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9 **UNITED STATES DISTRICT COURT**  
10 **DISTRICT OF NEVADA**  
11 **-oOo-**

13 UNITED STATES OF AMERICA,  
14 Plaintiff,  
15 v.  
16 ANGELA ESPARZA,  
17 Defendant.  
18

) CASE NO.: 2:11-cr-00338-PMP -GWF  
) DATE FILED:  
) VIOLATION:  
) 18 U.S.C. §1349 (conspiracy to commit mail  
) and wire fraud – 1 count)

19 **INFORMATION**

20 **INTRODUCTION**

21 **THE UNITED STATES CHARGES THAT:**

22 At all times material to this Information:

23 1. Pursuant to Nevada law, a homeowner’s association (HOA) is a corporation that  
24 governs a common interest community. A HOA is originally controlled by the developer until the  
25 housing units are sold, at which time the control is transferred to the bonafide homeowners. Only  
26 homeowners can be members in the HOA.

1           2. A HOA is governed by a board of directors with a minimum of three members,  
2 all of whom must be bonafide homeowners. The board members are elected by the bonafide  
3 homeowners annually.

4           3. Under Nevada law, HOA board members are fiduciaries. As fiduciaries, they  
5 are required—among other duties—to act on an informed basis, in good faith and in the honest belief  
6 that their actions are in the best interest of the association. Any person nominated for the board  
7 must make a good faith effort to disclose any financial, business, professional, or personal  
8 relationship or interest that would result or would appear to a reasonable person to result in a  
9 potential conflict of interest.

10           4. Consistent with their fiduciary duties and pursuant to Nevada law, HOA board  
11 members may not solicit or accept any form of compensation, gratuity, or other remuneration that  
12 would improperly influence or reasonably appear to influence the board member's decisions or  
13 would result or reasonably appear to result in a conflict of interest.

14           5. Consistent with their fiduciary duties, the board of directors is empowered to  
15 make decisions related to the common interests of the homeowners, including but not limited to:  
16 adopting and amending bylaws and budgets, hiring managers, employees, agents, attorneys,  
17 independent contractors, instituting or defending the community in litigation, and causing  
18 additional improvements or maintenance repairs to be made.

19           6. Before hiring individuals and companies to work on behalf of the HOA, the  
20 HOA board usually obtains three bids for consideration. The three bids are usually presented  
21 during public board meetings with an opportunity for the homeowners to comment and discuss the  
22 issues at hand. The property manager is usually selected first and then the property manager helps  
23 to identify and obtain bids for other services.

24           7. Under Nevada law, property managers must earn a Community Association  
25 Management (CAM) license to work in the state of Nevada. Property managers have fiduciary  
26 obligations to act in the best interest of the community, safeguard financial and confidential

1 information for the community, and disclose any affiliation or financial interest with any other  
2 person or business that furnishes goods or services to the community. Defendant ESPARZA  
3 completed pre-CAM course-work. In or around July 2006, she worked for a mortgage company  
4 and assisted in the processing of loan applications.

5 8. Chateau Versailles, a common interest community with 371 units, was located  
6 in Las Vegas, Nevada. It had a HOA board consisting of three people.

7 9. Chateau Nouveau, a common interest community with 564 units, was located in  
8 Las Vegas, Nevada. It had a HOA board consisting of seven people.

9 10. Park Avenue, a common interest community with 642 units, was located in Las  
10 Vegas, Nevada. It had a HOA board consisting of five people.

11 11. Jasmine, a common interest community with 300 units, was located in North  
12 Las Vegas, Nevada. It had a HOA board consisting of three people.

13 12. Vistana, a common interest community with 732 units, was located in Las  
14 Vegas, Nevada. It had a HOA board consisting of five people.

15 13. Sunset Cliffs, a common interest community with 368 units, was located in Las  
16 Vegas, Nevada. It had a HOA board consisting of five people.

17 14. Palmilla, a common interest community with 300 units, was located in North  
18 Las Vegas, Nevada. It had a HOA board consisting of three people.

19 15. Pebble Creek, a common interest community with 196 units, was located in  
20 Las Vegas, Nevada. It had a HOA board consisting of three people.

21 16. Mission Ridge, a common interest community with 384 units, was located in  
22 Las Vegas, Nevada. It had a HOA board consisting of five people.

23 17. Mission Pointe, a common interest community with 248 units, was located in  
24 Las Vegas, Nevada. It had a HOA board consisting of three people.

25 18. Horizons at Seven Hills, a common interest community with 328 units, was  
26 located in Las Vegas, Nevada. It had a HOA board consisting of three people.

1 19. Terrasini, a common interest community with 362 units, was located in North  
2 Las Vegas, Nevada. It had a HOA board consisting of five people.

3 20. Co-Conspirator A was a construction company incorporated in the state of  
4 Nevada. Co-Conspirator A purported to specialize in home building and repairs, including repairs  
5 involving so-called construction defects. Co-Conspirator A was owned and controlled by Co-  
6 Conspirator B, a Nevada resident. Defendant ANGELA ESPARZA was an employee of Co-  
7 Conspirator A as an administrative assistant and errand runner from in or around January 2007  
8 through in or around September 2008.

9 21. Co-Conspirator C was a law firm in Las Vegas that specialized in construction  
10 defect litigation. Co-Conspirator D was a Nevada attorney who owned and controlled Co-  
11 Conspirator C.

12 **COUNT ONE**

13 **THE CONSPIRACY**

14 22. From at least in or about August 2003 through at least in or about February  
15 2009, in the District of Nevada and elsewhere, Defendant

16 **ANGELA ESPARZA,**

17 with others known and unknown to the United States, did knowingly and intentionally conspire,  
18 combine, confederate and agree to commit certain offenses against the United States, that is:

19 a. to devise and intend to devise a scheme and artifice to defraud and to obtain  
20 money and property by means of materially false and fraudulent pretenses, representations and  
21 promises; and for the purpose of executing such scheme and artifice, Defendant and her co-  
22 conspirators did knowingly place or caused to be placed in a post office and authorized depository  
23 for mail matter a thing to be sent and delivered by the U.S. Postal Service or any private or  
24 commercial interstate carrier, in violation of Title 18, United States Code, Section 1341; and,

25 b. to devise and intend to devise a scheme and artifice to defraud and to obtain  
26

1 money and property by means of materially false and fraudulent pretenses, representations, and  
2 promises; and for the purpose of executing such scheme and artifice, Defendant and her co-  
3 conspirators did knowingly transmit and cause to be transmitted by means of wire communication  
4 in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, all in violation of  
5 Title 18, United States Code, Section 1343.

6 **OBJECTS OF THE CONSPIRACY**

7 23. The objects of the conspiracy, which Defendant ANGELA ESPARZA joined in  
8 or around July 2006, were for the co-conspirators to:

9 a. designate and facilitate the placement of straw purchasers in certain common  
10 interest communities identified above;

11 b. facilitate the purchase of units in certain common interest communities  
12 identified above by straw purchasers to act on behalf of the beneficial owners of the unit;

13 c. manipulate the elections of board candidates designated by the co-conspirators  
14 and thereby gain and maintain control of HOA boards and candidates designated by the co-  
15 conspirators;

16 d. manipulate the conduct of HOA business including, but not limited to, the  
17 appointment of designated property managers, the hiring of designated lawyers and law firms, and  
18 the hiring of designated contractors; and,

19 e. unlawfully enrich the co-conspirators at the expense of the HOA and bonafide  
20 homeowners.

21 **MANNER AND MEANS**

22 24. In order to achieve the objects of the conspiracy, Defendant ANGELA  
23 ESPARZA and others known and unknown to the United States used the following manner and  
24 means, among others:

25 a. Co-conspirators enlisted several individuals to apply for and complete mortgage  
26

1 loans using their own name and credit for the purchase of properties within the HOA communities  
2 on behalf of the beneficial owners. These units were often identified by licensed realtors in the  
3 state of Nevada, acting on behalf of the co-conspirators. The straw nominees then purchased the  
4 properties while concealing the identity and financial interest of the true beneficial owners of the  
5 properties from banks, mortgage companies, HOAs, and bonafide homeowners. Defendant  
6 ESPARZA became a straw purchaser in or around October 2006 when she used her name and  
7 credit to purchase a unit at Terrasini.

8           b. In order to obtain loans to finance these purchases, Defendant ESPARZA and  
9 others falsely stated to mortgage lenders: (i) they were to be the true owners of the properties; (ii)  
10 they had made the down payment; (iii) they would make the monthly mortgage payments; and, (iv)  
11 they intended to live in the properties. However, Defendant ESPARZA and the other straw  
12 purchasers knew the beneficial owners had often made the down payments and promised to make  
13 the monthly mortgage payments for these properties so that there would be little or no cost to the  
14 straw purchasers. Defendant ESPARZA and the other straw purchasers often represented that the  
15 properties were to be "owner occupied" when in fact they were not. Beginning in or around July  
16 2006 through at least in or around December 2006, Defendant ESPARZA used her position at a  
17 mortgage company to help co-conspirators process loan applications.

18           c. Once the straw purchases were complete, the beneficial owners and co-  
19 conspirators found tenants to rent the units. The beneficial owners received the rental payments  
20 and continued to pay the mortgages and various expenses associated with the straw purchase.

21           d. Co-conspirators were hired by Co-Conspirator B and others to manage and  
22 operate the payments associated with maintaining these straw properties. The co-conspirators  
23 called this business of funding the straw properties the "Bill Pay Program." The co-conspirators  
24 involved in running the Bill Pay Program maintained several limited liability companies, at the  
25 direction of Co-Conspirator B, for the purpose of opening bank accounts and concealing the Bill  
26

1 Pay Program funds. Many of the payments on these properties were wired or caused to be wired  
2 from California to Nevada.

3 e. On several occasions, instead of making a straw purchase, the co-conspirators  
4 transferred a partial interest in a unit to another co-conspirator for the purpose of making it appear  
5 as if the co-conspirator was a bonafide homeowner. Defendant ESPARZA agreed to allow her unit  
6 to be transferred to another co-conspirator if her co-conspirators wanted to use it to further the  
7 objects of the conspiracy.

8 f. The straw purchasers and those who acquired a transferred interest in a property  
9 often agreed with co-conspirators to run for election to the respective HOA boards. In or around  
10 November 2007, Defendant ESPARZA ran for election to the HOA board member at Terrasini but  
11 was not elected. Those co-conspirators elected to HOA boards concealed their relationship with the  
12 other co-conspirators from the bonafide homeowners and the HOA.

13 g. To ensure the straw purchasers and those who acquired a transferred interest in  
14 the properties would win the election, the co-conspirators employed deceitful tactics, such as  
15 creating false phone surveys to gather information about homeowners' voting intentions, using  
16 mailing lists to vote on behalf of out-of-town homeowners unlikely to participate in the elections,  
17 and submitting fake and forged ballots. Co-conspirators also hired private investigators to find  
18 "dirt" on the bonafide candidates in order to create smear campaigns. Defendant ESPARZA  
19 participated in the election rigging at Chateau Nouveau, Vistana, Pebble Creek, and Park Avenue  
20 and other communities to ensure other co-conspirators were elected by creating fake ballots and  
21 making campaign flyers.

22 h. Another tactic the co-conspirators used to rig certain HOA board elections was  
23 to prepare forged ballots for out-of-town homeowners and either cause them to be transported or  
24 mailed to California and thereafter to have the ballots mailed back to Las Vegas from various  
25 locations around California so as to make it appear that the ballots were completed and mailed by  
26

1 bonafide homeowners residing outside Nevada. Defendant ESPARZA participated by mailing the  
2 ballots from Nevada to the co-conspirator in California and tracking their return to Nevada.

3 i. On several occasions, co-conspirators attempted to create the appearance that  
4 the elections were legitimate by hiring "independent" attorneys to run the HOA board elections.  
5 The homeowners were led to believe that these "special election masters" would collect and secure  
6 the ballots and preside over the HOA board election, including supervising the counting of ballots,  
7 to ensure no tampering occurred. However, the special election masters were paid or promised  
8 cash, checks, or things of value for their assistance in rigging the elections. They allowed the co-  
9 conspirators, including Defendant ESPARZA, to access the ballots for the purpose of opening the  
10 ballots and pre-counting the votes entered for each candidate to then know the number of fake  
11 ballots which needed to be created to ensure the co-conspirator up for election won the seat on the  
12 HOA board. On several occasions, Defendant ESPARZA took some of the mailed ballots from the  
13 attorney's office so they were not counted during the election.

14 j. Once the straw purchasers and those who acquired a transferred interest were  
15 elected to the HOA boards, the co-conspirators paid or promised cash, checks, or things of value for  
16 their participation, all of which resulted in a personal financial benefit to the co-conspirators,  
17 including Co-Conspirators A, B, C, and D. Defendant ESPARZA often paid the co-conspirators on  
18 behalf of Co-Conspirators A, B, C, and D.

19 k. The co-conspirator board members used their position on the board to lead the  
20 process of hiring individuals and companies that would result in a personal financial benefit to the  
21 co-conspirators, such as the property manager, contractors, and general counsel. At the direction of  
22 co-conspirators, Defendant ESPARZA worked for two different property management companies  
23 that were hired by Vistana, Chateau Versailles, and Park Avenue. Unbeknownst to the  
24 homeowners and HOAs, both of these property management companies were controlled by the co-  
25 conspirators, and Defendant ESPARZA concealed her relationship with the co-conspirators from  
26 the bonafide homeowners and HOAs.



1           l. The co-conspirator property management companies used their position  
2 provided inside information to co-conspirators who were making bids to the HOA so they could  
3 best answer the questions that were posed by the board during the public discussion sessions and to  
4 under-bid any other competitor for the project, all at the direction of Co-Conspirator D and others.

5           m. During the public sessions, the co-conspirator property managers and general  
6 counsel would recommend that the board hire Co-Conspirators A and B for remediation and  
7 construction defect repairs and Co-Conspirators C and D for the construction defect litigation.  
8 Defendant ESPARZA was involved in scanning and emailing co-conspirator contracts and payment  
9 arrangements between Co-Conspirators B and D.

10           n. Often the co-conspirators created and submitted fake bids for “competitors”  
11 to make the process appear to be legitimate while ensuring co-conspirators were awarded the  
12 contract. In addition, Co-Conspirator A’s initial contract for emergency remediation repairs usually  
13 contained a “right of first refusal” clause to ensure Co-Conspirator A was awarded the construction  
14 repair contract following the construction defect litigation.

15           o. This process created the appearance of legitimacy since bonafide homeowners  
16 believed the elected board members, property managers, and general counsel were, as fiduciaries,  
17 acting in their best interest rather than to advance the financial interests of co-conspirators. In fact,  
18 Defendant ESPARZA and others received cash, checks and things of value, by or on behalf of their  
19 co-conspirators, including Co-Conspirators A and B, for their assistance in purchasing the  
20 properties, obtaining HOA membership status, rigging elections, manipulating their votes to further  
21 the goals of the conspiracy and to enrich the co-conspirators at the expense of the HOA and the  
22 bonafide homeowners.

23           All in violation of Title 18, United States Code, Section 1349.  
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1 **NOTICE OF FORFEITURE**

2 1. As a result of the violations of Title 18, United States Code, Sections 1341 and  
3 1343, set forth in this information, Defendant

4 **ANGELA ESPARZA,**

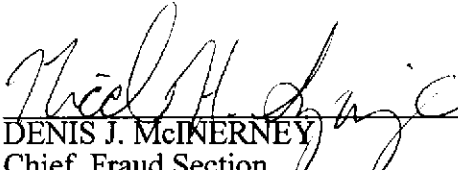
5 shall forfeit to the United States of America any property, real or personal, that constitutes or is  
6 derived from proceeds traceable to the commission of such offenses, as charged in this Information,  
7 including, but not limited to, the amount of the unlawfully obtained financing for the unit at  
8 Terrasini that Defendant ESPARZA purchased on or around October 2006, and the value  
9 of any salary, payment, or thing of value she received in connection with the conspiracy to commit  
10 mail and wire fraud.

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

- 13 a. cannot be located upon the exercise of due diligence;  
14 b. has been transferred or sold to, or deposited with, a third party;  
15 c. has been placed beyond the jurisdiction of the Court;  
16 d. has been substantially diminished in value; or  
17 e. has been commingled with other property which cannot be divided without  
18 difficulty;

19 it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b),  
20 incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property  
21 of the defendant up to the value of the property subject to forfeiture.

22 All pursuant to Title 18, United States Code, Section 982(a)(2).

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25 DENIS J. McINERNEY  
26 Chief, Fraud Section  
Criminal Division

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