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**FILED**

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CLERK, U.S. DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA  
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IN THE UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,  
Plaintiff,

v.

JAMAL SHEHADEH,  
SABER SHEHADEH, and  
BRIAN STONE,

Defendants.

CASE NO.

**2:16 - CR - 0038 MCE**

VIOLATIONS: 18 U.S.C. § 844(h)(1) – Arson to  
Commit Another Felony (3 counts); 18 U.S.C.  
§ 844(i) – Arson (4 counts); 18 U.S.C. § 1341 – Mail  
Fraud (20 counts); 18 U.S.C. § 1343 – Wire Fraud  
(32 counts); 18 U.S.C. § 1957 – Money Laundering;  
18 U.S.C. § 981(a)(1)(C), 28 U.S.C. § 2461(c), and  
18 U.S.C. § 982(a)(1) – Criminal Forfeiture

INDICTMENT

COUNTS ONE THROUGH TWENTY: [18 U.S.C. § 1341 - Mail Fraud]

The Grand Jury charges:

JAMAL SHEHADEH,  
SABER SHEHADEH, and  
BRIAN STONE,

defendants herein, as follows:

**I. INTRODUCTION**

At all times relevant to the Indictment:

1. Defendant JAMAL SHEHADEH was an individual living in the Sacramento, California, area who owned, operated, and had interests in various businesses, many of which eventually burned in commercial structure fires.

2. Defendant SABER SHEHADEH was an individual living in the Sacramento, California, area and who was related to JAMAL SHEHADEH.

3. Defendant BRIAN STONE was a disbarred California attorney. BRIAN STONE purported to provide what he called "business consultant" services, which included assistance with insurance claims, to clients, including to defendant JAMAL SHEHADEH, through his business Brian Stone, Business Consultant, located at 1825 Del Paso Boulevard, Sacramento, California.

4. Company 1 was a California corporation that was incorporated on or about September 22, 2010, and purported to do construction-related work, including tenant improvements, and demolition and clean-up following structure fires. Defendant JAMAL SHEHADEH controlled a bank account associated with Company 1.

5. Person 1 was a contractor associated with Company 1.

6. Person 2 was the purported owner of a business hereinafter referred to as Company 2 and a relative of JAMAL SHEHADEH.

7. Person 3 was the purported owner of a business hereinafter referred to as Company 3 and an associate of JAMAL SHEHADEH.

8. Person 4 was a business associate of JAMAL SHEHADEH.

9. Person 5 was the purported owner of a business hereinafter referred to as Company 4 and an associate of JAMAL SHEHADEH.

10. Person 6 was a licensed contractor working in the Sacramento area.

11. 427 10th Street and 1001 E Street in Sacramento, California, was a commercial and residential corner building that was owned by SABER SHEHADEH.

12. 511 Broadway, Sacramento, California, was a commercial building. It was at least partially occupied by JAMAL SHEHADEH doing business as George's Auto Care and partially occupied by another business purportedly operated by an associate of JAMAL SHEHADEH.

13. 6964 65<sup>th</sup> Street, Sacramento, California, was a commercial building that was owned by an associate of JAMAL SHEHADEH. Person 2 rented a portion of the building for a purported furniture business referred to herein as Company 2.

14. 5725 Marconi Avenue, Sacramento, California, was a commercial building that had

several rental units. Suite D of the building was occupied by a company referred to herein as Company 3.

15. 910 University Avenue, Sacramento, California, was a commercial building that was at least partially occupied by a hookah lounge and club commonly called Cobblestone Café.

16. 2764 Fulton Avenue, Sacramento, California, was a commercial building that was at least partially occupied by a company referred to herein as Company 4, and by Cobblestone, also known as Cobblestone Fusion Mind and Body Lounge.

## **II. SCHEME TO DEFRAUD**

17. Beginning on or about December 27, 2009, and continuing until at least in or about November 2013, the defendants, and others known and unknown to the Grand Jury, knowingly devised, intended to devise, and participated in a material scheme and artifice to defraud and to obtain money by means of materially false and fraudulent pretenses, representations, and promises.

18. The purpose of the scheme was to obtain payment of insurance proceeds, including, but not limited to, purported losses from fire damage to property and vehicles, fire damage to tenant improvements, lost business income, and post-fire clean-up costs.

## **III. MANNER AND MEANS**

In furtherance of the fraud, the defendants employed, among others, the following ways and means:

19. JAMAL SHEHADEH and others working with him and at his direction obtained, and had others obtain, or had previously obtained, insurance policies that covered fire damage for businesses owned and controlled by the defendants and their associates. These policies generally included coverage for, among other things, damaged property, damaged tenant improvements, lost business income, and post-fire clean-up costs. JAMAL SHEHADEH also obtained an insurance policy that covered damage to at least one vehicle, a 2005 Dodge Caravan, that he controlled.

20. JAMAL SHEHADEH and others working with him and at his direction made false statements in some cases to obtain insurance to further the scheme. For example, while applying for the State Farm General Insurance Company policy to insure Company 4, JAMAL SHEHADEH made and caused Person 5 to make false statements to a representative for State Farm General Insurance Company

1 that Company 4 had previously been insured for three years or more, and that Company 4's prior  
2 insurance carrier was Allied Insurance. As JAMAL SHEHADEH well knew, those statements were  
3 false, because Company 4 had not been in business for three years and had not been previously insured  
4 with Allied Insurance.

5 21. JAMAL SHEHADEH, knowing that insurance policies existed covering loss by fire to  
6 the businesses and vehicle, then, in some cases, deliberately set and caused to be set, fires that damaged  
7 the insured businesses and vehicle for the purpose of collecting insurance proceeds.

8 22. After properties were destroyed and damaged by fire, the defendants, and others working  
9 with them and at the defendants' direction, submitted insurance claims. Those claims sought payments  
10 for various categories of losses that generally included fire damage to property, fire damage to tenant  
11 improvements, lost business income, and post-fire clean-up. The defendants, and others working with  
12 them and at the defendants' direction, made statements and submitted documents and other records in  
13 order to support the insurance claims.

14 23. In furtherance of the fraud, in some cases, as part of the claims process, the defendants  
15 knowingly made and had others make materially false and misleading statements regarding the cause  
16 and origin of the fire. For example, the defendants and others working with them and at the defendants'  
17 direction claimed that the fire had not been intentionally set, and that the claimant had no knowledge of  
18 how the fire had started.

19 24. Also in furtherance of the fraud, and independent of whether JAMAL SHEHADEH  
20 caused the fires, the defendants, JAMAL SHEHADEH, SABER SHEHADEH, and BRIAN STONE,  
21 knowingly made, and caused to be made, false and fraudulent statements of material fact to, and  
22 knowingly omitted and concealed, and caused to be omitted and concealed, material facts from, the  
23 insurance companies and companies hired or working on behalf of the insurance companies, such as  
24 State Farm General Insurance Company, Century Surety Company, Sentinel Insurance Company  
25 Limited (a Hartford Insurance company), AMCO Insurance Company (a Nationwide Insurance  
26 company), Access General Insurance Company, Enservio Commercial, and VeriClaim Incorporated, and  
27 to their representatives and agents, with respect to the insurance claims.

28 25. Among other false statements, the defendants made, and caused to be made, material

1 false statements regarding the amount, cost, value, and true ownership of property damaged and  
2 destroyed in a particular fire, as well as the prior income of the business, the amount of lost business  
3 income, and whether a business had reopened.

4 26. In furtherance of the scheme, the defendants, in some cases, made, and caused to be  
5 made, material false statements regarding the identity of the company doing the post-fire clean up, the  
6 relationship between the insured and the company doing the clean-up, the actual cost of the clean-up,  
7 and whether other companies had been consulted to do the clean-up work and had submitted bids and  
8 estimates. In some cases, the defendants used Company 1 as the company actually doing the clean-up  
9 while concealing their connection to Company 1, and misrepresented and caused to be misrepresented  
10 the nature and extent of the involvement of other individuals associated with Company 1 in post-fire  
11 clean-up.

12 27. In furtherance of the scheme, the defendants personally, and through their associates and  
13 companies and accounts that they controlled, then received insurance proceeds from the insurance  
14 companies, most often in the form of checks.

15 28. As a result of the scheme, the defendants and their associates received over \$1.5 million  
16 in insurance proceeds.

17 29. The scheme involved the following fires:

- 18 a. On December 27, 2009, 427 10th Street and 1001 E Street was partially damaged  
19 by a fire that started in an adjacent building that SABER SHEHADEH owned that  
20 was located at 1007 E Street, Sacramento, California. On August 15, 2010, the  
21 building at 427 10th Street and 1001 E Street was damaged by fire a second time.  
22 At the time of the fires, SABER SHEHADEH had insured the 427 10<sup>th</sup> Street and  
23 1001 E Street building and the business against fire damage under an insurance  
24 policy purchased from State Farm General Insurance Company.
- 25 b. On or about June 9, 2010, 511 Broadway was damaged by fire. At the time of the  
26 fire, George's Auto Care was insured against fire damage by a Century Surety  
27 Company insurance policy issued to "JAMAL SHEHADEH DBA GEORGE'S  
28 AUTO CARE."



- 1 c. On or about April 23, 2012, 6964 65<sup>th</sup> Street was damaged by fire. At the time of  
2 the fire, Company 2 was insured against fire damage by a Sentinel Insurance  
3 Company, Limited, a Hartford Insurance company, insurance policy issued to  
4 Person 2 dba Company 2 that became effective on or about March 30, 2012.
- 5 d. On or about September 24, 2012, 5725 Marconi Avenue was damaged by fire. At  
6 the time of the fire, Company 3 was insured against fire damage by a Sentinel  
7 Insurance Company, Limited, a Hartford Insurance company that was issued to  
8 Person 3 dba Company 3. On approximately six occasions in the year prior to the  
9 fire, JAMAL SHEHADEH had paid the monthly insurance premium for  
10 Company 3.
- 11 e. On or about October 15, 2012, 910 University Avenue was damaged by fire,  
12 along with a 2005 Dodge Caravan parked outside. At the time of the fire,  
13 Cobblestone Café was insured against fire damage by an AMCO Insurance  
14 Company policy issued to JAMAL SHEHADEH dba Baghdad Café and Grille.  
15 The 2005 Dodge Caravan was insured against damage by Access General  
16 Insurance Company through an insurance policy issued to JAMAL SHEHADEH.
- 17 f. Before the fire at 910 University on October 15, 2012, JAMAL SHEHADEH  
18 entered negotiations and had agreed to rent a portion of the building at 2764  
19 Fulton. On or about June 16, 2013, 2764 Fulton Avenue was damaged by fire. At  
20 the time of the fire, Company 4 was insured against fire damage by a policy  
21 issued by State Farm General Insurance Company.

22 **IV. USE OF THE MAILS**

23 30. On or about the dates listed below, for the purpose of executing the aforementioned  
24 scheme and artifice to defraud and attempting to do so, the defendants, and others known and unknown  
25 to the Grand Jury, did knowingly deposit and cause to be deposited matter and things to be sent and  
26 delivered by any private and commercial interstate carrier according to the directions thereon, and did  
27 knowingly cause mail matter to be placed in an authorized depository for mail matter and to be delivered  
28 by the United States Postal Service, and to be delivered according to the directions thereon, as more

specifically set forth below:

<u>COUNT</u>	<u>DEFENDANT(S)</u>	<u>DATE MAILED</u>	<u>MAIL MATTER</u>	<u>SENDER</u>	<u>FIRE LOCATION</u>
1	JAMAL SHEHADEH; SABER SHEHADEH	March 2, 2011	Letter to defendant SABER SHEHADEH with enclosed check.	State Farm General Insurance Company	427 10th Street, Sacramento, CA
2	JAMAL SHEHADEH; SABER SHEHADEH	April 25, 2011	Letter to defendant SABER SHEHADEH requesting copies of checks including to Company 1	State Farm General Insurance Company	427 10th Street, Sacramento, CA
3	JAMAL SHEHADEH; SABER SHEHADEH	May 9, 2011	Letter to defendant SABER SHEHADEH again requesting copies of checks including to Company 1	State Farm General Insurance Company	427 10th Street, Sacramento, CA
4	JAMAL SHEHADEH	April 22, 2011	Letter to defendant JAMAL SHEHADEH regarding settlement	Century Surety Company	511 Broadway, Sacramento, CA
5	JAMAL SHEHADEH	June 9, 2011	Letter to defendant JAMAL SHEHADEH and check for \$20,000.00	Century Surety Company	511 Broadway, Sacramento, CA
6	JAMAL SHEHADEH	July 12, 2011	Letter to defendant JAMAL SHEHADEH and check for \$58,248.15	Century Surety Company	511 Broadway, Sacramento, CA

7	JAMAL SHEHADEH	October 18, 2012	Letter acknowledging receipt of Loss Notice	AMCO Insurance Company	910 University Avenue, Sacramento, CA
8	JAMAL SHEHADEH	October 31, 2012	Letters regarding insurance claim and enclosing blank forms	AMCO Insurance Company	910 University Avenue, Sacramento, CA
9	JAMAL SHEHADEH	November 19, 2012	Package of documents including notarized Affidavit of Vehicle Fire, mailed to Access Insurance	JAMAL SHEHADEH	910 University Avenue, Sacramento, CA (Dodge Caravan)
10	JAMAL SHEHADEH	November 30, 2012	Letter regarding insurance claim and enclosing \$50,000 check	AMCO Insurance Company	910 University Avenue, Sacramento, CA
11	JAMAL SHEHADEH	December 14, 2012	Check from Access General Insurance Company for \$6,757.96	Access General Insurance Company	910 University Avenue, Sacramento, CA (Dodge Caravan)
12	JAMAL SHEHADEH	December 28, 2012	Letter regarding claim and enclosing check for \$163,111.46	AMCO Insurance Company	910 University Avenue, Sacramento, CA
13	JAMAL SHEHADEH	March 25, 2013	Letter enclosing \$31,148 check for loss of business income	AMCO Insurance Company	910 University Avenue, Sacramento, CA
14	JAMAL SHEHADEH; BRIAN STONE	June 30, 2013	Letter to Company 4 regarding claim	State Farm General Insurance Company	2764 Fulton Avenue, Sacramento, CA



15	JAMAL SHEHADEH; BRIAN STONE	July 5, 2013	Letter to Company 4 regarding claim	State Farm General Insurance Company	2764 Fulton Avenue, Sacramento, CA
16	JAMAL SHEHADEH; BRIAN STONE	July 30, 2013	Letter to Company 4 regarding claim	State Farm General Insurance Company	2764 Fulton Avenue, Sacramento, CA
17	JAMAL SHEHADEH; BRIAN STONE	August 14, 2013	Letter to Company 4 enclosing check	State Farm General Insurance Company	2764 Fulton Avenue, Sacramento, CA
18	JAMAL SHEHADEH; BRIAN STONE	August 23, 2013	Letter to Company 4 regarding claim	State Farm General Insurance Company	2764 Fulton Avenue, Sacramento, CA
19	JAMAL SHEHADEH; BRIAN STONE	October 18, 2013	Letter to Company 4 regarding claim and property inventory forms	State Farm General Insurance Company	2764 Fulton Avenue, Sacramento, CA
20	JAMAL SHEHADEH; BRIAN STONE	October 31, 2013	Letter to Company 4 regarding claim and deposition of Person 5	State Farm General Insurance Company	2764 Fulton Avenue, Sacramento, CA

In violation of Title 18, United States Code, Sections 2 and 1341.

COUNTS TWENTY-ONE THROUGH FIFTY-TWO: [18 U.S.C. § 1343 - Wire Fraud]

The Grand Jury further charges:

JAMAL SHEHADEH,  
SABER SHEHADEH, and  
BRIAN STONE,

defendants herein, as follows:

1. The Grand Jury re-alleges and incorporates by reference all of the allegations set forth in Paragraphs 1 through 29 of Counts One through Twenty of this Indictment, as set forth above.

2. On or about the dates listed below, for the purpose of executing the aforementioned

scheme and artifice to defraud and attempting to do so, the defendants, as more specifically charged below, knowingly transmitted and caused to be transmitted by means of wire communication in interstate commerce certain writings, signs, signals, pictures and sounds:

<u>COUNT</u>	<u>DEFENDANT(S)</u>	<u>DATE OF WIRE</u>	<u>WIRE MATTER</u>	<u>SENT FROM</u>	<u>FIRE LOCATION</u>
21	JAMAL SHEHADEH	May 2, 2011	Email to Century Surety Company representative regarding settlement letter	jamalhookah@yahoo.com	511 Broadway, Sacramento, CA
22	JAMAL SHEHADEH	June 9, 2011	Email to Century Surety Company representative requesting payment advance	jamalhookah@yahoo.com	511 Broadway, Sacramento, CA
23	JAMAL SHEHADEH	June 24, 2012	Email to Sentinel Insurance Company, Limited representative attaching invoices	galaxysacramento@yahoo.com	6964 65th Street, Sacramento, CA
24	JAMAL SHEHADEH	June 25, 2012	Email regarding forthcoming insurance payments	[Email address associated with representative for Sentinel Insurance Company, Limited]	6964 65th Street, Sacramento, CA
25	JAMAL SHEHADEH	July 24, 2012	Email to Sentinel Insurance Company, Limited representative discussing destroyed property	galaxysacramento@yahoo.com	6964 65th Street, Sacramento, CA
26	JAMAL SHEHADEH	August 17, 2012	Email to Sentinel Insurance Company, Limited representative advising proof of loss was mailed	galaxysacramento@yahoo.com	6964 65th Street, Sacramento, CA

27	JAMAL SHEHADEH	August 21, 2012	Email to Sentinel Insurance Company, Limited representative forwarding USPS mailing information for proof of loss	galaxysacramento@yahoo.com	6964 65th Street, Sacramento, CA
28	JAMAL SHEHADEH	October 6, 2012	Email to Sentinel Insurance Company, Limited representative attaching Company 1 invoice	galaxysacramento@yahoo.com	6964 65th Street, Sacramento, CA
29	JAMAL SHEHADEH	October 11, 2012	Email to Sentinel Insurance Company, Limited representative attaching revised Company 1 invoice	galaxysacramento@yahoo.com	6964 65th Street, Sacramento, CA
30	JAMAL SHEHADEH	October 8, 2012	Email attaching draft inventory list with blank values, including entries for laser hair machines	[Email address associated with representative from Enservio Commercial]	5725 Marconi Avenue, Carmichael, CA
31	JAMAL SHEHADEH	November 1, 2012	Email stating that Person 3 received inventory and should be done soon	[email address associated with Person 3]	5725 Marconi Avenue, Carmichael, CA
32	JAMAL SHEHADEH	December 10, 2012	Email attaching inventory list with values filled in, including \$50,000 total for laser hair machines	[email address associated with Person 3]	5725 Marconi Avenue, Carmichael, CA
33	JAMAL SHEHADEH	February 11, 2013	Email requesting insurance advance on inventory because "I need to make some payment on the laser machines"	[email address associated with Person 3]	5725 Marconi Avenue, Carmichael, CA

34	JAMAL SHEHADEH	November 15, 2012	Email to AMCO Insurance Company representative providing mailing address	jamalhookah@yahoo.com	910 University Avenue, Sacramento, CA
35	JAMAL SHEHADEH	November 28, 2012	Email to AMCO Insurance Company representative instructing where to send \$50,000 advance	jamalhookah@yahoo.com	910 University Avenue, Sacramento, CA
36	JAMAL SHEHADEH	December 28, 2012	Email notifying that check for \$163,111.46 has been sent	[Email address associated with representative from AMCO Insurance Company]	910 University Avenue, Sacramento, CA
37	JAMAL SHEHADEH	January 9, 2013	Email to AMCO Insurance Company representative attaching estimates and price lists from Company 1	jamalhookah@yahoo.com	910 University Avenue, Sacramento, CA
38	JAMAL SHEHADEH	February 25, 2013	Email to AMCO Insurance Company representative regarding inventory and loss of income	jamalhookah@yahoo.com	910 University Avenue, Sacramento, CA
39	JAMAL SHEHADEH	March 12, 2013	Email to AMCO Insurance Company representative regarding inventory and loss of income	jamalhookah@yahoo.com	910 University Avenue, Sacramento, CA
40	JAMAL SHEHADEH	March 25, 2013	Email regarding issuance of loss of income insurance payment	[Email address associated with representative from AMCO Insurance Company]	910 University Avenue, Sacramento, CA

41	JAMAL SHEHADEH	April 4, 2013	Email to AMCO Insurance Company representative requesting further loss of income payment	jamalhookah@yahoo.com	910 University Avenue, Sacramento, CA
42	JAMAL SHEHADEH	May 5, 2013	Email regarding issuance of further loss of income payment	[Email address associated with representative from AMCO Insurance Company]	910 University Avenue, Sacramento, CA
43	JAMAL SHEHADEH	May 30, 2013	Email to AMCO Insurance Company representative requesting further loss of income payment	jamalhookah@yahoo.com	910 University Avenue, Sacramento, CA
44	JAMAL SHEHADEH	June 10, 2013	Email to AMCO Insurance Company representative regarding further loss of income payment	jamalhookah@yahoo.com	910 University Avenue, Sacramento, CA
45	JAMAL SHEHADEH	June 26, 2013	Email regarding further loss of income payment and what address to use	[Email address associated with representative from AMCO Insurance Company]	910 University Avenue, Sacramento, CA
46	JAMAL SHEHADEH	July 12, 2013	Email to AMCO Insurance Company representative regarding further loss of income payment	jamalhookah@yahoo.com	910 University Avenue, Sacramento, CA
47	JAMAL SHEHADEH; BRIAN STONE	August 1, 2013	Email to Person 6 providing instructions, attaching photographs, and explaining payment arrangement	stoneb7@gmail.com	2764 Fulton Avenue, Sacramento, CA



48	JAMAL SHEHADEH; BRIAN STONE	August 1, 2013	Email to Person 6 attaching further photographs and discussing which should be submitted to "insurance carrier"	stoneb7@gmail.com	2764 Fulton Avenue, Sacramento, CA
49	JAMAL SHEHADEH; BRIAN STONE	August 2, 2013	Email to defendant BRIAN STONE regarding payment and tax implications, and requesting phone call	[email address associated with Person 6]	2764 Fulton Avenue, Sacramento, CA
50	JAMAL SHEHADEH; BRIAN STONE	August 7, 2013	Email to Person 6 providing instructions for "bill for services" and discussing payment arrangements	stoneb7@gmail.com	2764 Fulton Avenue, Sacramento, CA
51	JAMAL SHEHADEH; BRIAN STONE	August 9, 2013	Email to defendant BRIAN STONE requesting copy of "[Company 1] bill" to complete invoice	[email address associated with Person 6]	2764 Fulton Avenue, Sacramento, CA
52	JAMAL SHEHADEH; BRIAN STONE	August 22, 2013	Email to Person 6 complaining about lack of response, directing Person 6 to "report to me as soon as possible," and threatening "termination."	stoneb7@gmail.com	2764 Fulton Avenue, Sacramento, CA

In violation of Title 18, United States Code, Sections 2 and 1343.

COUNT FIFTY-THREE: [18 U.S.C. § 844(i) - Arson]

The Grand Jury further charges: T H A T

JAMAL SHEHADEH,  
defendant herein, on or about December 27, 2009, in the State and Eastern District of California, did maliciously damage and destroy and attempt to damage and destroy, by means of fire, buildings used in interstate commerce, and in an activity affecting interstate commerce, to wit: a rental apartment building at 1007 E Street, Sacramento, California, and an adjacent corner building at 427 10th Street and



1 1001 E Street that contained the business "Tru Value Market" and rental apartments, in violation of Title  
2 18, United States Code, Sections 2 and 844(i).

3 COUNT FIFTY-FOUR: [18 U.S.C. § 844(h)(1) – Arson to Commit Another Felony]

4 The Grand Jury further charges: T H A T

5 JAMAL SHEHADEH

6 defendant herein, on or about April 23, 2012, in the State and Eastern District of California, did use fire  
7 to commit a felony which may be prosecuted in a court of the United States, that is, mail fraud in  
8 violation of Title 18, United States Code, Section 1341, and wire fraud in violation of Title 18, United  
9 States Code, Section 1343, in connection with a fire at 6964 65th Street in Sacramento, California, all in  
10 violation of Title 18, United States Code, Sections 2 and 844(h)(1).

11 COUNT FIFTY-FIVE: [18 U.S.C. § 844(i) - Arson]

12 The Grand Jury further charges: T H A T

13 JAMAL SHEHADEH,

14 defendant herein, on or about April 23, 2012, in the State and Eastern District of California, did  
15 maliciously damage and destroy and attempt to damage and destroy, by means of fire, a building used in  
16 interstate commerce, and in an activity affecting interstate commerce, to wit: a building located at 6964  
17 65th Street, Sacramento, California, that was being used in the commercial rental market and as the  
18 business location of a tool store and Company 2, in violation of Title 18, United States Code, Sections 2  
19 and 844(i).

20 COUNT FIFTY-SIX: [18 U.S.C. § 844(h)(1) – Arson to Commit Another Felony]

21 The Grand Jury further charges: T H A T

22 JAMAL SHEHADEH

23 defendant herein, on or about October 15, 2012, in the State and Eastern District of California, did use  
24 fire, in connection with a building at 910 University Avenue, Sacramento, California, to commit a  
25 felony which may be prosecuted in a court of the United States, that is, mail fraud in violation of Title  
26 18, United States Code, Section 1341, and wire fraud in violation of Title 18, United States Code,  
27 Section 1343, all in violation of Title 18, United States Code, Sections 2 and 844(h)(1).

28 COUNT FIFTY-SEVEN: [18 U.S.C. § 844(i) - Arson]

1 The Grand Jury further charges: T H A T

2 JAMAL SHEHADEH,

3 defendant herein, on or about October 15, 2012, in the State and Eastern District of California, did  
4 maliciously damage and destroy and attempt to damage and destroy, by means of fire, a building used in  
5 interstate commerce, and in an activity affecting interstate commerce, to wit: a building at 910  
6 University Avenue, Sacramento, California, that was being used in the commercial rental market and as  
7 the business location of "Cobblestone Café," also known as the "Baghdad Café and Grill," and the  
8 "Cobblestone Baghdad Café & Grill," in violation of Title 18, United States Code, Sections 2 and  
9 844(i).

10 COUNT FIFTY-EIGHT: [18 U.S.C. § 844(h)(1) – Arson to Commit Another Felony]

11 The Grand Jury further charges: T H A T

12 JAMAL SHEHADEH

13 defendant herein, on or about June 16, 2013, in the State and Eastern District of California, did use fire  
14 in connection with a building located at 2764 Fulton Avenue in Sacramento, California, to commit a  
15 felony which may be prosecuted in a court of the United States, that is, mail fraud in violation of Title  
16 18, United States Code, Section 1341, and wire fraud in violation of Title 18, United States Code,  
17 Section 1343, all in violation of Title 18, United States Code, Sections 2 and 844(h)(1).

18 COUNT FIFTY-NINE: [18 U.S.C. § 844(i) - Arson]

19 The Grand Jury further charges: T H A T

20 JAMAL SHEHADEH,

21 defendant herein, on or about June 16, 2013, in the State and Eastern District of California, did  
22 maliciously damage and destroy and attempt to damage and destroy, by means of fire, a building used in  
23 interstate commerce, and in an activity affecting interstate commerce, to wit: a building located at 2764  
24 Fulton Avenue, Sacramento, California, that was being used in the commercial rental market and as the  
25 business location of Company 4 and "Cobblestone," also referred to as "Cobblestone Fusion Mind and  
26 Body Lounge," in violation of Title 18, United States Code, Sections 2 and 844(i).

27 COUNT SIXTY: 18 U.S.C. § 1957 – Money Laundering]

28 The Grand Jury further charges:

## JAMAL SHEHADEH

defendant herein, as follows:

1. The Grand Jury re-alleges and incorporates by reference all of the allegations set forth in paragraphs 1 through 29 of Count One through Twenty, paragraphs 1 and 2 of Counts 21 through 52, and Count 57 of this Indictment.

2. On or about the date set forth below, in the State and Eastern District of California, defendant JAMAL SHEHADEH did knowingly engage in the monetary transaction set forth below, which was by, through, and to a financial institution affecting interstate and foreign commerce, in criminally derived property of a value greater than \$10,000, such property having been derived from specified unlawful activity, that is, Mail Fraud, in violation of Title 18, United States Code, Section 1341; Wire Fraud, in violation of Title 18, United States Code, Section 1343; and Arson, in violation of Title 18, United States Code, Section 844(i):

<u>COUNT</u>	<u>DATE</u>	<u>MONETARY TRANSACTION</u>
60	January 11, 2013	Purchase of \$50,000 cashier's check number ending #5461 from account ending #0960, payable to Person 4, listing Purpose/Remitter as "PURCHASE WINTER CELL PHONE STORE J. SHEHADEH"

All in violation of Title 18, United States Code, Sections 2 and 1957.

FORFEITURE ALLEGATION: [18 U.S.C. § 981(a)(1)(C), 28 U.S.C. § 2461(c), and 18 U.S.C. § 982(a)(1) – Criminal Forfeiture]

1. Upon conviction of one or more of the offenses alleged in Counts One through Fifty-Nine, defendants JAMAL SHEHADEH, SABER SHEHADEH, and BRIAN STONE shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), all property, real and personal, which constitutes or is derived from proceeds traceable to such violations, including but not limited to the following:

a. A sum of money equal to the total amount of proceeds traceable to such offenses, for which defendants are convicted.

2. Upon conviction of the offense alleged in Count Sixty of this Indictment, defendant JAMAL SHEHADEH shall forfeit to the United States pursuant to 18 U.S.C. § 982(a)(1), all property,

1 real or personal, involved in such violation, and any property traceable to such property, including but  
2 not limited to the following:

3 a. A sum of money equal to the amount of money involved in the offense, for which  
4 defendant is convicted.

5 3. If any property subject to forfeiture, as a result of the offenses alleged in Counts One  
6 through Sixty of this Indictment, for which defendants are convicted:

7 a. cannot be located upon the exercise of due diligence;

8 b. has been transferred or sold to, or deposited with, a third party;

9 c. has been placed beyond the jurisdiction of the court;

10 d. has been substantially diminished in value; or


11 e. has been commingled with other property which cannot be divided without  
12 difficulty;

13 it is the intent of the United States, pursuant to 18 U.S.C. § 982(b)(1) and 28 U.S.C. § 2461(c),  
14 incorporating 21 U.S.C. § 853(p), to seek forfeiture of any other property of defendants, up to the value  
15 of the property subject to forfeiture.

16 A TRUE BILL.

17 **/s/ Signature on file w/AUSA**

18 FOREPERSON

19   
20 BENJAMIN B. WAGNER  
21 United States Attorney  
22  
23  
24  
25  
26  
27  
28

No. \_\_\_\_\_

**2:16 - CR - 0038 MCE**

**UNITED STATES DISTRICT COURT**

*Eastern District of California*

*Criminal Division*

**THE UNITED STATES OF AMERICA**

vs.

**JAMAL SHEHADEH,  
SABER SHEHADEH, and  
BRIAN STONE**

**INDICTMENT**

**VIOLATION(S):** 18 U.S.C. § 844(h)(1) – Arson to Commit Another Felony (3 counts); 18 U.S.C. § 844(i) – Arson (4 counts); 18 U.S.C. § 1341 – Mail Fraud (20 counts); 18 U.S.C. § 1343 – Wire Fraud (32 counts); 18 U.S.C. § 1957 – Money Laundering; 18 U.S.C. § 981(a)(1)(C), 28 U.S.C. § 2461(c), and 18 U.S.C. § 982(a)(1) – Criminal Forfeiture

*A true bill,*

**/s/ Signature on file w/AUSA**

\_\_\_\_\_  
*Foreman.*

*Filed in open court this* \_\_\_\_\_ *day*

*of* \_\_\_\_\_, *A.D. 20* \_\_\_\_\_

\_\_\_\_\_  
*Clerk.*

**NO BAIL WARRANT PENDING HEARING**

*Bail, \$* \_\_\_\_\_

*ask all  
defendants*



**United States v. Jamal Shehadeh, et al.**  
**Penalties for Indictment**

**Defendants:**

**JAMAL SHEHADEH**  
**SABER SHEHADEH**  
**BRIAN STONE**

**2:16 - CR - 0038 MCE**

**COUNTS 1-20:**      **JAMAL SHEHADEH counts 1-20;**  
                             **SABER SHEHADEH counts 1-3 only;**  
                             **BRIAN STONE counts 14-20 only.**

**VIOLATION:**            18 U.S.C. § 1341 – Mail Fraud

**PENALTIES:**            Up to 20 years in prison; or  
                             Fine of up to \$250,000; or both fine and imprisonment  
                             Supervised release of up to 3 years  
                             Restitution

**SPECIAL ASSESSMENT:** \$100 (mandatory on each count)

**COUNTS 21-52:**      **JAMAL SHEHADEH counts 21-52;**  
                             **BRIAN STONE counts 47-52 only.**

**VIOLATION:**            18 U.S.C. § 1343 – Wire Fraud

**PENALTIES:**            Up to 20 years in prison; or  
                             Fine of up to \$250,000; or both fine and imprisonment  
                             Supervised release of up to 3 years  
                             Restitution

**SPECIAL ASSESSMENT:** \$100 (mandatory on each count)

**COUNTS 53, 55, 57, 59:**      **JAMAL SHEHADEH**

**VIOLATION:**            18 U.S.C. § 844(i) – Arson of Property Used in or Affecting Commerce

**PENALTIES:**            Mandatory minimum of 5 years in prison and a maximum of 20 years in  
                             prison;  
                             Fine of up to \$250,000; or both fine and imprisonment  
                             Supervised release of up to 3 years  
                             Restitution



SPECIAL ASSESSMENT: \$100 (mandatory on each count)

**COUNTS 54, 56, 58:**            **JAMAL SHEHADEH**

VIOLATION:            18 U.S.C. § 844(h)(1) – Arson to Commit a Federal Felony

PENALTIES:            Mandatory 10 years in prison consecutive to any other sentence for a first conviction and a mandatory 20 years in prison consecutive to any other sentence for each second or subsequent conviction;  
Fine of up to \$250,000; or both fine and imprisonment  
Supervised release of up to 3 years  
Restitution

SPECIAL ASSESSMENT: \$100 (mandatory on each count)

**COUNT 60:**            **JAMAL SHEHADEH**

VIOLATION:            18 U.S.C. § 1957 – Money Laundering

PENALTIES:            Up to 10 years in prison;  
Fine of up to \$250,000; or both fine and imprisonment  
Supervised release of up to 3 years  
Restitution

SPECIAL ASSESSMENT: \$100 (mandatory on each count)

**FORFEITURE ALLEGATION:**    **All Defendants**

VIOLATION:            18 U.S.C. § 981(a)(1)(C), 28 U.S.C. § 2461(c), and 18 U.S.C. § 982(a)(1)  
– Criminal Forfeiture

PENALTIES:            As stated in the charging document