON ARTHUR PIETTE, and
28 RASUL RASULI,

and others known and unknown to the Grand Jury, did knowingly conspire and agree together
and with other persons to commit offenses against the United States, namely (a) mail fraud, in
violation of Title 18, United States Code, Sections 1349 and 1341, and (b) wire fraud, in
violation of Title 18, United States Code, Sections 1349 and 1343.

Manner and Means of Conspiracy

24. The objects of the conspiracy were accomplished in substance as follows:

1 (a) MCCONVILLE and others recruited individuals (hereafter referred to as
2 "Straw Buyers") to purchase real property located throughout the State of California, including
3 but not limited to real property located in Escondido, Ridgecrest, and San Marcos. The Straw
4 Buyers were told that they would receive between \$5,000 to \$10,000 for the use of their names
5 and credit and that they would not be responsible for making any payments on the mortgage
6 loans, including but not limited to the down payment and all monthly payments.

7 (b) Members of the conspiracy prepared and transmitted loan applications to
8 the mortgage lenders that included materially false and misleading information about the
9 employment, income, and assets of the Straw Buyers.

10 (c) Members of the conspiracy created fraudulent documents purporting to
11 support the materially false and misleading statements in the loan applications about the
12 employment, income, and assets of the Straw Buyers. For example, PIETTE used Adobe
13 Photoshop, a computer graphics editing software program, to create false bank statements for
14 Straw Buyers.

15 (d) Members of the conspiracy regularly obtained multiple loans in the name
16 of an individual Straw Buyer. The loans typically were submitted to different lenders at the same
17 time so that each lender would be unaware of the amount of debt the individual Straw Buyer was
18 incurring at the same time on other loans.

19 (e) Members of the conspiracy obtained and provided to the mortgage lenders
20 materially false and misleading appraisals that inflated the value of the real property securing the
21 loans to Straw Buyers.

22 (f) Members of the conspiracy fraudulently represented to the mortgage
23 lenders that the money for the down payment was being paid by the Straw Buyer when in fact the
24 money for the down payment was provided by MCCONVILLE. Information about the source of
25 the down payment was material to a lender's decision to approve a loan.

26 (g) MCCONVILLE received money at the close of escrow either: (1) in the
27 form of purchase money paid to an entity he controlled acting as the seller or (2) in the form of a
28 "marketing fee" paid to an individual or entity he controlled.

1 (h) MCCONVILLE regularly directed that the "marketing fee" be split at the
2 close of escrow into multiple checks to individuals and entities he controlled.

3 (i) MCCONVILLE directed that checks for payment of the "marketing fees"
4 be paid to individuals and entities he controlled, including but not limited to: his wife, his
5 daughter, Diamond House Development, Emerald Park House, HI Investments, Kearney Mesa
6 Townhomes, La Mirage HA, Sapphire Park House, Stonemark Asset Portfolio, Sunset Drive
7 Media, 3 Mac Asset Portfolio, and 3 Mac Development.

8 (j) When MCCONVILLE'S payment was in the form of a "marketing fee,"
9 the escrow officer, DEMELLO, generated a materially false and misleading copy of the HUD-1
10 that did not disclose the payment of the marketing fee to individuals and entities controlled by
11 MCCONVILLE. In this way, DEMELLO concealed from the lender the fact that a large portion
12 of the loan proceeds was not paid to the seller as part of the purchase price. DEMELLO then
13 caused the fraudulent version of the HUD 1 to be mailed to the lender. Information about the
14 marketing fee was material to a lender's decisions to fund a loan.

15 (k) Loans processed by DEMELLO through Stewart Title were funded by
16 wire transfers from the lender into escrow using the Fedwire Funds Service, a service of the
17 Federal Reserve Banks that allows participants to initiate funds transfers. Those wire transfers
18 traveled in interstate commerce through New Jersey.

19 (l) Straw Buyers signed grant deeds transferring their legal interest in the real
20 property to entities controlled by MCCONVILLE.

21 (m) Members of the conspiracy made payments on the mortgage loans each
22 month to prevent the loans from going into default.

23 (n) Members of the conspiracy collected rent from tenants living at the real
24 property purchased in the names of Straw Buyers.

25 (o) Members of the conspiracy continued to collect rent from tenants living at
26 the real property even when MCCONVILLE was no longer making payments on the mortgages
27 obtained in the names of the Straw Buyers.

28 Overt Acts

1 25. In furtherance of the conspiracy and to accomplish the objects of the conspiracy,
2 the defendants and others committed the following overt acts, among others, in the Northern
3 District of California:

- 4 (a) PIETTE regularly created fraudulent bank statements falsely verifying the
5 assets of Straw Buyers to support loan applications in their names.
- 6 (b) PIETTE regularly created fraudulent wire transfer receipts falsely
7 representing that money for a down payment was wired out of a Straw
8 Buyer's account.
- 9 (c) PIETTE, Davoudi, and Shamlou regularly used money provided by
10 MCCONVILLE to obtain cashier's checks falsely showing the Straw
11 Buyer as the remittor to hide from the lender the true source of money for
12 the down payment into escrow.
- 13 (d) RASULI regularly forged signatures on documents submitted to lenders.
- 14 (e) Davoudi regularly forged the signature of the Straw Buyer and falsely
15 represented himself as the lender on the Addendum to Purchase
16 Agreement that was provided to the seller of the real property in
17 Escondido and San Marcos, California. The Addendum to Purchase
18 Agreement falsely represented that the Straw Buyer and the lender were
19 aware of the large marketing fee paid to MCCONVILLE for the sale of the
20 condominium.
- 21 (f) ARAKS DAVOUDI caused to be generated false verifications of deposit
22 for Citibank bank accounts that purported to be the assets of Straw Buyers.
- 23 (g) Shamlou regularly forged signatures on documents submitted to lenders.
- 24 (h) Shamlou, in her capacity as a Notary Public in the State of California,
25 regularly notarized documents when the signer was not present and when
26 she knew the signatures were forged.
- 27 (i) DEMELLO regularly concealed from the lender the payment of the
28 "marketing fee" to individuals and entities controlled by MCCONVILLE.

1 She did this by creating two versions of the final HUD-1 at the close of
2 escrow. DEMELLO mailed or faxed to the seller the correct HUD-1
3 reflecting the marketing fee paid to an individual or entity controlled by
4 MCCONVILLE. She mailed to the lender the fraudulent version of the
5 HUD-1 that did not disclose the payment of a marketing fee to an
6 individual or entity controlled by MCCONVILLE.

7 (j) PIETTE, RASULI, Davoudi, and Shamlou regularly caused to be
8 transmitted to lenders loan applications that contained false information
9 about the price of the real property, the income of the Straw Buyer, and the
10 source of money for the down payment.

11 (k) PIETTE, RASULI, Davoudi, and Shamlou regularly caused to be
12 transmitted to lenders false documentation of a Straw Buyer's
13 employment, income, and assets.

14 (l) CATON regularly mailed monthly mortgage payments to lenders to
15 prevent the fraudulently obtained loans from going into default.

16 (m) CATON, PIETTE, and RASULI regularly fielded telephone calls from
17 Straw Buyers who were upset that loans in their names had gone into
18 default.

19 (n) CATON forged her mother's name as the buyer on a loan application
20 knowing that the application falsely represented her mother's employment,
21 income, and assets.

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

23 COUNTS TWO THROUGH FIVE: (18 U.S.C. § 1957 and 2 – Money Laundering)

24 26. Paragraphs 1 through 21 are realleged as if fully set forth herein.

25 27. On or about the dates set forth below, in the Northern District of California and
26 elsewhere, the defendant,

27 JAMES DELBERT MCCONVILLE,
28 a/k/a Delbert James McConville,

1 did knowingly engage and attempt to engage in the following monetary transactions in criminally
 2 derived property of a value greater than \$10,000, as described below in Counts Two through
 3 Five, that is the withdrawal of funds, such property having been derived from a specified
 4 unlawful activity, namely: mail fraud, in violation of Title 18, United States Code, Section 1341
 5 and wire fraud, in violation of Title 18, United States Code, Section 1343.

COUNT	DATE	MONETARY TRANSACTION
TWO	July 11, 2008	Check No. 1148 in the amount of \$30,000 drawn on the account of 3 Mac Asset Portfolio at Union Bank for the <u>purchase of a Superman comic book.</u>
THREE	July 15, 2008	Check No. 1165 in the amount of \$20,000 drawn on the account of 3 Mac Asset Portfolio at Union Bank for the <u>purchase of a Superman comic book.</u>
FOUR	July 24, 2008	Check No. 1246 in the amount of \$100,000 drawn on the account of 3 Mac Asset Portfolio at Union Bank for the <u>purchase of a Superman comic book.</u>
FIVE	July 23, 2008	Check No. 1248 in the amount of \$100,000 drawn on the account of 3 Mac Asset Portfolio at Union Bank for the <u>purchase of art.</u>

15 All in violation of Title 18, United States Codes, Sections 1957 and 2.

16 FORFEITURE ALLEGATION: (18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c) –
 17 Forfeiture of Wire Fraud Proceeds)

18 28. Paragraphs 1 through 27 are realleged as if fully set forth herein for the purpose of
 19 alleging forfeiture pursuant to the provisions of 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. §
 20 2461(c).

21 29. Upon conviction of the offense alleged in Count One, the defendants,

22 JAMES DELBERT MCCONVILLE,
 a/k/a Delbert James McConville,
 23 LAURA MARGERY CATON,
 a/k/a Laura Margery Tate
 a/k/a Laura Gussman
 24 ARAKS DAVOUDI,
 a/k/a Araks Galstanzian
 25 DONNA DEMELLO,
 a/k/a Donna Demello Martin,
 a/k/a Donna Kay McDaniel,
 27 a/k/a Donna Kay Demello,
 28 JASON ARTHUR PIETTE, and
 RASUL RASULI,

1 shall forfeit to the United States all property, real or personal, which constitutes or is derived
2 from proceeds traceable to said offense, including but not limited to the following property: a
3 sum of money equal to the total proceeds from the commission of the offense.

4 30. If any of said property, as a result of any act or omission of the defendants:

- 5 (a) cannot be located upon the exercise of due diligence;
- 6 (b) has been transferred or sold to or deposited with a third person;
- 7 (c) has been placed beyond the jurisdiction of the Court;
- 8 (d) has been substantially diminished in value; or
- 9 (e) has been commingled with other property which cannot be subdivided
10 without difficulty;

11 any and all interest defendants have in other property shall be vested in the United States and
12 forfeited to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), as
13 incorporated by Title 28, United States Code, Section 2461(c) and Rule 32.2 of the Federal Rules
14 of Criminal Procedure.

15 FORFEITURE ALLEGATION: (18 U.S.C. § 982(a)(1) – Forfeiture of Money Laundering
16 Proceeds)

17 31. Paragraphs 1 through 27 are realleged as if fully set forth herein for the purpose of
18 alleging forfeiture pursuant to the provisions of 18 U.S.C. § 982.

19 32. Upon conviction of any of the offenses alleged in Counts Two through Five, the
20 defendant,

21 JAMES DELBERT MCCONVILLE,
a/k/a Delbert James McConville,

22 shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(1), all
23 right, title, and interest in property, real and personal, involved in said offenses, or any property
24 traceable to such property, including but not limited to the following:

- 25 (a) Any and all works of art purchased with check No. 1248 drawn on the
26 account of 3 Mac Asset Portfolio at Union Bank.

27 33. If any of said property, as a result of any act or omission of the defendant:

- 28 (a) cannot be located upon the exercise of due diligence;


- (b) has been transferred or sold to or deposited with a third person;
- (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 subdivided without difficulty;

any and all interest defendant has in other property, up to the value of the property described in paragraph 32 above, shall be vested in the United States and forfeited to the United States pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(a)(1).

All in violation of Title 18, United States Code, Sections 982, 1957, and Rule 32.2 of the Federal Rules of Criminal Procedure.

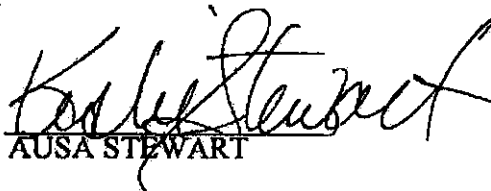
DATED: May 13, 2010

A TRUE BILL.


FOREPERSON

JOSEPH P. RUSSONIELLO
United States Attorney


MAUREEN C. BESSETTE
Chief, Oakland Branch

(Approved as to form: 
AUSA STEWART