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UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA

-oOo-

UNITED STATES OF AMERICA,

2:13-cr-00016-JCM-NJK-1

Plaintiff,

DATE FILED:

v.

RALPH PRIOLA,

VIOLATION:

Defendant.

18 U.S.C. § 1349 (conspiracy to commit mail  
and wire fraud – 1 count)

INFORMATION

INTRODUCTION

**THE UNITED STATES CHARGES THAT:**

At all times material to this Information:

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

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

4           3.     Under Nevada law, HOA board members are fiduciaries. Any person  
5 nominated for the board must make a good faith effort to disclose any financial, business,  
6 professional, or personal relationship or interest that would result or would appear to a  
7 reasonable person to result in a potential conflict of interest.

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

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

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

22          7.     Under Nevada law, property managers must earn a Community  
23 Association Management (CAM) license before being able to work in the state of Nevada.  
24 Property managers have fiduciary obligations to act in the best interest of the community,  
25 safeguard financial and confidential information for the community, and disclose any affiliation  
26

1 or financial interest with any other person or business that furnishes goods or services to the  
2 community.

3 8. Chateau Versailles, Chateau Nouveau, Park Avenue, Jasmine, Vistana,  
4 Sunset Cliffs, Palmilla, Pebble Creek, Mission Ridge, Mission Pointe, and Horizons at Seven  
5 Hills, common interest communities, were located in Las Vegas, Nevada. Each had an HOA  
6 board consisting of at least three people.

7 9. Co-conspirator **Leon Benzer**, a Las Vegas resident who is charged  
8 elsewhere, owned Silver Lining Construction (SLC), a construction company incorporated in the  
9 state of Nevada. SLC purported to specialize in home building and repairs, including repairs  
10 involving so-called construction defects (CDs).

11 10. Defendant **RALPH PRIOLA**, was an employee of SLC, and one of  
12 **Benzer's** principal assistants.

13 11. Co-Conspirator A was a law firm in Las Vegas that specialized in  
14 construction defect litigation. Co-Conspirator B was a Nevada attorney who owned and  
15 controlled Co-Conspirator A. Co-Conspirator B was, along with **Benzer**, a mastermind of the  
16 conspiracy and also one of its principal sources of funding. Co-Conspirator B participated in the  
17 conspiracy until the death of Co-Conspirator B in March 2012. **Benzer** and his co-conspirators,  
18 through the use of "straw purchasers" via financed transactions, caused the purchase or transfer  
19 of at least 37 condominium units in an effort to take control of HOA boards through the  
20 nomination and election of these straw purchasers as HOA board members. The straw  
21 purchasers, once elected were under the direction and control of **Benzer** and SLC. As a result of  
22 the scheme, 33 of these 37 condominiums went into foreclosure.

23 **COUNT ONE**

24 **THE CONSPIRACY**

25 12. From at least in or about August 2003 through at least in or about  
26

February 2009, in the District of Nevada and elsewhere, Defendant

**RALPH PRIOLA**

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

a. to 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, that affected a financial institution; and for the purpose of executing such scheme and artifice, the Defendant or his coconspirators did knowingly place or caused to be placed in a post office and authorized depository for mail matter a thing to be sent and delivered by the U.S. Postal Service or any private or commercial interstate carrier, in violation of Title 18, United States Code, Section 1341; and,

b. to 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, that affected a financial institution; and for the purpose of executing such scheme and artifice, the Defendant or his coconspirators did knowingly transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, in violation of Title 18, United States Code, Section 1343.

**OBJECTS OF THE CONSPIRACY**

13. The objects of the conspiracy, of which Defendant **RALPH PRIOLA** was a member, which began from at least as early as in or around August 2003 and continued through at least in or around February 2009, were for the co-conspirators to:

a. identify and facilitate the placement of straw purchasers in certain HOAs identified above;

b. facilitate the purchase of units in certain HOAs identified above through straw purchasers to act on behalf of the beneficial owners of the unit;

1 c. manipulate and influence the elections of HOA board candidates  
 2 designated by the co-conspirators and thereby gain and maintain control of HOA boards and  
 3 candidates designated by the co-conspirators;

4 d. manipulate and influence the conduct of HOA business including, but not  
 5 limited to, the appointment of designated property managers, the hiring of designated lawyers  
 6 and law firms, and the hiring of designated contractors; and,

7 e. unlawfully enrich the co-conspirators as a result of the scheme.

#### 8 MANNER AND MEANS

9 14. In order to achieve the objects of the conspiracy, Defendant **RALPH**  
 10 **PRIOLA** and others known and unknown to the United States, used the following manner and  
 11 means, among others:

12 a. The Defendant would and did act as a manager and supervisor of  
 13 numerous co-conspirators, working directly for and at the direction of the principal architect of  
 14 the criminal scheme, **Benzer**. Defendant made cash payments to numerous co-conspirators for  
 15 their participation in the scheme, as well as for expenses associated with furthering the goals of  
 16 the conspiracy.

17 b. The Defendant and his co-conspirators would and did enlist real estate  
 18 agents to identify condominium units within HOA communities for purchase by co-conspirators  
 19 in connection with the scheme.

20 c. The co-conspirators would and did enlist individuals to act as straw  
 21 purchasers to complete and sign mortgage loan applications to purchase properties within the  
 22 HOA communities on behalf of the beneficial owners, and made false and fraudulent statements  
 23 that concealed the identity and financial interest of the true beneficial owners of the properties  
 24 from banks, mortgage companies, HOAs, and bona fide homeowners. Defendant **RALPH**  
 25 **PRIOLA** made cash payments to numerous co-conspirators for their expenses related to their  
 26 straw ownership of various condominium units at several HOA communities.

1           d.     The co-conspirators would and did use several licensed notaries to assist  
2 the notarizing of documents, at times fraudulently, in furtherance of the conspiracy without the  
3 signatory appearing before him/her or without entering the transaction into his/her notary book  
4 as required by his/her State of Nevada notary license.

5           e.     Various co-conspirators would and did join the conspiracy when they  
6 agreed to become straw purchasers at a particular HOA. Many co-conspirators would and did  
7 sign and submit false and fraudulent loan applications and supporting documents to financial  
8 institutions in order to finance and close on the properties. The co-conspirators, through the use  
9 of "straw purchasers" would and did cause the purchase or transfer of approximately 37  
10 condominium units, 33 of which went into foreclosure as a result of the scheme. Defendant was a  
11 straw purchaser at Jasmine HOA.

12           f.     Once the straw purchases were complete, the beneficial owners and co-  
13 conspirators would and did often rent the units. In most instances, the beneficial owners would  
14 and did receive the rental payments and continue to pay the mortgages and various expenses  
15 associated with the straw purchases.

16           g.     In furtherance of the scheme, on or about August 3, 2005, a co-conspirator  
17 would and did open and manage five bank accounts at the request and pursuant to the  
18 instructions of **Benzer** and SLC under the names of limited liability companies controlled by  
19 **Benzer** in order to, among other things, conceal the identity of the beneficial owners. The co-  
20 conspirators would send and cause to be sent numerous interstate wire transfers made to and  
21 from these accounts to fund the conspiracy and to pay co-conspirators for their participation in  
22 the scheme.

23           h.     Several conspirator straw purchasers would and did allow the co-  
24 conspirators to transfer a 1% or greater ownership interest in the condo unit to another co-  
25 conspirator to make it appear that the new owner was a bona fide homeowner in the HOA and  
26 was qualified to run for a position on the HOA board of directors.

1           i.       The co-conspirators would and did refinance the properties in order to  
2 increase the conspiracy's capital from which conspirators could be paid for their services and  
3 additional condominiums could be purchased, often submitting false, fraudulent or misleading  
4 information to the financial institutions.

5           j.       The conspirator straw purchasers and those co-conspirators who acquired  
6 a transferred interest in the properties often would and did agree to run for election to HOA  
7 boards. Defendant, at the direction of **Benzer**, paid these co-conspirators cash, checks, or things  
8 of value for their participation, all of which resulted in a personal financial benefit to the co-  
9 conspirators.

10          k.       To ensure the co-conspirators would win the elections, the co-conspirators  
11 often would and did employ deceitful tactics, such as creating false phone surveys to gather  
12 information about homeowners' voting intentions, using mailing lists to vote on behalf of out-of-  
13 town homeowners who were unlikely to participate in the elections, and submitting fake and  
14 forged ballots. The co-conspirators would and did also hire private investigators to find "dirt" on  
15 bona fide candidates in order to influence the elections.

16          l.       Certain co-conspirators would and did assist in rigging certain HOA board  
17 elections by, among other things, preparing forged ballots for out-of-town homeowners and  
18 either transported or caused them to be transported or mailed to California and thereafter to have  
19 the ballots mailed back to Las Vegas from various locations around California, to make it appear  
20 that the ballots were completed and mailed by bona fide homeowners residing outside Nevada.  
21 Defendant assisted in rigging HOA board of directors elections at several HOA communities in  
22 Las Vegas.

23          m.       The co-conspirators would and did attempt to create the appearance that  
24 the elections were legitimate and free from corruption by hiring "independent" attorneys as  
25 "special election masters," to supervise the HOA board elections. These "special election  
26 masters," working with the HOAs' licensed property managers, were obligated to: (i) contact the  
bona fide homeowners to inform them of the election; (ii) mail the bona fide homeowners

1 election ballots and voting instructions; (iii) collect and secure those election ballots returned by  
2 mail until the date of the election; and (iv) preside over the HOA board election, including  
3 supervising the counting of ballots. However, in truth and fact, certain "special election masters"  
4 were paid in cash, check, or promised things of value, by or on behalf of **Benzer** and SLC for  
5 their assistance in allowing co-conspirators to rig the elections by allowing the co-conspirators  
6 access to the ballots after they were collected but before they were counted. Defendant made  
7 payments to the "special election masters."

8 n. Once elected, the straw purchasers and SLC controlled board members  
9 would and did meet with co-conspirators in order to manipulate board agendas as well as board  
10 votes, including the selection of property managers, contractors, general counsel and attorneys to  
11 represent the HOA. Defendant participated in these meetings and discussed proposed board  
12 actions with the intent to benefit Defendant and his co-conspirators.

13 All in violation of Title 18, United States Code, Section 1349.

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