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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
SANTA ANA

BY _____

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

September 2017 Grand Jury

SAC 18-00108 AG

UNITED STATES OF AMERICA,

SA CR No. 18-

Plaintiff,

I N D I C T M E N T

v.

[18 U.S.C. § 1343: Wire Fraud; 18 U.S.C. § 2(a): Aiding and Abetting]

MEHMET FATIH BIYIKOGLU,
aka "John B.,"
ANNA MARIE HOLT, and
IDA SHAGHOIAN,

Defendants.

The Grand Jury charges:

COUNTS ONE THROUGH SIX

[18 U.S.C. §§ 1343, 2(a)]

A. INTRODUCTORY ALLEGATIONS

At all times relevant to this Indictment:

1. Founded in or around 2011, Five Star Financial Services of America, LLC ("Five Star FSA") was an investment and insurance advisory firm based in Irvine, California. Five Star FSA purported to offer financial education, wealth management services, debt

1 management services, and annuities, among other services, to its
2 clients.

3 2. Defendant MEMHET FATIH BIYIKOGLU, also known as "John B."
4 ("BIYIKOGLU"), was the founder and Chief Executive Officer of Five
5 Star FSA. Defendant ANNA MARIE HOLT was the co-founder, President,
6 Chief Operating Officer, and Managing Partner of Five Star FSA.
7 Defendant IDA SHAGHOIAN was a member and partner of Five Star FSA.

8 3. Five Star FSA controlled three bank accounts at JP Morgan
9 Chase ("Chase Bank"), with account numbers ending in -2990, -8355,
10 and -9511; the account ending in -2990 functioned as the Five Star
11 FSA operating account. Defendants BIYIKOGLU and HOLT held signature
12 authority over the Five Star FSA Chase Bank accounts. Five Star FSA
13 also controlled a bank account at Rabobank, N.A. ("Rabobank"), with
14 account number ending in -6787. BIYIKOGLU held sole signature
15 authority over the Rabobank account.

16 4. Five Star FSA did not hold, control, manage, or have access
17 to any certificates of deposit or investment accounts at Chase
18 Bank. Nor did Five Star FSA hold, control, manage, or have access to
19 any accounts at Chase Bank held under the names of Five Star FSA's
20 clients, investors, or customers.

21 5. Defendant BIYIKOGLU, in his individual capacity, controlled
22 two accounts at Chase Bank, with account numbers ending in -9962 and
23 -0817. Defendant BIYOKOGLU, in his individual capacity, also
24 controlled an account at BBVA Compass bank, with account number
25 ending in -1806, and an account at Rabobank, with account number
26 ending in -5125.

1 6. Defendant HOLT, in her individual capacity, controlled one
2 joint bank account with R.H. at Chase Bank, with account number
3 ending in -1602.

4 7. Defendant SHAGHOIAN, in her individual capacity, controlled
5 two accounts at Chase Bank, with account numbers ending in -7408 and
6 -4314. Defendant SHAGHOIAN, in her individual capacity, also
7 controlled two accounts at Wells Fargo Bank, with account numbers
8 ending in -8436 and -9878, and four accounts at Bank of America, with
9 account numbers ending in -8461, -4538, -8542, and -8479.

10 B. THE SCHEME TO DEFRAUD

11 8. Beginning in or around 2011 and continuing to in or around
12 2017, in Orange County, within the Central District of California,
13 and elsewhere, defendants BIYIKOGLU, HOLT, and SHAGHOIAN knowingly
14 and with the intent to defraud, devised, participated in, and
15 executed a scheme to defraud investors as to material matters and to
16 obtain money from investors, by means of materially false and
17 fraudulent pretenses, representations, and promises, and the
18 concealment of material facts.

19 9. The fraudulent scheme was designed to operate, and did
20 operate, as follows:

21 a. Defendants BIYIKOGLU, HOLT, and SHAGHOIAN would
22 identify individuals holding 401(k) retirement accounts, annuities,
23 savings accounts, or other assets, with an emphasis on identifying
24 individuals who were retired, infirm, elderly, unsophisticated, or
25 otherwise vulnerable, and solicit those individuals to invest their
26 assets through Five Star FSA.

27 b. Using false and fraudulent oral and written
28 statements, defendants BIYIKOGLU, HOLT, and SHAGHOIAN would offer to

1 potential Five Star clients the opportunity to invest in a
2 certificate of deposit or an investment account at Chase Bank, which
3 would generate high rates of return with little to no risk.

4 c. Defendants BIYIKOGLU, HOLT, and SHAGHOIAN would
5 instruct investors to transfer money to the Five Star FSA operating
6 account at Chase Bank based on the false and fraudulent
7 representation that the investors' money would subsequently be used
8 to obtain a Chase Bank certificate of deposit or transferred into a
9 Chase Bank investment account.

10 d. Defendants BIYIKOGLU, HOLT, and SHAGHOIAN would
11 provide investors with fraudulent and forged Chase Bank account
12 statements which purported to show the investors' money held in a
13 segregated Chase Bank account, with accrued interest.

14 e. When investors sought to withdraw money invested with
15 Five Star FSA, defendants BIYIKOGLU, HOLT, and SHAGHOIAN would refuse
16 to return investors' money, claiming that Chase Bank was causing the
17 delay, that investor money was not liquid, or that investor money was
18 not available until the following quarter. Oftentimes, defendants
19 BIYIKOGLU, HOLT, and SHAGHOIAN ignored investors' efforts to contact
20 Five Star FSA to inquire about their investments.

21 10. To execute the aforementioned scheme, defendants BIYIKOGLU,
22 HOLT, and SHAGHOIAN knowingly engaged in fraudulent and deceptive
23 acts, practices, and devices, and caused false and deceptive
24 statements to be communicated to, and material information to be
25 concealed and omitted from, victims, including, without limitation,
26 the following false statements:

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1 a. That investor money would be used to purchase a
2 certificate of deposit at Chase Bank or placed in a Chase Bank
3 investment account;

4 b. That investor money was held in a segregated account
5 under the investor's name;

6 c. That Chase Bank statements provided to investors truly
7 and accurately reflected the status of investors' investments; and,

8 d. That investors' money could not be withdrawn on demand
9 because of delays at Chase Bank or other circumstances outside of
10 defendants BIYIKOGLU, HOLT, and SHAGHOIAN's control.

11 11. At the time defendants BIYIKOGLU, HOLT, and SHAGHOIAN made
12 and caused these statements to be made to victims, such statements
13 were false, and defendants BIYIKOGLU, HOLT, and SHAGHOIAN knew they
14 were false, in that:

15 a. Investor money was not placed in a Chase Bank
16 certificate of deposit or investment account;

17 b. Investor money was not held in segregated accounts
18 under the investor's name;

19 c. Investor money was either: (1) transferred by wire or
20 check from the Five Star FSA operating account ending in -2990 to one
21 or more of the following: BIYIKOGLU's personal accounts at Chase Bank
22 and BBVA Compass Bank, and/or SHAGHOIAN's personal accounts at Chase
23 Bank and Wells Fargo Bank; (2) withdrawn as cash in amounts ranging
24 from \$717 to \$12,500; or (3) paid directly to businesses to which
25 Five Star FSA owed money, including a Ferrari dealer and a real
26 estate escrow agency.

27 d. Investor money transferred to defendants BIYIKOGLU and
28 SHAGHOIAN's personal accounts were used to pay personal expenses and

1 finance their lavish lifestyle, including through payments for
2 jewelry, real estate, sports cars, clothing, and home improvements.

3 12. By devising, executing, and participating in the above
4 scheme, defendants BIYIKOGLU, HOLT, and SHAGHOIAN induced
5 approximately eleven victims to invest approximately \$4,088,338 with
6 Five Star FSA. Most of the victims, with the encouragement of
7 defendants BIYIKOGLU, HOLT, and SHAGHOIAN, invested monies held in
8 the investor's 401(k) account or which was otherwise designated for
9 use during retirement.

10 C. USE OF INTERSTATE WIRE COMMUNICATIONS

11 13. On or about the dates set forth below, in Orange County,
12 within the Central District of California, and elsewhere, defendants
13 BIYIKOGLU, HOLT, and SHAGHOIAN, for the purpose of executing and
14 attempting to execute the above-described scheme to defraud, caused
15 and aided and abetted the transmission of the following items by
16 means of wire communication in interstate commerce:

COUNT	APPROXIMATE DATE	INTERSTATE WIRE TRANSMISSION
ONE	04/15/2014	Interstate wire through Federal Reserve Bank servers in East Rutherford, New Jersey and Dallas, Texas, to Chase Bank servers in Newark, Delaware and Oak Park, Illinois, effectuating a transfer of \$145,000 from P.H.'s Frontier Bank account to Five Star FSA Chase Bank account ending in -2990.
TWO	06/20/2014	Interstate wire through Federal Reserve Bank servers in East Rutherford, New Jersey and Dallas, Texas, to Chase Bank servers in Newark, Delaware and Oak Park, Illinois, effectuating a transfer of \$50,541.31 from M.S.'s Wells Fargo Bank account to Five Star FSA's Chase Bank account ending in -2990.

COUNT	APPROXIMATE DATE	INTERSTATE WIRE TRANSMISSION
THREE	07/25/2014	Interstate wire through Federal Reserve Bank servers in Dallas, Texas, and Chase Bank servers in Newark, Delaware and Oak Park, Illinois, effectuating a transfer of \$2,300 from the Five Star FSA Chase Bank account ending in -2990 to Fast Cars Ltd.'s Citibank Bank account, prompted by a check payable to Fast Cars Ltd. with the notation "Ferrari 360" written in the memo line.
FOUR	08/07/2014	Interstate wire through Federal Reserve Bank servers in East Rutherford, New Jersey and Dallas, Texas, to Chase Bank servers in Newark, Delaware and Oak Park, Illinois, effectuating a transfer of \$175,000 from P.H.'s Frontier Bank account to Five Star FSA's Chase Bank account ending in -2990.
FIVE	09/23/2014	Interstate wire through Federal Reserve Bank servers in East Rutherford, New Jersey and Dallas, Texas, to Chase Bank servers in Newark, Delaware and Oak Park, Illinois, effectuating a transfer of \$240,917.27 from R.A.'s Boeing Employees Credit Union account to Five Star FSA's Chase Bank account ending in -2990.
SIX	12/30/2014	Interstate wire through Federal Reserve Bank servers in Dallas, Texas, and Chase Bank servers in Newark, Delaware and Oak Park, Illinois, effectuating a transfer of \$25,000 from the Five Star FSA Chase Bank account ending in -2990 to South Bay Pre-Owned, Inc.'s Bank of America account, prompted by a check payable to South Bay Pre-Owned with the notation "Pay Off" written in the memo line.

COUNT SEVEN

[18 U.S.C. § 1343]

14. Paragraphs 1 through 7 of this Indictment are re-alleged and incorporated by reference as if fully set forth herein.

A. INTRODUCTORY ALLEGATIONS

At all times relevant to Count Seven:

15. Island Sea, LLC ("Island Sea") was a limited liability company formed under the laws of the State of California, with a mailing address of 71501 Sahara Road, Rancho Mirage, California. Island Sea controlled at least nine bank accounts at Bank of America, with account numbers ending in -2371, -1169, -2389, -1529, -2389, -0942, -1172, -2508, and -2371.

16. Defendant IDA SHAGHOIAN was a member of Island Sea. An unindicted co-conspirator ("UCC-1") acted as the managing member of Island Sea. Both defendant SHAGHOIAN and UCC-1 had signature authority over Island Sea's Bank of America bank accounts.

17. From in or around 1999 to May 2016, J.F. worked for the County of Riverside, California as a Behavioral Health Specialist.

B. THE SCHEME TO DEFRAUD

18. Beginning in or around May 2016 and continuing in or around August 2016, in Riverside County, within the Central District of California, and elsewhere, defendant SHAGHOIAN knowingly and with the intent to defraud, devised, participated in, and executed a scheme to defraud investors as to material matters and to obtain money from investors, by means of materially false and fraudulent pretenses, representations, and promises, and the concealment of material facts.

19. The fraudulent scheme was designed to operate, and did operate, as follows:

1 a. Defendant SHAGHOIAN would identify individuals holding
2 401(k) retirement accounts with an emphasis on identifying
3 individuals who were retired, infirm, elderly, unsophisticated, or
4 otherwise vulnerable, and solicit those individuals to invest in an
5 annuity.

6 b. Using false and fraudulent oral and written
7 statements, defendant SHAGHOIAN would offer to assist clients in
8 obtaining an annuity that would result in a guaranteed rate of return
9 over a fixed time period.

10 c. Defendant SHAGHOIAN would cause investors to transfer
11 money purportedly designated for the purchase of an annuity to the
12 Island Sea Account.

13 20. To execute the aforementioned scheme, defendant SHAGHOIAN
14 knowingly engaged in fraudulent and deceptive acts, practices, and
15 devices, and caused false and deceptive statements to be communicated
16 to, and material information to be concealed and omitted from,
17 victims, including, without limitation, the following false
18 statements and material omissions:

19 a. That investor money would be used to purchase an
20 annuity with a guaranteed rate of return over a fixed period; and

21 b. That investor money would be transferred directly to
22 the annuity provider; and,

23 c. That defendant SHAGHOIAN would convert the money for
24 her own personal purposes via cash withdrawals.

25 21. At the time defendant SHAGHOIAN made and caused these
26 statements to be made to victims, such statements were false, and
27 defendant SHAGHOIAN knew they were false, in that:

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1 a. Investor money was not transferred directly to an
2 annuity provider;

3 b. Investor money was not used to purchase an annuity;

4 c. Investor money was transferred to the Island Sea
5 Account; and

6 d. Defendant SHAGHOIAN withdrew investor money in the
7 form of cash, typically in amounts slightly under \$10,000.

8 22. By devising, executing, and participating in the above
9 scheme, defendant SHAGHOIAN induced victim J.F. to transfer
10 \$124,973.75 to the Island Sea Bank of America bank account ending in
11 -1172.

12 C. ITEM WIRED

13 23. On or about July 7, 2016, within the Central District of
14 California, and elsewhere, for the purpose of executing the scheme to
15 defraud, defendant SHAGHOIAN caused and aided and abetted the
16 transmission of a wire communication through Federal Reserve Bank
17 servers in Dallas, Texas to Bank of America servers in Richmond,
18 Virginia, effectuating a transfer of \$124,973.75 from J.F.'s AIG
19 Federal Savings Bank account to the Island Sea, LLC Bank of America
20 account ending in -1172.

FORFEITURE ALLEGATION

[18 U.S.C. §§ 982(a)(2), 981(a)(1)(C) and 28 U.S.C. § 2461(c)]

24. Pursuant to Rule 32.2(a), Fed. R. Crim. P., notice is hereby given to defendants MEMHET FATIH BIYIKOGLU, also known as "John B.," ANNA MARIE HOLT, and IDA SHAGHOIAN (collectively, "defendants") that the United States will seek forfeiture as part of any sentence in accordance with Title 18, United States Code, Sections 982(a)(2) and 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), in the event of any defendant's conviction under any of Counts One through Seven of this Indictment.

25. Any convicted defendant shall forfeit to the United States the following property:

a. all right, title, and interest in any and all property, real or personal, that constitutes or is derived, directly or indirectly, from the gross proceeds traceable to the commission of any offense set forth in any of Counts One through Nine of this Indictment for which the defendant was convicted; and

b. a sum of money equal to the total value of the property described in subparagraph 25(a) to the extent such property is not available for forfeiture.

Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 982(b), any convicted defendant shall forfeit substitute property, up to the total value of the property described in the preceding paragraph if, as a result of any act or omission of defendants, the property described in the preceding paragraph, or any portion thereof (a) cannot be located upon the exercise of due diligence; (b) has been transferred, sold to

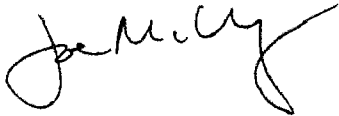
1 or deposited with a third party; (c) has been placed beyond the
2 jurisdiction of the Court; (d) has been substantially diminished in
3 value; or (e) has been commingled with other property that cannot be
4 divided without difficulty.

5 A TRUE BILL

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7 ISI

8 Foreperson

9 NICOLA T. HANNA
10 United States Attorney

11 

12 LAWRENCE S. MIDDLETON
13 Assistant United States Attorney
14 Chief, Criminal Division

15 DENNISE D. WILLETT
16 Assistant United States Attorney
17 Chief, Santa Ana Branch Office

18 JOSEPH T. MCNALLY
19 Assistant United States Attorney
20 Deputy Chief, Santa Ana Branch
21 Office

22 SCOTT D. TENLEY
23 Assistant United States Attorney
24 Santa Ana Branch Office
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