

1 A. INTRODUCTION

2 At all times relevant to this indictment:

3 1. Heaven Investments Holding Corporation (hereinafter HIHC) was
4 a company incorporated under the laws of the State of California with
5 its principal place of business in Sacramento, California.

6 2. HIHC, which was wholly owned by the Bhamani family, was
7 engaged in the business of soliciting investments from individuals,
8 ostensibly for the purpose of acquiring and developing real property.

9 3. Defendant AKBAR BHAMANI was the founder and Chief Executive
10 Officer of HIHC. Defendant AKBAR BHAMANI was in charge of all aspects
11 of HIHC and also solicited individuals to invest in HIHC.

12 4. Defendant ZAIN BHAMANI was the Vice President of HIHC in
13 charge of acquisitions. Defendant ZAIN BHAMANI was principally
14 responsible for acquiring land for investment opportunities, but also
15 solicited individuals to invest in HIHC.

16 5. Defendant ALY BHAMANI was the Vice President of HIHC in
17 charge of construction. Defendant ALY BHAMANI was principally in
18 charge of construction projects and rental of properties acquired by
19 HIHC.

20 6. Defendant KEN SARNA was the Director of Operations for HIHC
21 and was sometimes also referred to as a Vice President of HIHC.
22 Defendant SARNA was principally in charge of soliciting individuals to
23 invest in HIHC and both supervised a staff of sales people and
24 directly solicited potential investors.

25 7. Defendant FERROZA BHAMANI was in charge of finance, including
26 mailing checks to investors that purportedly represented a return on
27 their investment.

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1 8. Defendant LAILA BHAMANI was in charge of accounting and
2 payroll.

3 9. Defendant JOHN PIERRE QUINTANA, aka J.P. Quintana, was
4 originally in charge of HIHC's computer systems (IT-technical
5 support), and advertising and marketing on the internet. He later
6 became one of the principals of the company as "Director of Business
7 Development." Defendant QUINTANA also assisted in marketing materials
8 for all HIHC projects, and directly solicited investors for the Encore
9 Plaza TIC in Gilbert, Arizona.

10 10. Between in or about January, 2006 and in or about August,
11 2008, the defendants collected approximately \$11.3 million from
12 investors.

13 B. SCHEME TO DEFRAUD

14 11. Beginning on a date unknown to the Grand Jury, but not later
15 than in or about January, 2006, and continuing to and including in or
16 about August, 2008, in the State and Eastern District of California
17 and elsewhere, defendants AKBAR BHAMANI, ZAIN BHAMANI, KEN SARNA, ALY
18 BHAMANI, FERROZA BHAMANI, LAILA BHAMANI, and J.P. QUINTANA, knowingly
19 and with intent to defraud, devised, participated in, and executed a
20 scheme to defraud investors by means of materially false and
21 fraudulent pretenses, representations and promises.

22 12. The scheme to defraud was carried out, in substance, in the
23 following manner:

24 a. Defendants solicited investors to invest in primarily
25 three types of programs involving the acquisition and development of
26 real estate.

27 (1) The Planned Income Program (PIP): The purpose of
28 the PIP was to use investor money to acquire residential single-family

1 dwellings which would be renovated and re-sold for a profit.
2 Investors were promised a 12% annual return on their investment, paid
3 monthly, or a 15% annual return if the investor agreed to annual
4 payments. Investors were also promised that their investment would be
5 100% secured by a promissory note and a deed of trust in their name to
6 a specific piece of property and that the indebtedness on the property
7 would never exceed 70% of the value of the property. If investors
8 asked, they were typically told that their deed against their
9 investment property would be in first, second, or "top" position.
10 Investors were also promised that, upon the sale of the property,
11 their principal investment would be returned to them unless they chose
12 to re-invest in another property under similar terms. Investors were
13 also told that they could withdraw their investment at anytime
14 provided they gave HIHC a 60-day written notice.

15 (2) The Tenants in Common (TIC) program: The purpose of
16 the TIC was to use investor money to develop three pieces of property
17 known as Mission Manor, Alder Heights and Walnut Acres that were
18 supposedly already owned by HIHC. Investors were promised that their
19 investment would be used exclusively to construct luxury townhomes and
20 condominiums on these properties. Investors were promised a 12%
21 annual return on their investment, paid monthly, or a 15% annual
22 return if the investor agreed to annual payments. Investors were
23 also promised that their investment would be 100% secured by the
24 property being developed and were told that the value of the TIC
25 properties would cover the investments and that the indebtedness on
26 the properties would never exceed 70% of the value of the properties.

27 (3) The Hotel Renovation Project: The purpose of the
28 Hotel Renovation project was to use investor money to renovate a hotel

1 located in Oakland, California, and to re-sell it for a profit.
2 Investors were promised an 8% annual return on their investment, paid
3 monthly, and up to 2% additional return upon completion of the
4 project. Investors were also told, among other things, that HIHC
5 already owned the hotel, that a major multinational hotel chain had
6 agreed to attach its name to the hotel, and that their investment for
7 a fractional interest in the hotel would be 100% secured by a separate
8 grant deed and promissory note.

9 b. The defendants did not comply with California laws and
10 regulations with respect to offering a real estate investment program.
11 Among other things, HIHC did not have an employee with a real estate
12 license, the defendants did not make required disclosures to their
13 investors, and the defendants did not comply with requirements for the
14 timely recordation of real estate documents.

15 c. Defendants advertised their investment program through
16 the internet and would regularly use the United States mails and the
17 interstate wires to send and receive investment applications,
18 prospectuses and brochures, payments, correspondence with investors,
19 and other documents related to the investment program.

20 d. To lure prospective investors, the defendants
21 represented to investors that HIHC was extremely profitable and that
22 those profits were more than sufficient to pay the promised rates of
23 return. To lull existing investors to keep their money invested, the
24 defendants and others acting at their direction caused monthly checks
25 to be sent to investors reflecting the promised returns even though
26 HIHC was not profitable and the payments simply represented more
27 recent investors' money.

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1 e. The defendants intentionally targeted individuals who
2 had little or no prior investment experience.

3 13. As a further part of the scheme to defraud and in
4 furtherance thereof, the defendants knowingly made, and knowingly
5 caused others to make, materially false and fraudulent representations
6 and promises to investors and prospective investors, and omissions of
7 material fact, including the following:

8 a. That HIHC had extensive experience in real estate
9 development investments when, in truth and in fact, HIHC had only been
10 in business since approximately 2000 and had only been offering
11 tenants-in-common type investments since 2005.

12 b. That HIHC was more efficient and profitable than other
13 real estate development companies because it had its own in-house
14 architects, real estate agents and construction company, when in truth
15 and in fact, HIHC had none of these things.

16 c. That the source of funds for checks sent from HIHC to
17 investors was profits earned by HIHC, when in truth and in fact a
18 substantial source of the funds was monies obtained from new
19 investors.

20 d. That investors' money would be entirely dedicated to
21 construction costs for the properties acquired by HIHC under the PIP
22 and TIC programs when in truth and in fact investors' money was used
23 to service the debt on these properties, to pay HIHC's overhead costs,
24 to make the interest payments to investors, and to pay for personal
25 expenses of some of the principals of HIHC.

26 e. That investors' money was secured by a deed of trust on
27 a specific piece of property in which the investor would be in no
28 worse than second or third position when in truth and in fact HIHC

1 failed to execute and record a deed of trust for many of its investors
2 and, even when it did so, the investor was in a much lower position
3 than promised.

4 f. That the indebtedness on the property purportedly
5 securing the investors' money would not exceed 70% of the value of the
6 property thus making the investment secure even in the event of a
7 downturn in the real estate market, when in truth and in fact HIHC
8 acquired the property by financing 100% of its value and, as a result
9 of promises to investors, further encumbered the property greatly in
10 excess of its value.

11 g. That construction on the TIC properties was imminent and
12 would be completed in a matter of months when in truth and in fact,
13 even after the passage of several years, HIHC had failed to obtain the
14 necessary permits to begin, much less complete, construction.

15 14. It was a further part of the scheme to defraud that, in an
16 attempt to raise money in order to continue to pay investors the
17 promised rate of return, the defendants would:

18 a. fraudulently induce investors to release their lien on a
19 specific piece of property and reconvey title to HIHC ostensibly so
20 the property could be sold, but defendants would then either fail to
21 repay the investor his principal upon sale of the property or fail to
22 place the investor on another piece of property; and

23 b. fraudulently sell investment property at inflated prices
24 in non-arms length transactions to straw buyers who ultimately
25 defaulted on the loans.

26 15. It was a further part of the scheme to defraud that, on
27 those occasions when HIHC did not have money to pay investors the
28 promised return, the defendants devised strategems to delay payment

1 such as intentionally mailing unendorsed checks and falsely advising
2 complaining investors that their check had been lost in the mail.

3 16. On or about the dates listed below, for the purpose of
4 executing the aforementioned scheme and artifice to defraud, and
5 attempting to do so, the defendants, as more specifically set forth
6 below: (1) knowingly placed in an authorized depository for mail
7 matter items to be delivered by the United States Postal Service, (2)
8 knowingly deposited and caused to be deposited matter to be sent by
9 private and commercial interstate carrier or caused to be deposited
10 matter, and knowingly took and received therefrom such matter, and (3)
11 knowingly caused to be delivered by mail and by private and commercial
12 interstate carrier, according to the directions thereon, matter as
13 described below:

<u>COUNT</u>	<u>DATE OF MAILING</u>	<u>DESCRIPTION</u>	<u>SENDER</u>	<u>RECEIVER</u>
1	05/31/07	Deed of Trust	Sacramento County Recorder	Investor K.J.S.
2	10/08/07	Letter from Ken Sarna	HIHC	Investor O.K.
3	05/24/07	HIHC Marketing Material	HIHC	Investor L.L.
4	05/23/08	Promissory Note	HIHC	Investor J.K.
5	08/23/07	Letter from Ken Sarna and HIHC Marketing Material	HIHC	Investor G.H.
6	05/03/07	Promissory Note	HIHC	Investor D.C.
7	05/03/07	Deed of Trust	Sacramento County Recorder	Investor D.C.
8	08/01/07	Deed of Trust	HIHC	Investor S.E.
9	06/12/08	Deed of Trust	Sacramento County Recorder	Investor C.M.

10	12/06/07	Letter from Ken Sarna, Promissory Note and Deed of Trust	HIHC	Investor K.K.
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All in violation of Title 18, United States Code, Sections 1341 and 2.
COUNTS ELEVEN THROUGH FIFTEEN: [18 U.S.C. § 1343 - Wire Fraud]

The Grand Jury further charges:

AKBAR BHAMANI,
 ZAIN BHAMANI,
 KEN SARNA,
 ALY BHAMANI,
 FEROUZA BHAMANI,
 LAILA BHAMANI, and
 JOHN PIERCE QUINTANA,

defendants herein, as follows:

1. The Grand Jury realleges and incorporates by reference the allegations set forth in paragraphs 1 through 15 of Counts One through 10 of this indictment.

2. On or about the dates listed below, for the purpose of executing the aforementioned scheme and artifice to defraud, and attempting to do so, the defendants, as more specifically set forth below, knowingly transmitted and caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, signals, pictures and sounds.

<u>COUNT</u>	<u>DATE OF WIRE</u>	<u>DESCRIPTION</u>	<u>SENDER</u>	<u>RECEIVER</u>
11	11/23/07	\$400,000 wire transfer	Investor L.L.	HIHC
12	12/05/06	\$919,109 wire transfer	Investor A.G.	HIHC
13	02/14/08	\$75,000 wire transfer	Investor J.K.	HIHC
14	02/19/08	\$25,000 wire transfer	Investor D.C.	HIHC
15	12/03/07	\$45,000 wire transfer	Investor K.K.	HIHC

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

1 COUNTS SIXTEEN THROUGH TWENTY-TWO: [18 U.S.C. § 1956(a)(1)(A)(i) and
 2 (ii) - Money Laundering]

3 The Grand Jury further charges: T H A T

4 ZAIN BHAMANI and,
 5 ALY BHAMANI,

6 defendants herein, on or about the dates set forth below, in the State
 7 and Eastern District of California, did knowingly conduct and attempt
 8 to conduct financial transactions affecting interstate and foreign
 9 commerce, as set forth below, which transactions involved the proceeds
 10 of a specified unlawful activity, to wit, the fraudulent acquisition
 11 of money and property and transportation of fraudulently obtained
 12 money and property in violation of 18 U.S.C. §§ 1341 and 1343, as
 13 alleged in Counts 1 through 15, knowing that the said financial
 14 transactions were designed in whole or in part to conceal and disguise
 15 the nature, location, source, ownership and control of the proceeds of
 16 specified unlawful activity, and with the intent to promote the
 17 carrying on of the unlawful activity alleged in Counts 23 through 30,
 18 and that while conducting and attempting to conduct such financial
 19 transactions knew that the property involved in the financial
 20 transaction represented the proceeds of some form of unlawful
 21 activity.

COUNT	DATE	AMOUNT	MONETRY TRANSACTION
16	02/14/08	\$34,308.55	Purchase of Cashiers Check payable to Placer Title
17	02/15/08	\$65,827.52	Purchase of Cashiers Check payable to First American Title
18	02/15/08	\$57,833.26	Purchase of Cashiers Check payable to Old Republic Title
19	06/05/08	\$54,091.51	Purchase of Cashiers Check payable to North American Title

20	06/05/08	\$65,061.26	Purchase of Cashiers Check payable to Stewart Title
21	06/27/08	\$60,120.25	Purchase of Cashiers Check payable to Placer Title
22	07/03/08	\$69,401.54	Purchase of Cashiers Check payable to Financial Title

All in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(I), (ii) and 2.

COUNT TWENTY-THREE THROUGH THIRTY: [18 U.S.C. § 1341 - Mail Fraud]

The Grand Jury further charges:

ZAIN BHAMANI,
 ALY BHAMANI and
 SHAUN BHAMANI,

defendants herein, as follows:

A. INTRODUCTION

1. The Grand Jury realleges and incorporates by reference the allegations set forth in paragraphs 1 through 15 of Counts One through 10 of this indictment.

2. Defendant SHAUN BHAMANI was a loan officer for Global Financial & Assets, Inc., a mortgage company located in Canoga Park, California. Defendant SHAUN BHAMANI is the cousin of defendants ZAIN BHAMANI and ALY BHAMANI.

B. SCHEME TO DEFRAUD

3. Beginning on a date unknown to the Grand Jury, but not later than in or about October, 2007, and continuing to and including in or about July, 2008, in the State and Eastern District of California and elsewhere, defendants ZAIN BHAMANI, ALY BHAMANI, and SHAUN BHAMANI, knowingly and with intent to defraud, devised, participated in, and executed a scheme to defraud financial institutions by means of materially false and fraudulent pretenses, representations and

1 promises.

2 4. The purpose of the scheme was to fraudulently induce
 3 financial institutions to lend money to straw buyers recruited by the
 4 defendants to purchase real estate owned by HIHC based on loan
 5 applications that materially mistated the the straw buyers' income,
 6 assets, liabilities, source of down payment, intention to occupy the
 7 property, and other material factors.

8 5. The scheme to defraud was carried out, in substance, in the
 9 following manner:

10 a. Between in or about November 2007 through in or about
 11 July 2008, defendant ZAIN BHAMANI recruited two individuals
 12 (hereinafter identified as N.S. and K.A.), whose identities are known
 13 to the Grand Jury, to purchase residential real properties owned by
 14 HIHC including those listed below:

Property Location	Purchaser
1. 2020 X Street Sacramento, CA	N.S.
2. 3020 San Carlos Way Sacramento, CA	N.S.
3. 4916 Mendocino Boulevard Sacramento, CA	N.S.
4. 3611 27 th Street Sacramento, CA	N.S.
5. 4171 Santa Rosa Avenue Sacramento, CA	K.A.
6. 3925 Temple Avenue Sacramento, CA	K.A.
7. 6020 40 th Street Sacramento, CA	K.A.
8. 3020 Santa Cruz Way Sacramento, CA	K.A.

1 b. To induce K.A. to purchase the properties, defendant
2 ZAIN BHAMANI falsely told K.A. that, although K.A. would be the owner
3 of each of the properties, he would be in a joint venture with HIHC
4 and that HIHC would identify renters, collect rent, maintain the
5 property, and make the loan payments for two years.

6 c. To induce N.S. to purchase the properties, defendant
7 ZAIN BHAMANI made similar statements to N.S. indicating that N.S.
8 would be in a joint venture with HIHC.

9 d. To assure that N.S. and K.A. would qualify for loans to
10 purchase the properties, defendant ALY BHAMANI fraudulently added
11 their names to a joint checking account with a high balance held in
12 his name that was entirely funded by HIHC.

13 e. To facilitate the purchase of the properties by N.S. and
14 K.A, defendant ALY BHAMANI made periodic withdrawals from the above
15 referenced bank account and used the money to purchase cashiers checks
16 for the down payment on each of the above listed properties. In each
17 case, defendant ALY BHAMANI specified the remitter on the cashier's
18 check as either N.S. or K.A. depending on which proerty the payment
19 was for.

20 6. In furtherance of the scheme to defraud, defendant SHAUN
21 BHAMANI prepared all the loan paperwork for each of the eight
22 properties, and knowingly made the following materially false and
23 fraudulent representations and statements of material fact:

24 a. That the source of the down payment was not borrowed.

25 b. That the income of N.S. and K.A. were substantially
26 overstated.

27 c. That the assets of N.S. and K.A. were substantially
28 overstated.

1 d. That N.S. and K.A. intended to occupy each of the
 2 properties as his primary residence.

3 7. In furtherance of the scheme to defraud defendant SHAUN
 4 BHAMANI knowingly and fraudulently failed to disclose on each of the
 5 eight loan applications that N.S. and K.A. were in the process of
 6 purchasing three other properties, an omission that was material to
 7 the lender's decision to approve the loan.

8 8. In furtherance of the scheme to defraud defendant SHAUN
 9 BHAMANI intentionally used different title companies for the above
 10 referenced transactions in order to conceal the fact that each straw
 11 buyer was making multiple purchases.

12 9. On or about the dates listed below, for the purpose of
 13 executing the aforementioned scheme and artifice to defraud, and
 14 attempting to do so, the defendants, as more specifically set forth
 15 below: (1) knowingly placed in an authorized depository for mail
 16 matter items to be delivered by the United States Postal Service, (2)
 17 knowingly deposited and caused to be deposited matter to be sent by
 18 private and commercial interstate carrier or caused to be deposited
 19 matter, and knowingly took and received therefrom such matter, and (3)
 20 knowingly caused to be delivered by mail and by private and commercial
 21 interstate carrier, according to the directions thereon, matter as
 22 described below:

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COUNT	DATE OF MAILING	DESCRIPTION	SENDER	RECEIVER
24 25	01/24/08	\$1,000 deposit check to escrow for 2020 X Street, Sacramento	HIHC	Stewart Title Co.
26 27	02/08/08	Completed loan documents for 3020 San Carlos Way	Placer Title Co.	Countrywide Bank

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25	02/20/08	Grant Deed and Deed of Trust for 3611 27th Street	Sacramento County Recorder	Investor K.S.
26	02/26/08	Commission check in the amount \$7,368.82 for 4916 Mendocino Boulevard	Old Republic Title Co.	Global Financial & Assets, Inc.
27	06/02/08	Loan Documents for 3925 Temple Avenue	Stewart Title Co.	CSW Financial LLC
28	06/10/08	Closing Statement and commission check for 4171 Santa Rosa Avenue	North American Title Co.	Global Financial & Assets, Inc.
29	07/02/08	Commission check in the amount of \$8,670 for 3020 Santa Cruz Way	Placer Title Co.	Global Financial & Assets, Inc.
30	07/08/08	Grant Deed for 6020 40th Street	Sacramento County Recorder	Investor K.A.

All in violation of Title 18, United States Code, Sections 1341 and 2.

A TRUE BILL.

Carol M. Delaney for
 BENJAMIN B. WAGNER
 United States Attorney

FOREPERSON
 /s/ Signature on file w/AUSA

UNITED STATES DISTRICT COURT

Eastern District of California

Criminal Division

THE UNITED STATES OF AMERICA

vs.

AKBAR BHAMANI,
ZAIN BHAMANI,
KEN SARNA,
ALY BHAMANI,
FEROZA BHAMANI,
LAILA BHAMANI,
JOHN PIERRE QUINTANA, and
SHAUN BHAMANI,

INDICTMENT

VIOLATION(S): 18 U.S.C. § 1341 - Mail Fraud (9 counts); 18 U.S.C. § 1343 - Wire Fraud (5 counts); 18 U.S.C. § 1956(a)(1)(A)(i) - Money Laundering (7 counts); 18 U.S.C. § 1341 - Mail Fraud (8 counts)

A true bill,

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Foreman.

Filed in open court this *12* day

of *August*, A.D. 20 *10*

[Signature]

Clerk.

Bail, \$ *All Defendants:* -----

WARRANT: NO BAIL PENDING HEARING

Dale A. Drysd

PENALTY SLIP

AKBAR BHAMANI, ZAIN BHAMANI, KEN SARNA, ALY BHAMANI, FEROZA BHAMANI, LAILA BHAMANI, JOHN PIERRE QUINTANA, and SHAUN BHAMANI

COUNTS 1-10: AKBAR BHAMANI, ZAIN BHAMANI, KEN SARNA, ALY BHAMANI, FEROZA BHAMANI, LAILA BHAMANI, and JOHN PIERRE QUINTANA

Violation: 18 U.S.C. § 1341 - Mail Fraud

Penalty: 20 Years Imprisonment,
\$250,000 Fine, or both;
3 Years TSR

COUNTS 11-15: AKBAR BHAMANI, ZAIN BHAMANI, KEN SARNA, ALY BHAMANI, FEROZA BHAMANI, LAILA BHAMANI, and JOHN PIERRE QUINTANA

Violation: 18 U.S.C. § 1343 - Wire Fraud

Penalty: 20 Years Imprisonment,
\$250,000 Fine or both;
3 Years TSR

COUNTS 16-22: ZANE BHAMANI and ALY BHAMANI

Violation: 18 U.S.C. § 1956(a)(1)(A)(I) and (ii) - Money Laundering

Penalty: 20 Years Imprisonment,
\$500,000 or twice the value of the property involved in the
transaction or both;
3 Years TSR

COUNTS 23-30: ZAIN BHAMANI, ALY BHAMANI and SHAUN BHAMANI

Violation: 18 U.S.C. § 1341 - Mail Fraud

Penalty: 20 Years Imprisonment,
\$250,000 Fine, or both;
3 Years TSR

COURT ASSESSMENT: \$100 each count