

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division



UNITED STATES OF AMERICA)	No. 1:13-CR-96-AJT
)	
v.)	Count 1: Conspiracy to Commit Mail
)	Fraud, Wire Fraud, and Bank Fraud
MARK SAMAD FARHOOD,)	(18 U.S.C. § 1349)
a/k/a "Richard Marcus Vaughn,")	
a/k/a "Mark Farley,")	
a/k/a "Allen Garfield,")	Forfeiture Notice
)	
Defendant.)	
)	

INDICTMENT

March 2013 Term - at Alexandria, Virginia

COUNT 1

(Conspiracy to Commit Mail Fraud, Wire Fraud, and Bank Fraud)

THE GRAND JURY CHARGES THAT:

Unless otherwise noted, at all times material to this indictment:

I. INTRODUCTION

1. The defendant MARK SAMAD FARHOOD, also known as "Richard Marcus Vaughn," "Mark Farley," and "Allen Garfield" (hereafter FARHOOD) was a resident of California.

2. FARHOOD was the co-owner and operator of a business that went by various names, including Home Advocate Trustees, Walk Away Today, First Equity Trustees, Home Security Consultants, Sell Fast USA, Short Sale Buyer, USA Sell House Fast, USA Rental

Housing, Volcanic Marketing, MSI Properties LLC, and DSDG Trustees LLC (collectively, hereafter HAT).

3. Co-Conspirator 1 (hereafter CC1) was a resident of Florida and a co-owner of HAT. CC-1 functioned as the marketing and sales manager for HAT and was involved in renting properties controlled by HAT.

4. The Making Home Affordable Program was a homeowner relief program of the United States Treasury Department and was funded by the Troubled Asset Relief Program. Homeowners applied to the Making Home Affordable Program by submitting application materials to their mortgage lenders, and lenders were prohibited from foreclosing on a mortgage while an application was pending.

5. Victim A was a homeowner residing in Richmond, Virginia, within the Eastern District of Virginia.

6. Victim B was a renter residing in Fredericksburg, Virginia, within the Eastern District of Virginia.

II. THE CONSPIRACY

7. From in or about May 2008 through at least in or about January 2013, within the Eastern District of Virginia and elsewhere, the defendant

MARK SAMAD FARHOOD

did knowingly and intentionally combine, conspire, confederate, and agree with CC1 and others known and unknown to the Grand Jury to commit certain offenses against the United States, namely:

a. mail fraud, that is, to knowingly devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and

fraudulent pretenses, representations, and promises, and for the purpose of executing such scheme and artifice, to knowingly cause to be delivered by the United States mail and commercial interstate carriers, according to the directions thereon, any matters and things, in violation of Title 18, United States Code, Section 1341;

b. wire fraud, that is, to knowingly devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, to knowingly transmit and cause to be transmitted by means of wire communications in interstate commerce, any writings, signs, signals, pictures, and sounds, in violation of Title 18, United States Code, Section 1343; and,

c. bank fraud, that is, to knowingly and intentionally execute, and attempt to execute, a scheme and artifice to defraud financial institutions by means of materially false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Section 1344.

III. PURPOSES OF THE CONSPIRACY

8. The primary purpose of the conspiracy was to gain control of residential properties from distressed homeowners by way of false and fraudulent representations, to defraud financial institution lenders into delaying foreclosure of the mortgages on these properties, and to profit, in the meantime, through the collection of rental payments on the properties.

IV. MANNER AND MEANS OF THE CONSPIRACY

FARHOOD and his co-conspirators employed various manners and means in furtherance of the conspiracy, including but not limited to the following:

9. FARHOOD and his co-conspirators ran HAT from their residences in California, Florida, and elsewhere and communicated with each other and with HAT employees via email and internet-based audio-only telephone services.

10. When conducting HAT business, FARHOOD and his co-conspirators used aliases and avoided face-to-face meetings in order to conceal their identities.

11. FARHOOD and his co-conspirators marketed HAT to distressed homeowners nationwide as purportedly providing a program whereby homeowners could sell their properties to HAT for a nominal fee, cease paying their mortgage payments, and walk away from their homes and their mortgages without negative effects on their credit.

12. Through its sales staff and web sites, including www.walkawaytoday.org, FARHOOD and his co-conspirators falsely represented to prospective participants that (a) HAT was in the business of purchasing mortgaged homes and then negotiating with lenders to purchase the mortgage notes for pennies on the dollar, (b) HAT had a 90% success rate in purchasing such mortgage notes, (c) HAT had a special working relationship with mortgage lenders that facilitated these transactions, (d) HAT was the nation's largest volume buyer of short sale and over-leveraged real estate, (e) HAT had been in business for seventeen years, and (f) HAT had brick and mortar offices in the state of Washington.

13. To further make HAT appear legitimate, FARHOOD and his co-conspirators caused HAT web sites to list addresses for the company that were either fake, rent by the hour offices, or mail drops, and fake names and pictures for the company's senior executives—which

pictures were taken from other, unrelated web sites without the pictured individuals' knowledge or consent.

14. To make HAT's program appear legitimate and cause homeowners to believe they were truly selling their homes to the company, FARHOOD and his co-conspirators sent and caused HAT employees to send by e-mail to prospective customers documents related to the sale of their properties to HAT, which documents HAT instructed homeowners to complete and send by commercial interstate carrier back to HAT at an address in California.

15. To complete HAT's purported purchases of these properties, FARHOOD and his co-conspirators sent and caused HAT employees to send to homeowners by U.S. Mail executed closing documents, including HUD-1 settlement statements, purchase agreements, and deeds, along with \$10 checks, which were intended to represent the consideration paid by HAT for the participants' homes.

16. As part of the process of selling their homes to HAT, FARHOOD and his co-conspirators caused homeowners to execute quit claim deeds in favor of HAT, which usually were not recorded in local land records, and third-party authorization forms, which allowed HAT employees to communicate with mortgage lenders regarding the homeowners' loans.

17. FARHOOD and his co-conspirators communicated and caused HAT employees to communicate with homeowners via e-mail regarding the status of their applications to participate in the HAT program and the status of the "sales" of their homes to HAT.

18. FARHOOD and his co-conspirators caused homeowners participating in the HAT program to surrender possession of their properties to HAT and cease paying their mortgage payments, by falsely representing to them that their houses had been sold to HAT.

19. FARHOOD and his co-conspirators caused participating homeowners to consult HAT web sites regarding the supposed status of HAT's negotiations with their lenders, which was intended to make the homeowners believe HAT's program was legitimate and that the company was actually negotiating with lenders for the purchase of mortgage notes.

20. FARHOOD and his co-conspirators submitted and caused the submission of false and fraudulent loan modification applications, including fraudulent supporting documentation, under the Making Home Affordable Program to financial institution mortgage lenders via fax and U.S. mail, which had the effect of stalling foreclosure on the mortgages on the properties, even though no mortgage payments were being made.

21. FARHOOD and his co-conspirators caused HAT to advertise the properties for rent on various web sites, including www.craigslist.com, and represented to prospective tenants that they were a property management company, including by using the name USA Rental Housing, seeking to rent the properties.

22. FARHOOD and his co-conspirators caused HAT to enter into leases with tenants and collect security deposits, and failed to inform the tenants that no mortgage payments were being made on the properties and that the properties were subject to foreclosure.

23. FARHOOD and his co-conspirators caused tenants to send HAT via email and fax, executed leases for the properties, and caused them to remit to HAT monthly rental payments on the properties via checks sent by U.S. mail and automatic electronic withdrawal via ACH services contracted by HAT.

24. FARHOOD and his co-conspirators negotiated with no lenders to purchase the homeowners' mortgage notes, and the lenders ultimately rejected the fraudulent loan

modification applications and foreclosed on the properties, resulting in negative effects on the homeowners' credit and eviction of the tenants.

V. OVERT ACTS

In furtherance of the conspiracy and to effect its illegal objects, FARHOOD and his co-conspirators committed the following overt acts, among others:

Victim A

25. On or about October 24, 2011, HAT sent an email to Victim A in the Eastern District of Virginia stating that HAT's purchase of Victim A's properties in Richmond, Virginia, and Petersburg, Virginia, had been approved.

26. On or about November 9, 2011, HAT sent an email to Victim A in the Eastern District of Virginia stating that Victim A's closing documents had been sent to him via U.S. Mail.

27. In or about mid-November 2011, Victim A received by U.S. Mail at an address in the Eastern District of Virginia, closing packages from HAT memorializing HAT's supposed purchase of his properties, and including sales contracts, deeds, powers of attorney, HUD-1 settlement statements, and \$10 checks.

28. On or about February 21, 2012, after the lender foreclosed on the Richmond, Virginia, property, HAT sent an email to Victim A within the Eastern District of Virginia falsely stating that HAT had engaged in extensive negotiations with the lender to purchase the mortgage note on the property.

29. On or about March 6, 2012, HAT submitted by fax to Victim A's lender on the Petersburg, Virginia, property, a fraudulent application under the Making Home Affordable Program, which application included fraudulent bank account statements and other documents,

many of which included Victim A's signature but which in fact had not been signed by Victim A.

30. On or about April 18, 2012, and May 9, 2012, HAT sent emails to Victim A in the Eastern District of Virginia responding to Victim A's inquiries on the status of the Petersburg, Virginia, property, falsely stating that HAT was in active negotiations with the lender regarding the purchase of the mortgage note, and directing Victim A to check the HAT web site for further supposed updates on these negotiations.

Victim B

31. On or about February 1, 2012, HAT sent an email to Victim B in the Eastern District of Virginia with an attachment containing a lease for a property in Fredericksburg, Virginia, that had been "sold" into the HAT program.

32. On or about February 2, 2012, Victim B sent an executed lease for the property by fax from Fredericksburg, Virginia, to HAT, which was received by HAT in California.

33. On or about October 29, 2012, Victim B sent an email from within the Eastern District of Virginia to HAT expressing concern about negative publicity HAT had received and requesting proof that HAT had the authority to rent the Fredericksburg, Virginia, property. In response, on or about October 30, 2012, HAT sent an email to Victim B in the Eastern District of Virginia with an attachment containing a power of attorney executed by the owner of the Fredericksburg, Virginia, property.

34. On or about October 31, 2012, Victim B sent an email from within the Eastern District of Virginia to HAT expressing concern that the deed on the Fredericksburg, Virginia, property had not been transferred over to HAT and that Victim B's tenancy may not be protected in the event of a foreclosure on the property. In response, on or about November 1, 2012, HAT

sent an email to Victim B in the Eastern District of Virginia stating that Victim B's tenancy would be protected for the full term of the lease in the event of a foreclosure.

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

FORFEITURE NOTICE

1. Pursuant to Rule 32.2(a) of the Federal Rules of Criminal Procedure, the defendant

MARK SAMAD FARHOOD

is hereby notified that, if convicted of Count 1 of the indictment, the defendant shall forfeit to the United States his interest in any property, real or personal, constituting or derived from proceeds obtained directly or indirectly as the result of the Count of conviction. Such forfeitable property includes, but is not limited to, the following:

- a. A sum of money equal to at least \$3,000,000 in United States currency, representing the amount of proceeds obtained as a result of the offense;
- b. All funds contained in Wells Fargo Bank account XXXXXX3425 held in the name Home Security Consultants Inc., d/b/a Home Advocate Trustees;
- c. All funds contained in Chase Bank account XXXXX2705 held in the name DSDG Trustees LLC, d/b/a USA Rental Housing;
- d. All funds contained in Bank of America account XXXXXXXX5739 held in the name MSI Properties LLC, d/b/a USA Rental Housing;
- e. All funds in the possession of ACH Direct held in the name USA Rental Housing, Volcanic Marketing, or Home Advocate Trustees;
- f. 500 Canadian Maple Leaf silver coins contained in a package addressed to Richard Vaughn, shipped from Mystic Coin and Precious Metals, San Diego, California;
- g. All funds contained in Chase Bank account XXXXX6781 held in the name Richard M. Vaughn;

h. All funds contained in Banco Continental Republica de Panama account
XXXXXXXXXXXXXXXX8853;

i. All funds contained in Raiffeisen Bank A.S. account
XXXXXXXXXXXXXXXX5144 held in the name Mark Farhood; and,

j. Real property in the name Mark Farhood in Atenas, Costa Rica.

2. If property subject to forfeiture cannot be located, the United States will seek an order forfeiting substitute property.

(In accordance with Title 18, United States Code, Sections 981 and 982, and Title 28, United States Code, Section 2461.)

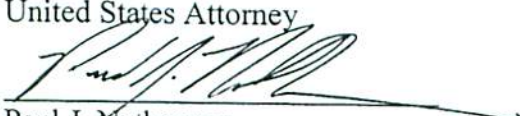
A TRUE BILL

Pursuant to the E-Government Act,
the original of this page has been filed
electronically in the Clerk's Office.

FOREPERSON OF THE GRAND JURY

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