



UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

March 2023 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

CASEY MAHONEY and
JOSEPH PARKINSON,

Defendants.

SA CR No. 21-183(A)-JLS

F I R S T
S U P E R S E D I N G
I N D I C T M E N T

[18 U.S.C. § 371: Conspiracy;
18 U.S.C. §§ 220(a)(1), (2):
Illegal Remunerations for
Referrals to Clinical Treatment
Facilities; 18 U.S.C.
§ 1956(a)(1)(B)(i): Concealment
Money Laundering; 31 U.S.C.
§§ 5324(a)(3), (d)(2):
Structuring; 21 U.S.C.
§§ 841(a)(1), (b)(1)(C):
Possession with Intent to
Distribute Fentanyl; 26 U.S.C.
§ 7206(2): Aiding and Assisting
the Preparation and Presentation
of a Fraudulent Document; 18
U.S.C. § 2: Aiding and Abetting
and Causing an Act to be Done; 18
U.S.C. § 982, 31 U.S.C. § 5317:
Criminal Forfeiture]

1 The Grand Jury charges:

2 COUNT ONE

3 [18 U.S.C. § 371]

4 [ALL DEFENDANTS]

5 A. INTRODUCTORY ALLEGATIONS

6 At times relevant to this First Superseding Indictment:

7 1. Defendant CASEY MAHONEY controlled two clinical treatment
8 facilities in Orange County, California, namely, Healing Path Detox
9 LLC ("Healing Path") and Get Real Recovery, Inc. ("Get Real").
10 Healing Path and Get Real were "clinical treatment facilities," as
11 defined in Title 18, United States Code, Section 220(e)(2), and were
12 regulated under state and federal law. Defendant MAHONEY also
13 controlled a Wells Fargo Bank Account held under the name Healing
14 Path Detox LLC ("the Healing Path Account"), and a Wells Fargo Bank
15 Account held under the name Get Real Recovery, Inc. ("the Get Real
16 Account").

17 2. Defendant JOSEPH PARKINSON and co-conspirators "Broker 1,"
18 "Broker 2," and Darius Moore (collectively, the "other Brokers") were
19 "body brokers" who referred patients to clinical treatment facilities
20 in Orange County, California, including Healing Path and Get Real, in
21 exchange for kickback payments.

22 3. Defendant PARKINSON controlled the business entities Star
23 Treatment LLC and Star Treatment Solutions LLC. Defendant PARKINSON
24 also controlled a First Bank account held under the name Star
25 Treatment LLC ("Parkinson Account 1"), and a J.P. Morgan Chase Bank
26 account held under the name Star Treatment Solutions LLC ("Parkinson
27 Account 2").

1 4. Broker 1 controlled two business entities ("Business A" and
2 "Business B"), and Broker 2 controlled another business entity
3 ("Business C"). Moore controlled the business entity Moore Recovery
4 Solutions LLC.

5 5. Defendant MAHONEY hired and oversaw employees at Healing
6 Path and Get Real, whose duties included coordinating the admission
7 of patients referred by defendant PARKINSON and the other Brokers and
8 reviewing kickback amounts owed to them by defendant MAHONEY for
9 patients referred to Healing Path and Get Real over the preceding
10 month.

11 6. Healing Path and Get Real each serviced patient populations
12 that received health care benefits through, among other entities,
13 Anthem Blue Cross Blue Shield, Aetna Life Insurance Company, Cigna
14 Health and Life Insurance Company, Cigna Behavioral Health Inc., and
15 United Health Group (collectively, the "insurance companies"). The
16 insurance companies were "health care benefit programs," as defined
17 in Title 18, United States Code, Section 24(b), and Title 18, United
18 States Code, Section 220(e)(3).

19 B. OBJECTS OF THE CONSPIRACY

20 7. Beginning on a date unknown, but no later than on or about
21 October 24, 2018, and continuing to at least on or about December 15,
22 2020, in Orange County, California, within the Central District of
23 California, and elsewhere, defendants MAHONEY and PARKINSON knowingly
24 conspired with Broker 1, Broker 2, Moore, and others known and
25 unknown to the Grand Jury, to commit offenses against the United
26 States, namely:

1 a. Soliciting and Receiving Illegal Remunerations for
2 Referrals to Clinical Treatment Facilities, in violation of Title 18,
3 United States Code, Section 220(a)(1); and

4 b. Paying and Offering Illegal Remunerations for
5 Referrals to Clinical Treatment Facilities, in violation of Title 18,
6 United States Code, Section 220(a)(2).

7 C. MANNER AND MEANS OF THE CONSPIRACY

8 8. The objects of the conspiracy were to be accomplished, in
9 substance, as follows:

10 a. Defendant MAHONEY would pay tens of thousands of
11 dollars per month in kickbacks to defendant PARKINSON and the other
12 Brokers via accounts that they controlled in the names of the
13 business entities that they controlled, both as compensation in
14 exchange for referring patients or patronage to Healing Path and Get
15 Real, and to induce them to continue to refer patients to those
16 facilities.

17 b. Defendant PARKINSON and the other Brokers would pay a
18 portion of those funds to patients, often in the form of cash, as
19 kickbacks in exchange for staying at Healing Path and Get Real, in
20 amounts that were also determined based on the respective patients'
21 type of insurance, type of treatment, and length of stay. Defendant
22 MAHONEY knew that defendant PARKINSON and the other Brokers paid such
23 kickbacks to patients in exchange for staying at Healing Path and Get
24 Real, and would encourage them to find ways to withdraw cash from
25 their bank accounts without attracting law enforcement attention.

26 c. Defendant PARKINSON used Parkinson Accounts 1 and 2 to
27 receive kickbacks for patient referrals to clinical treatment
28 facilities including Healing Path and Get Real, and to withdraw cash

1 used to pay kickbacks to recruited patients in exchange for receiving
2 treatment at such facilities. Defendant PARKINSON would conceal the
3 nature, ownership, and control of the cash kickbacks paid to patients
4 by withdrawing funds and causing others to withdraw funds from
5 Parkinson Accounts 1 and 2 in transactions structured at or under
6 \$10,000.

7 d. Defendant MAHONEY, on behalf of Healing Path and Get
8 Real, would enter into sham contracts with businesses controlled by
9 defendant PARKINSON and the other Brokers that: (1) purportedly
10 required fixed payments to the respective body broker; (2)
11 purportedly prohibited payments from Healing Path or Get Real based
12 on the "volume or value" of the body broker's patient referrals; and
13 (3) were designed to conceal the nature of the kickback payments.

14 e. Defendant MAHONEY and employees at Healing Path and
15 Get Real would meet with the other Brokers, or would communicate with
16 them via an encrypted messaging application, to calculate the
17 respective kickback amounts owed to the other Brokers by defendant
18 MAHONEY for each patient referred to Healing Path and Get Real, based
19 on the patient's type of insurance, the type of treatment the patient
20 purportedly received, and the length of the patient's stay at Healing
21 Path and Get Real. They would then determine whether the contractual
22 monthly payment to Moore and Broker 1 the prior month overstated or
23 understated the kickback amount that defendant MAHONEY actually owed
24 to each of them.

25 f. When defendant MAHONEY accrued a large amount of
26 kickback debt owed to defendant PARKINSON and the other Brokers,
27 defendant MAHONEY would pay those debts (1) by writing checks to them
28 for tens of thousands of dollars beyond what defendant MAHONEY owed

1 under the contracts, and (2) by entering into new, often simultaneous
2 sham contracts with other businesses that the brokers controlled,
3 thus obligating defendant MAHONEY to pay them tens of thousands of
4 dollars in additional funds per month and allowing defendant MAHONEY
5 to further conceal the kickback payments by spreading them across
6 checks to as many as four different businesses or persons in a given
7 month.

8 g. To induce Broker 1 to refer patients to Healing Path
9 and Get Real, defendant MAHONEY would pay thousands of dollars per
10 month in additional kickback funds to Broker 1. Defendant MAHONEY
11 would conceal the nature, ownership, and control of these additional
12 kickback payments by paying them to Broker 1 via checks payable to
13 Broker 1's mother, and by falsely writing "Consultant Fee" on the
14 memo line of each check, when in fact Broker 1's mother did not
15 provide any consulting services for defendant MAHONEY or otherwise
16 work for defendant MAHONEY in any way.

17 h. Healing Path and Get Real would bill and subsequently
18 be reimbursed by the insurance companies for treatment purportedly
19 given to patients referred to the respective facility by defendant
20 PARKINSON and the other Brokers.

21 i. In total during the conspiracy, defendant MAHONEY
22 would pay at least \$2,698,725 in kickbacks to defendant PARKINSON and
23 the other Brokers.

24 D. OVERT ACTS

25 9. In furtherance of the conspiracy and to accomplish the
26 objects of the conspiracy, on or about the following dates, defendant
27 MAHONEY, defendant PARKINSON, Broker 1, Broker 2, Moore, and others
28 known and unknown to the Grand Jury, committed and willfully caused

1 others to commit the following overt acts, among others, in Orange
2 County, California, within the Central District of California, and
3 elsewhere:

4 **Encrypted Communications with Broker 1**

5 Overt Act No. 1: On April 2, 2020, defendant MAHONEY caused
6 a spreadsheet to be sent to Broker 1 documenting patients who had
7 been referred to Healing Path and Get Real the prior month and the
8 resulting kickbacks that defendant MAHONEY owed to defendant
9 PARKINSON, Broker 1, and Broker 2.

10 Overt Act No. 2: On April 29, 2020, defendant MAHONEY caused
11 spreadsheets to be sent to Broker 1 documenting patients who had been
12 referred to Healing Path and Get Real for the respective prior month
13 and the resulting kickbacks that defendant MAHONEY owed to defendant
14 PARKINSON, Broker 1, and Broker 2.

15 Overt Act No. 3: On June 1, 2020, defendant MAHONEY caused
16 spreadsheets to be sent to Broker 1 documenting patients who had been
17 referred to Healing Path and Get Real for the respective prior month
18 and the resulting kickbacks that defendant MAHONEY owed to defendant
19 PARKINSON, Broker 1, and Broker 2.

20 Overt Act No. 4: On August 8, 2020, defendant MAHONEY caused
21 spreadsheets to be sent to Broker 1 documenting patients who had been
22 referred to Healing Path and Get Real for the respective prior month
23 and the resulting kickbacks that defendant MAHONEY owed to defendant
24 PARKINSON, Broker 1, and Broker 2.

25 **June 2020 Recording**

26 Overt Act No. 5: On June 8, 2020, after defendant MAHONEY
27 received a recorded conversation between Moore and a patient at
28 Healing Path, during which Moore arranged to pay the patient between

1 \$500 and \$750 per week for staying at Healing Path, depending on the
2 type of treatment that the patient received, and Moore agreed to give
3 the patient money to buy drugs before starting at Healing Path,
4 defendant MAHONEY told Moore not to worry about the recording and
5 asked Moore to be more careful.

6 **Meeting at Healing Path with Defendant MAHONEY, Broker 1, Moore, and**
7 **Other Employees**

8 Overt Act No. 6: On October 1, 2020, defendant MAHONEY,
9 Broker 1, and another individual who by then had become a cooperator
10 working with law enforcement, met at Healing Path to review the
11 amounts of kickbacks owed to Brokers 1 and 2, based on the patients
12 whom they and defendant PARKINSON had referred to Healing Path and
13 Get Real the prior month.

14 Overt Act No. 7: On October 1, 2020, defendant MAHONEY
15 directed Broker 1 to terminate his broker relationship with defendant
16 PARKINSON, specifically, defendant MAHONEY criticized Broker 1 for
17 operating his body brokering business with defendant PARKINSON and,
18 when Broker 1 responded that he needed defendant PARKINSON to ensure
19 that Broker 1 had enough cash to pay kickbacks to patients, defendant
20 MAHONEY responded, "That's something you can work on figuring out."

21 Overt Act No. 8: On October 1, 2020, defendant MAHONEY
22 directed Broker 1 to exercise more caution in operating the kickback
23 scheme, namely, by defendant MAHONEY stating that Broker 1's body
24 brokering organization was causing law enforcement to investigate
25 their kickback conspiracy: "They're kicking in doors. Feds. Darius
26 [Moore] doesn't have any problems like that. He placed 16 people
27 last month plus everyone he placed in Get Real. So he's at the point
28

1 now that he places like 30 people in a month [at Healing Path and Get
2 Real]."

3 Overt Act No. 9: On October 1, 2020, defendant MAHONEY stated
4 that, because of his concerns over law enforcement activity,
5 defendant MAHONEY deleted his spreadsheet tracking kickbacks owed to
6 body brokers referring patients to Healing Path and Get Real.

7 Overt Act No. 10: On October 1, 2020, defendant MAHONEY paid a
8 \$60,000 kickback to Broker 1, via a check payable to Business A.

9 Overt Act No. 11: On October 1, 2020, defendant MAHONEY paid a
10 \$25,000 kickback to Broker 2, via a check payable to Business C.

11 Overt Act No. 12: On October 1, 2020, defendant MAHONEY paid
12 Moore a \$25,000 kickback payment on behalf of Get Real and a \$20,000
13 kickback payment on behalf of Healing Path.

14 **Additional Kickbacks Paid by Defendant MAHONEY**

15 Overt Act No. 13: On November 7, 2019, defendant MAHONEY paid
16 defendant PARKINSON a \$22,500 kickback.

17 Overt Act No. 14: On November 12, 2019, defendant MAHONEY paid
18 defendant PARKINSON a \$22,500 kickback.

19 Overt Act No. 15: On November 15, 2019, defendant MAHONEY paid
20 defendant PARKINSON a \$32,500 kickback.

21 Overt Act No. 16: On November 27, 2019, defendant MAHONEY paid
22 defendant PARKINSON a \$22,500 kickback.

23 Overt Act No. 17: On November 29, 2019, defendant MAHONEY paid
24 defendant PARKINSON a \$32,500 kickback.

25 Overt Act No. 18: On October 8, 2020, defendant MAHONEY paid
26 Moore \$50,000 on behalf of Healing Path.

COUNTS TWO THROUGH EIGHT

[18 U.S.C. § 220(a)(2); 18 U.S.C. § 2]

[DEFENDANT MAHONEY]

10. The Grand Jury realleges paragraphs 1 through 6 and 8 of this First Superseding Indictment here.

11. On or about the dates set forth below, in Orange County, California, within the Central District of California, and elsewhere, defendant CASEY MAHONEY, together with others known and unknown to the Grand Jury, aiding and abetting each other, knowingly and willfully paid remuneration, including a kickback, bribe, and rebate, namely, the following payments, directly and indirectly, overtly and covertly, in cash and in kind, (1) to induce a referral of an individual to a recovery home and clinical treatment facility, and (2) in exchange for an individual using the services of a recovery home and clinical treatment facility, each with respect to services covered by a health care benefit program, in and affecting interstate commerce:

COUNT	DATE	PAYMENT	APPROXIMATE AMOUNT
TWO	11/27/2019	Check from Get Real payable to Star Treatment Solutions LLC	\$22,500
THREE	11/29/2019	Check from Healing Path payable to Star Treatment Solutions LLC	\$32,500
FOUR	10/1/2020	Check from Healing Path payable to Business A	\$60,000
FIVE	10/1/2020	Check from Healing Path payable to Business C	\$25,000
SIX	10/1/2020	Check from Healing Path payable to Moore Recovery Solutions LLC	\$20,000

COUNT	DATE	PAYMENT	APPROXIMATE AMOUNT
SEVEN	10/8/2020	Check from Healing Path payable to Moore Recovery Solutions LLC	\$50,000
EIGHT	10/15/2020	Check from Get Real payable to Moore Recovery Solutions LLC	\$45,000

COUNTS NINE AND TEN

[18 U.S.C. § 220(a)(1); 18 U.S.C. § 2]

[DEFENDANT PARKINSON]

12. The Grand Jury realleges paragraphs 1 through 6 and 8 of this First Superseding Indictment here.

13. On or about the dates set forth below, in Orange County, California, within the Central District of California, and elsewhere, defendant JOSEPH PARKINSON, together with others known and unknown to the Grand Jury, aiding and abetting each other, knowingly and willfully solicited and received remuneration, including a kickback, bribe, and rebate, namely, the following payments, directly and indirectly, overtly and covertly, in cash and in kind, in return for referring a patient and patronage to a recovery home and clinical treatment facility, each with respect to services covered by a health care benefit program, in and affecting interstate commerce:

COUNT	DATE	PAYMENT	APPROXIMATE AMOUNT
NINE	11/27/2019	Check from Get Real payable to Star Treatment Solutions LLC	\$22,500
TEN	11/29/2019	Check from Healing Path payable to Star Treatment Solutions LLC	\$32,500

COUNTS ELEVEN THROUGH THIRTEEN

[18 U.S.C. § 1956(a)(1)(B)(i); 18 U.S.C. § 2]

[DEFENDANT MAHONEY]

14. The Grand Jury re-alleges paragraphs 1 through 6 and 8 of this First Superseding Indictment here.

15. On or about the following dates, in Orange County, California, within the Central District of California, and elsewhere, defendant CASEY MAHONEY and others known and unknown to the Grand Jury, conducted, aided and abetted the conducting of, and willfully caused others to conduct, the following financial transactions affecting interstate and foreign commerce, knowing that the property involved in such transactions represented the proceeds of some form of unlawful activity, and which transactions, in fact, involved the proceeds of specified unlawful activity, that is, Conspiracy to Pay, Offer, Solicit, and Receive Illegal Remunerations for Referrals to Clinical Treatment Facilities, in violation of Title 18, United States Code, Sections 371, 220(a)(1), and 220(a)(2), knowing that the transactions were designed, in whole and in part, to conceal and disguise the nature, location, source, ownership, and control of the proceeds of such specified unlawful activity:

COUNT	DATE	TRANSACTION
ELEVEN	8/3/2020	Payment of check from Get Real to Broker 1's mother for \$39,500, falsely labeled with the memo line "Consulting Fee"
TWELVE	9/1/2020	Payment of check from Get Real to Broker 1's mother for \$21,500, falsely labeled with the memo line "Consulting Fee"
THIRTEEN	10/1/2020	Payment of check from Get Real to Broker 1's mother for \$23,000, falsely labeled with the memo line "Consulting Fee"

COUNTS FOURTEEN THROUGH TWENTY-FIVE

[31 U.S.C. §§ 5324(a)(3), (d)(2); 18 U.S.C. § 2]

[DEFENDANT PARKINSON]

16. The Grand Jury re-alleges paragraphs 1 through 6 and 8 of this First Superseding Indictment here.

17. On or about the following dates, in Orange County, within the Central District of California, and elsewhere, defendant JOSEPH PARKINSON and others known and unknown to the Grand Jury, aiding and abetting each other, knowingly, and for the purpose of evading the reporting requirements of Section 5313(a) of Title 31, United States Code, and the regulations promulgated thereunder, structured, assisted in structuring, and willfully caused to be structured, the following transactions with domestic financial institutions, as part of a pattern of illegal activity involving more than \$100,000 in a 12-month period, and while violating another law of the United States:

COUNT	DATE	TRANSACTIONS
FOURTEEN	6/8/2020	Cash withdrawals of \$6,000 from Parkinson Account 1 and \$9,000 from Parkinson Account 2
FIFTEEN	6/16/2020	Cash withdrawals of \$6,000 from Parkinson Account 1 and \$9,000 from Parkinson Account 2
SIXTEEN	6/18/2020	Cash withdrawals of \$6,000 from Parkinson Account 1 and \$10,000 from Parkinson Account 2
SEVENTEEN	7/2/2020	Cash withdrawals of \$6,000 from Parkinson Account 1 and \$10,000 from Parkinson Account 2
EIGHTEEN	7/6/2020	Cash withdrawals of \$6,000 from Parkinson Account 1 and \$9,500 from Parkinson Account 2
NINETEEN	7/20/2020	Cash withdrawals of \$6,000 from Parkinson Account 1 and \$9,500 from Parkinson Account 2

COUNT	DATE	TRANSACTIONS
TWENTY	7/22/2020	Cash withdrawals of \$5,500 from Parkinson Account 1 and \$9,500 from Parkinson Account 2
TWENTY-ONE	7/29/2020	Cash withdrawals of \$8,000 from Parkinson Account 1 and \$10,000 from Parkinson Account 2
TWENTY-TWO	8/3/2020	Cash withdrawals of \$6,000 from Parkinson Account 1 and \$9,000 from Parkinson Account 2
TWENTY-THREE	8/12/2020	Cash withdrawals of \$5,000 from Parkinson Account 1 and \$9,000 from Parkinson Account 2
TWENTY-FOUR	8/24/2020	Cash withdrawals of \$8,000 from Parkinson Account 1 and \$9,000 from Parkinson Account 2
TWENTY-FIVE	9/8/2020	Cash withdrawals of \$8,000 from Parkinson Account 1 and \$8,500 from Parkinson Account 2

COUNT TWENTY-SIX

[21 U.S.C. §§ 841(a)(1), (b)(1)(C)]

[DEFENDANT PARKINSON]

On or about September 24, 2020, in Orange County, within the Central District of California, defendant JOSEPH PARKINSON knowingly and intentionally possessed with intent to distribute N-phenyl-N-[1-(2-phenylethyl)-4-piperidinyl] propanamide ("fentanyl"), a Schedule II narcotic drug controlled substance.

COUNT TWENTY-SEVEN

[26 U.S.C. § 7206(2)]

[DEFENDANT MAHONEY]

Beginning on a date unknown, and continuing to at least on or about July 23, 2021, in Orange County, within the Central District of California, and elsewhere, defendant CASEY MAHONEY willfully aided and assisted in, and procured, counseled, and advised the preparation and presentation to the Internal Revenue Service of a Form 1099-NEC, which defendant MAHONEY knew was false and fraudulent as to a material matter, in that the Form 1099-NEC reported that Get Real Recovery, Inc. ("Get Real") paid \$184,225 in non-employee compensation to Broker 1's mother in tax year 2020, when, in fact, as defendant MAHONEY then knew and believed, (1) the reported payments were not compensation for any services rendered by Broker 1's mother, and Broker 1's mother did provide any services for Get Real in 2020 or otherwise; (2) the payments were, rather, compensation paid by defendant MAHONEY in exchange for Broker 1's services in referring drug-addicted patients to Get Real and to induce Broker 1 to continue to refer drug-addicted patients to Get Real; and (3) the Form 1099-NEC was part of defendant MAHONEY's effort to conceal the true nature, ownership, and control of such payments to Broker 1.

FORFEITURE ALLEGATION ONE

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

1. Pursuant to Rule 32.2 of the Federal Rules of Criminal Procedure, notice is hereby given that the United States of America will seek forfeiture as part of any sentence, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), in the event of any defendant's conviction of the offense set forth in Count One of this First Superseding Indictment.

2. Any defendant, if so convicted, shall forfeit to the United States of America the following:

(a) All right, title, and interest in any and all property, real or personal, constituting, or derived from, any proceeds traceable to the offense; and

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

3. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), a defendant, if so convicted, shall forfeit substitute property, up to the value of the property described in the preceding paragraph if, as the result of any act or omission of the defendant, 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, or deposited with a third party; (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 that cannot be divided without difficulty.

FORFEITURE ALLEGATION TWO

[18 U.S.C. § 982]

1. Pursuant to Rule 32.2(a) of the Federal Rules of Criminal Procedure, notice is hereby given that the United States will seek forfeiture as part of any sentence, pursuant to Title 18, United States Code, Section 982(a)(1), in the event of any defendant's conviction of any of the offenses set forth in any of Counts Eleven through Thirteen of this First Superseding Indictment.

2. Any defendant, if so convicted, shall forfeit to the United States of America the following:

(a) Any property, real or personal, involved in such offense, and any property traceable to such property; and

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

3. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), and Title 18, United States Code, Section 982(b)(2), a defendant, if so convicted, shall forfeit substitute property, if, by any act or omission of the defendant, 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, or deposited with a third party; (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 that cannot be divided without difficulty. Substitution of assets shall not be ordered, however, where the convicted defendant acted merely as an intermediary who handled but did not retain the property in the

1 course of the money laundering offense unless the defendant, in
2 committing the offense or offenses giving rise to the forfeiture,
3 conducted three or more separate transactions involving a total of
4 \$100,000 or more in any twelve-month period.

FORFEITURE ALLEGATION THREE

[31 U.S.C. § 5317]

1. Pursuant to Rule 32.2(a) of the Federal Rules of Criminal Procedure, notice is hereby given that the United States of America will seek forfeiture as part of any sentence, pursuant to Title 31, United States Code, Section 5317, in the event of any defendant's conviction of the offenses set forth in any of Counts Fourteen through Twenty-Five of this First Superseding Indictment.

2. Any defendant so convicted shall forfeit to the United States of America the following:

(a) All property, real or personal, involved in the offense and any property traceable thereto; and

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

3. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 31, United States Code, Section 5317(c)(1)(B), a defendant so convicted shall forfeit substitute property, if, by any act or omission of said defendant, the property described in the preceding, or any portion thereof; (a) cannot be located upon the exercise of due diligence; (b) has been transferred, sold to, or deposited with a third party; (c) has been placed beyond the

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jurisdiction of the court; (d) has been substantially diminished in value; or (e) has been commingled with other property that cannot be divided without difficulty.

A TRUE BILL

/s/

Foreperson

E. MARTIN ESTRADA
United States Attorney



MACK E. JENKINS
Assistant United States Attorney
Chief, Criminal Division

BENJAMIN R. BARRON
Assistant United States Attorney
Chief, Santa Ana Branch Office

GLENN LEON
Chief, Fraud Section
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SIOBHAN M. NAMAZI
Trial Attorney, Fraud Section
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