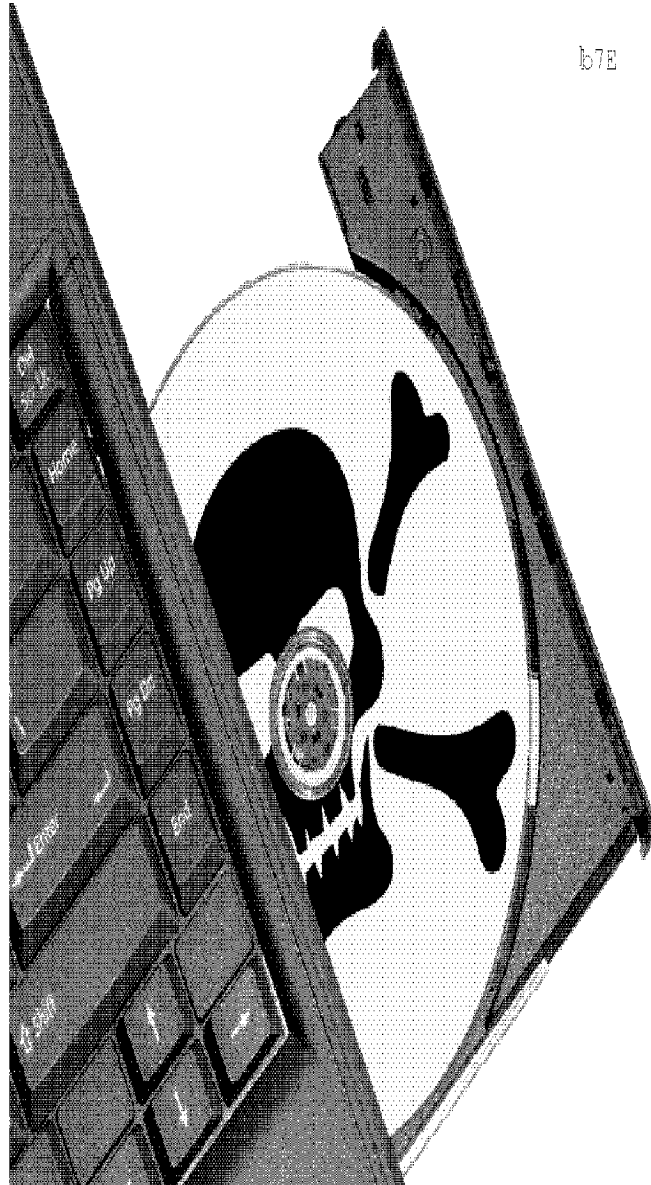


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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED EXCEPT
WHERE SHOWN OTHERWISE



Kansas City Division



b7E

DATE: 05-07-2012

CLASSIFIED BY 65179 DMH/BAU/STP/RYS

REASON: 1.4 (C)

DECLASSIFY ON: 05-07-2037

~~SECRET~~

ACLURM053159

FBI052671

~~SECRET~~

Case Background

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ACLURM053160

FBI052672

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How It All Started

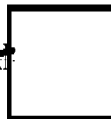
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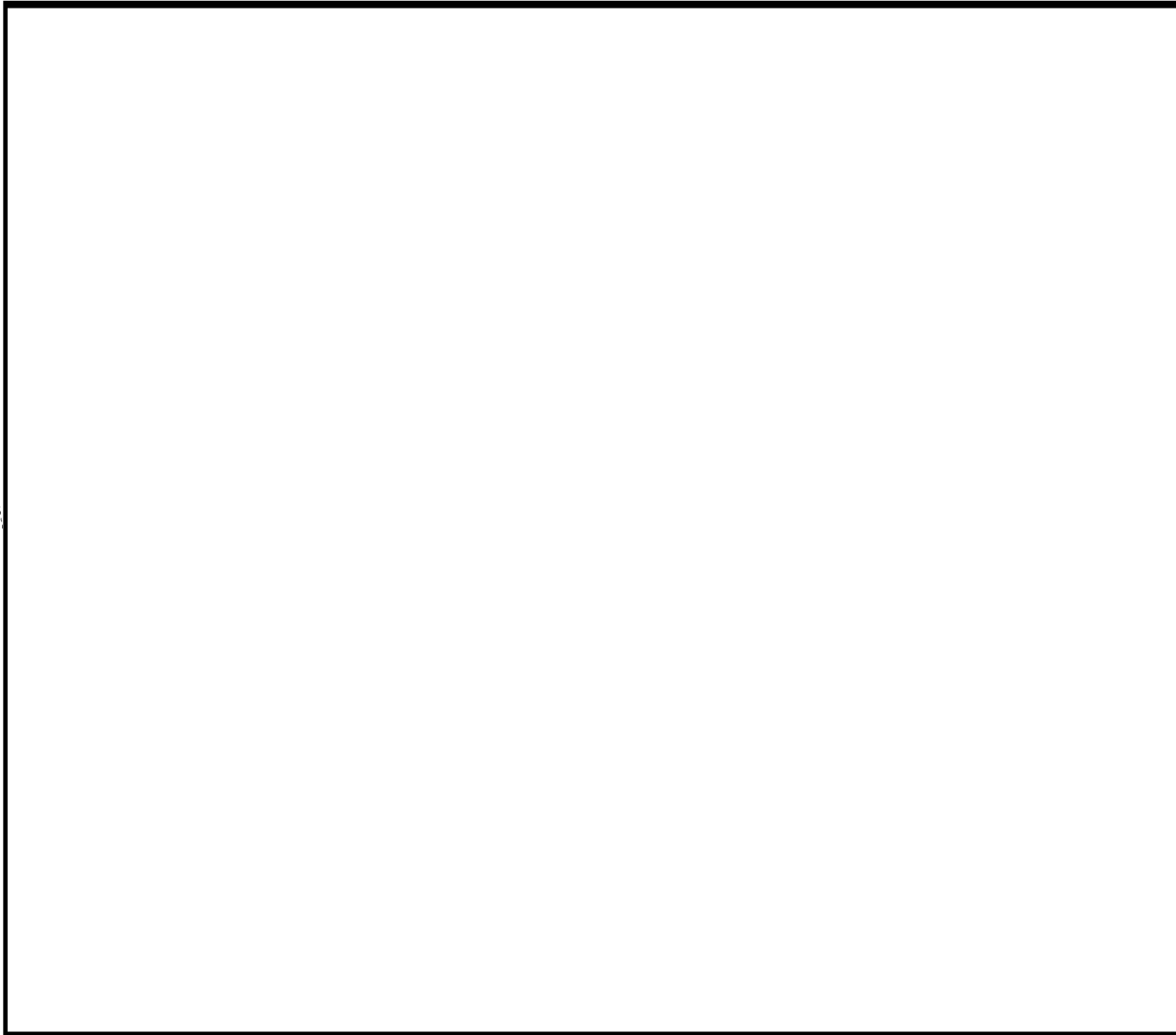
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How It All Started

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Residence Identified

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ACLURM053163

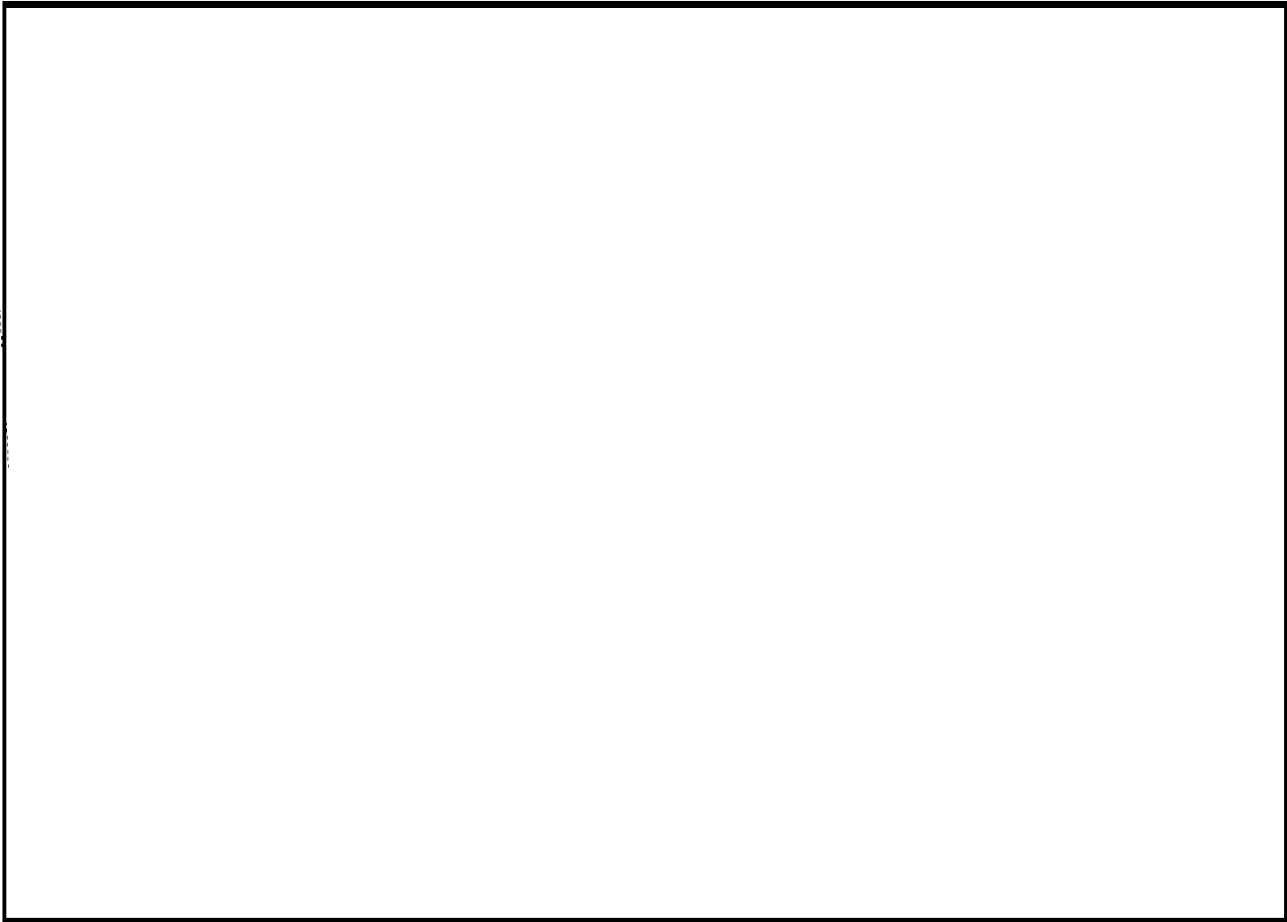
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New York Connections

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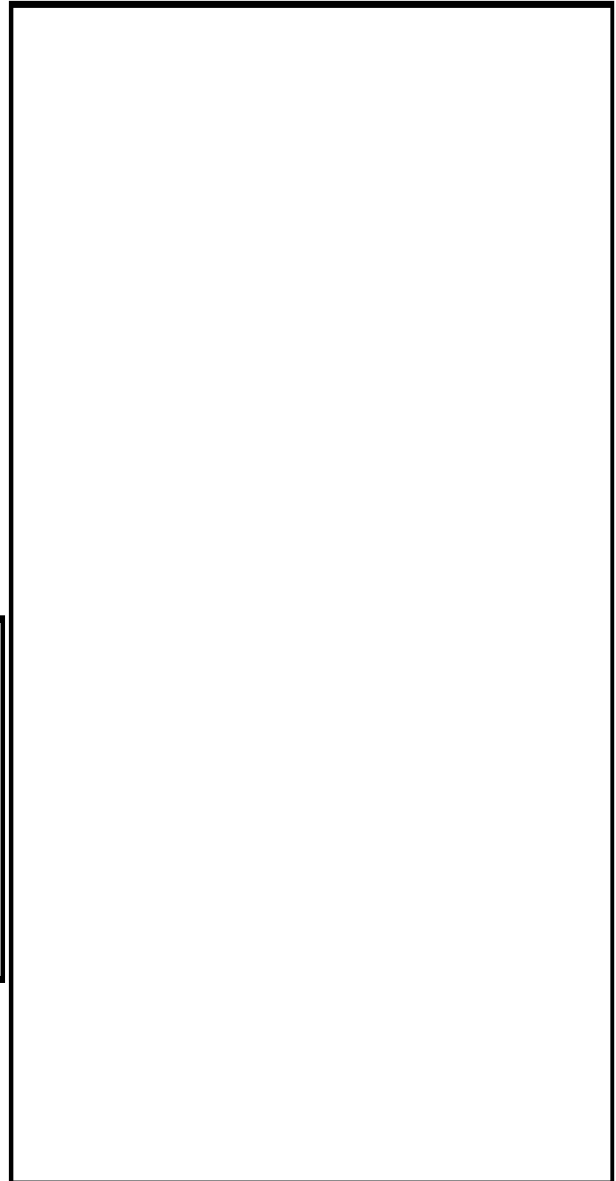
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How It All Started

- Classified paragraph
- (U) Video and interviews ID subject as account user
- (U) SAC instructions:



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ACLURM053165

FBI052677

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How It All Started

- (U) Video and interviews ID subject as account user

- SAC instructions:



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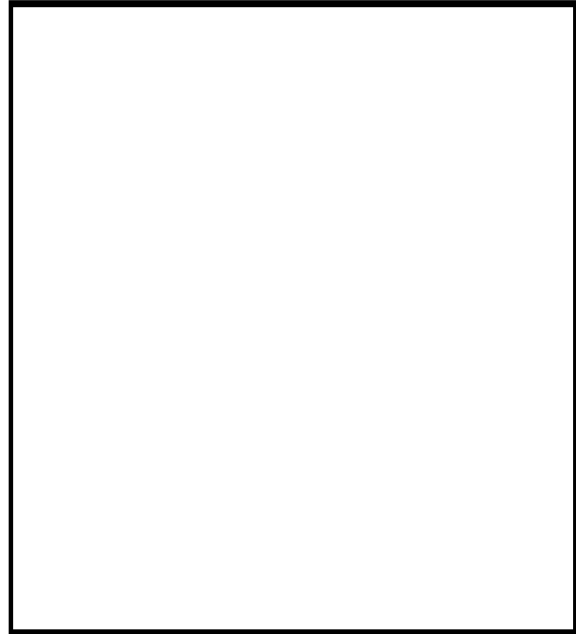


Parties



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b7C

- Some college
- Self-taught re technology
- Small business owner and sales jobs



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Unnamed co-conspirators

- Superior education
- Finance and IT skills
- Previously worked on Wall Street

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ACLURM053167

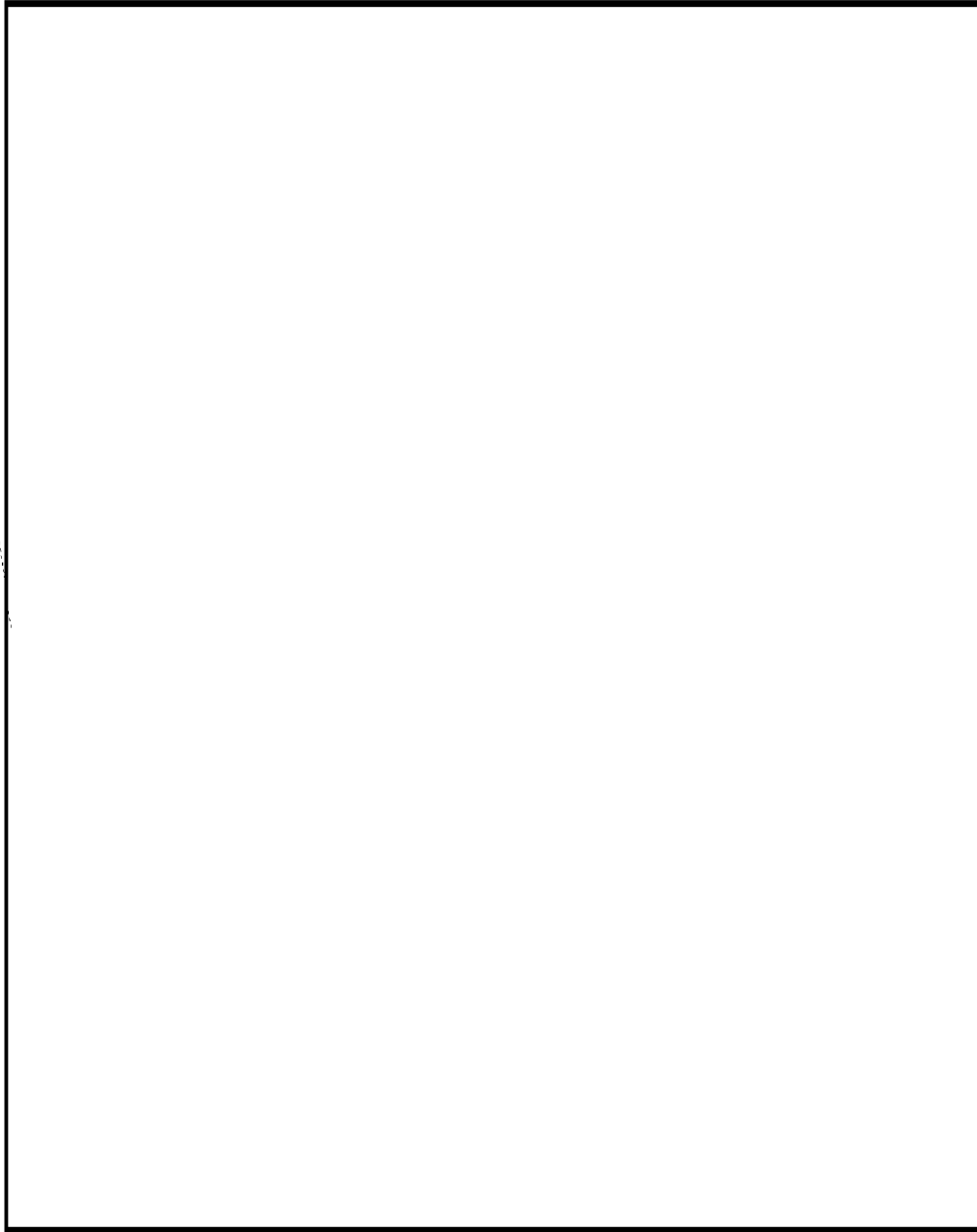
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Radicalization

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How the Material Support Activity Played Out

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- Frauds and other crimes
- Money laundering
- Funds handed over to AQ

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Frauds and Other Crimes

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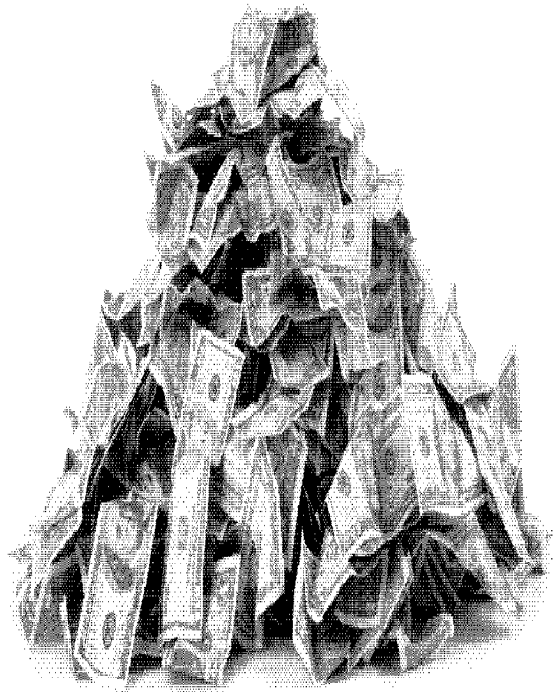
FBI052682

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Charged Frauds

- Bank Frauds (18 U.S.C. 1344)
 - Real estate loans
 - Commercial loan
 - Attempted loan fraud
 - Falsified bank account records
- Interstate fraud (18 U.S.C. 2314)



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Bank Frauds

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ACLURM053172

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Bank Fraud Victims

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– [redacted] (5x home equity lines of credit)



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b7E

– [redacted] (attempt to obtain home equity lines of credit and falsified account records)



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•



– [redacted] 1x commercial loan secured by 9x properties)



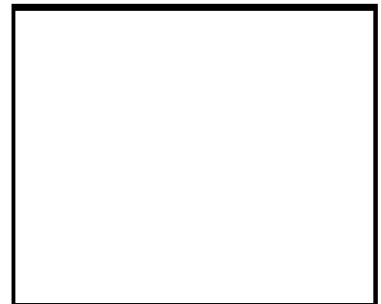
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– [redacted] (attempt to obtain commercial loan)



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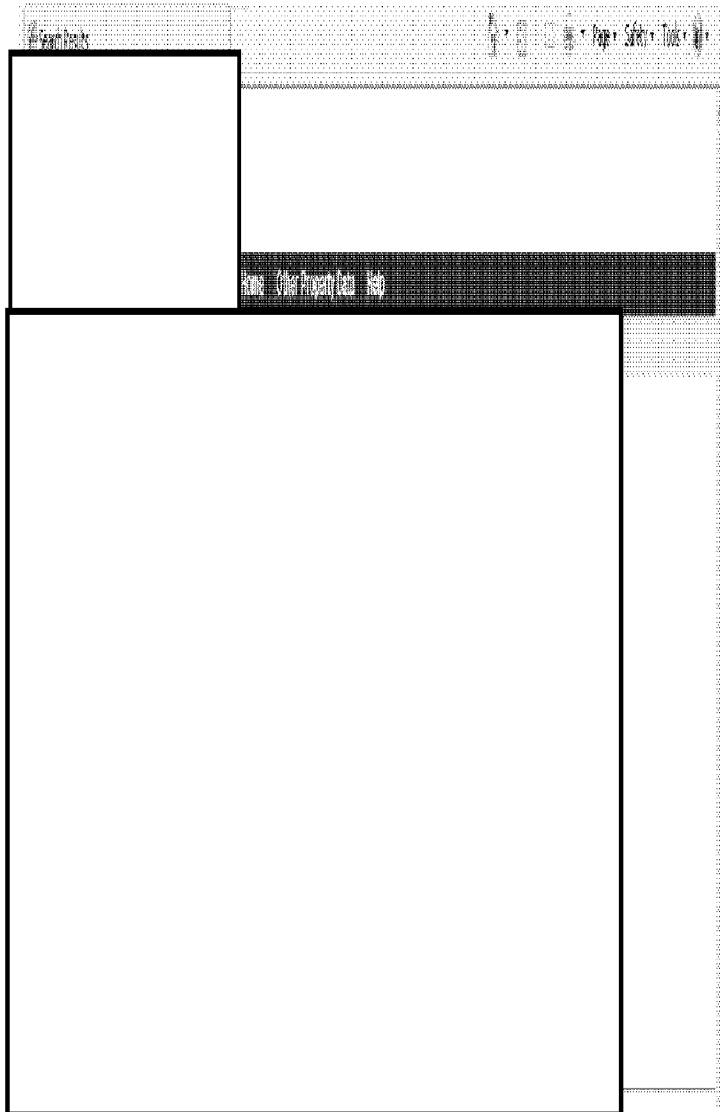
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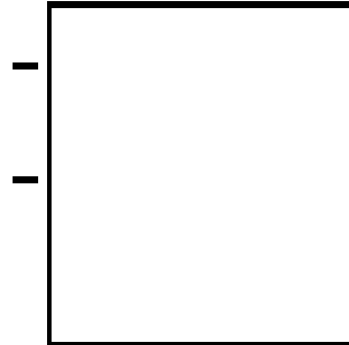
b7E

Where We Began



[redacted] real and
personal property
subject to taxation

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Real Estate - The Next Step

- 25 total properties in Jackson county, Missouri; multiple names used
- 3 properties in St. Louis, Missouri
- All purchased at tax foreclosure sales

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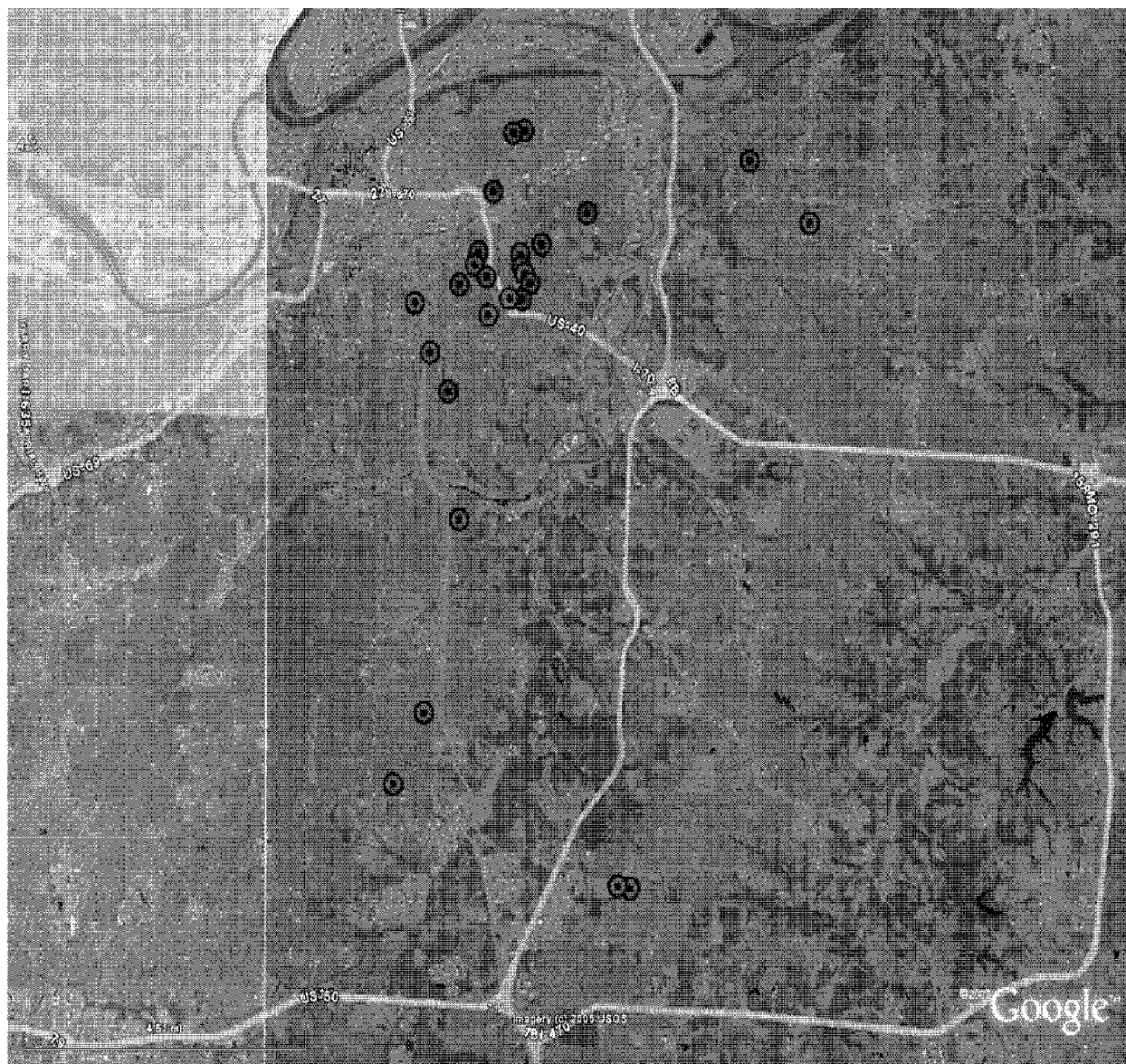
ACLURM053175

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The Real Properties



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Multiple Identities Used

- Business transacted in names of unwitting family members:

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- Kansas City-based



b6
b7C

-



-



- Morocco and New York-based

b6
b7C

-



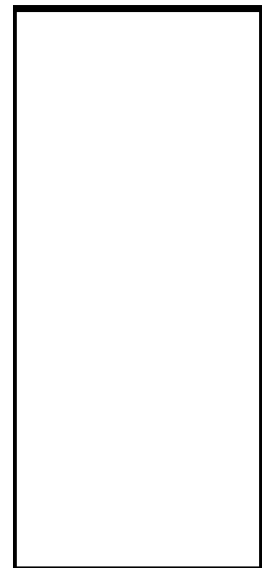
- New York-based



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b7C



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What the Land Records Showed

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ACLURM053178

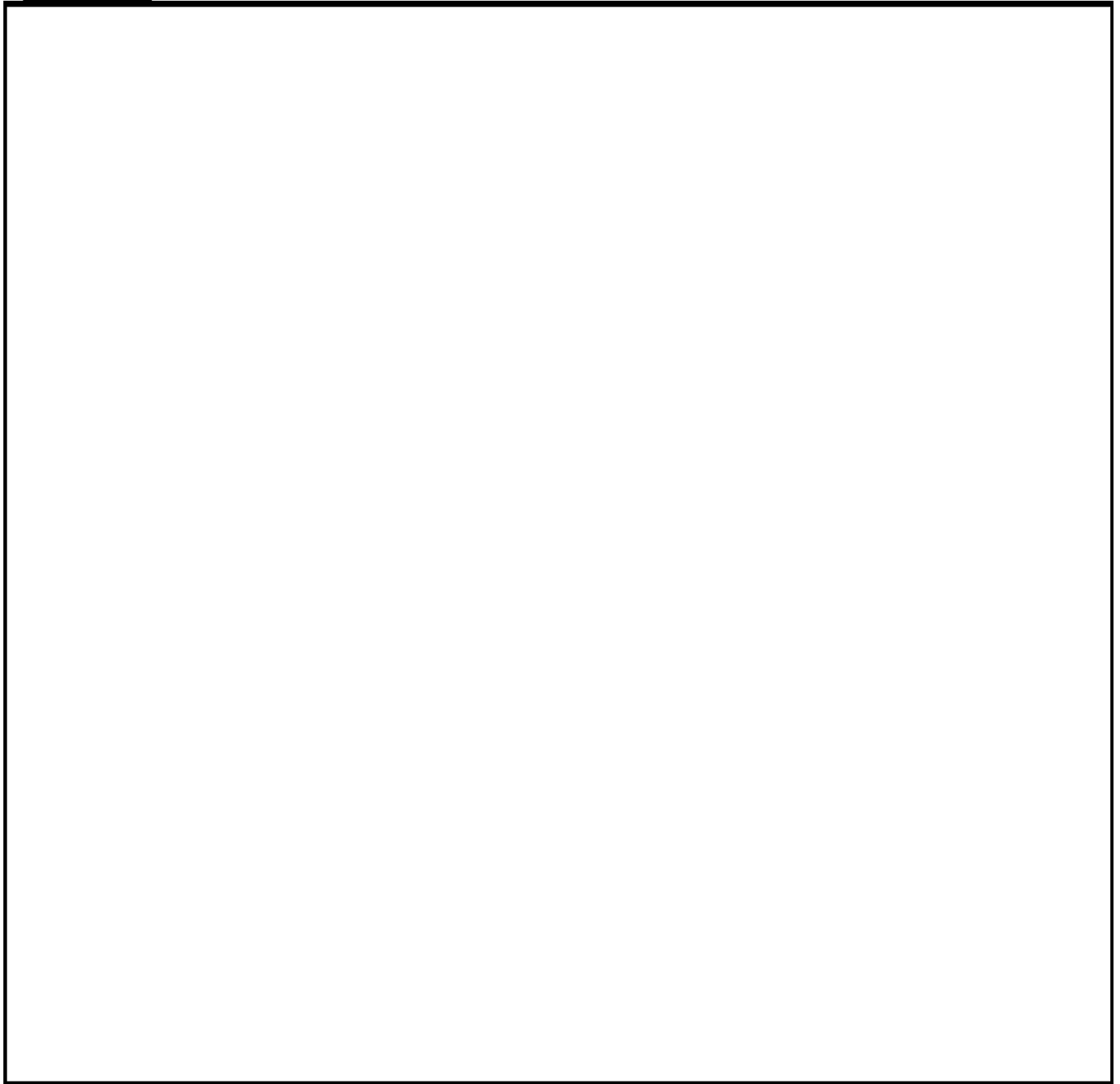
FBI052690

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Further Developments



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ACLURM053179

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Commercial Loan Fraud

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b6
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[redacted] and

[redacted] existence of multiple business entities using

[redacted] as registered agent and his residential address

[redacted] operated an auto

salvage yard in the [redacted] industrial district through one such entity, [redacted]

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• Review of county court docket revealed existence of multiple suits against the salvage yard and [redacted]

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ACLURM053180

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Commercial Loan Fraud

- Public records confirmed the existence of a \$175,000 working capital loan to [redacted] [redacted] with [redacted] as guarantor (April 2007)

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b6
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ACLURM053181

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Attempted Loan Fraud

- Sought loans to finance cell phone store in the vicinity of
 - \$50,000 home equity loan
 - \$150,000 commercial loan for "inventory"
- Lenders declined the applications

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ACLURM053182

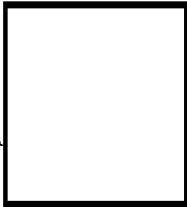
FBI052694

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Loan Underwriting Documents That Memorialized the Frauds

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- Provided falsified income tax return
- Presented forged Power of Attorney from 
- Fabricated assets
- Exaggerated assets and omitted liabilities
- Identified Real Estate as "investment property"

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ACLURM053183

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Loan Underwriting Documents That Memorialized the Frauds

- Provided falsified income tax return
 - Claimed income [] actual return filed with IRS and subsequently provided to []
- Presented forged Power of Attorney from []
 - Superior credit-worthiness was motive
- Fabricated assets
 - Said [] owned multiple rental properties in Kansas City (but he kept the rental income)

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b7C

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ACLURM053184

FBI052696

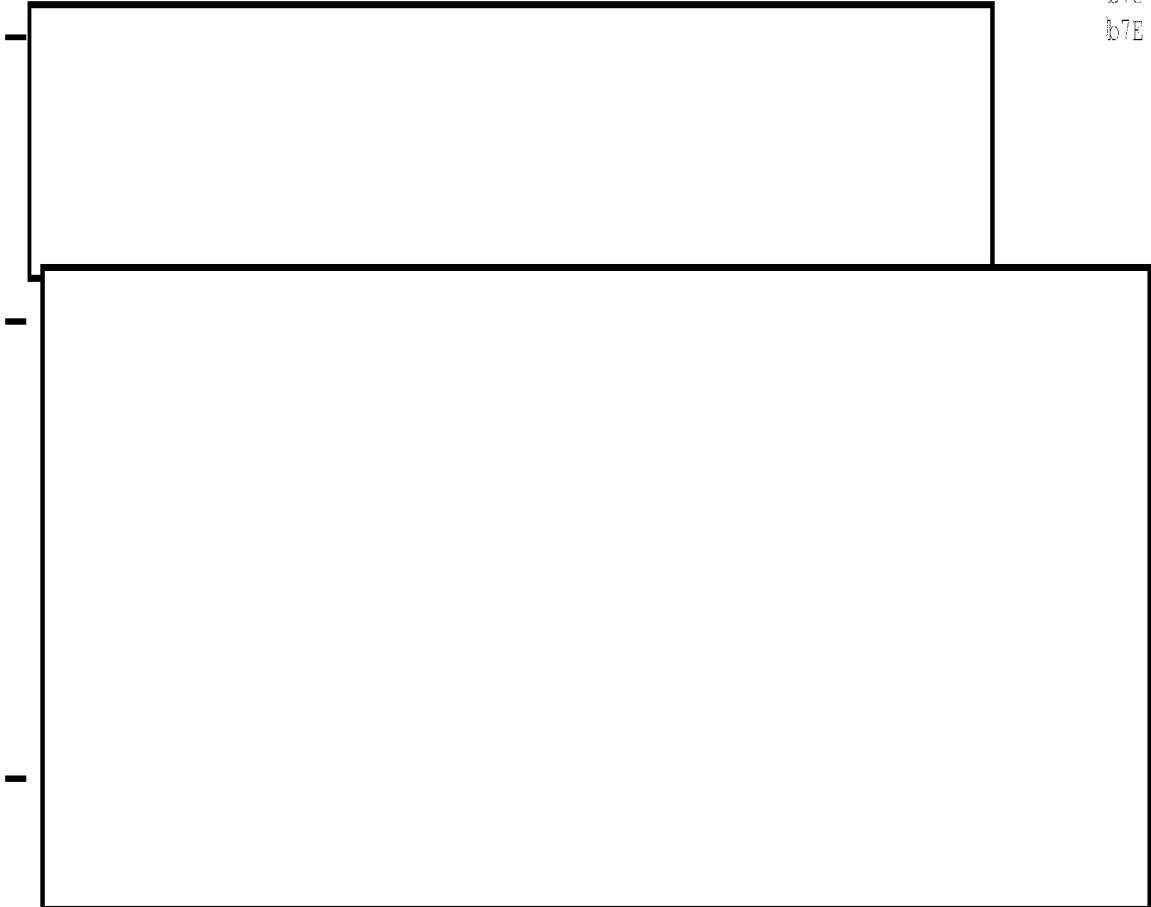
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Loan Underwriting Documents That Memorialized the Frauds

- Exaggerated assets and omitted liabilities

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- Identified Real Estate as "investment property"

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ACLURM053185

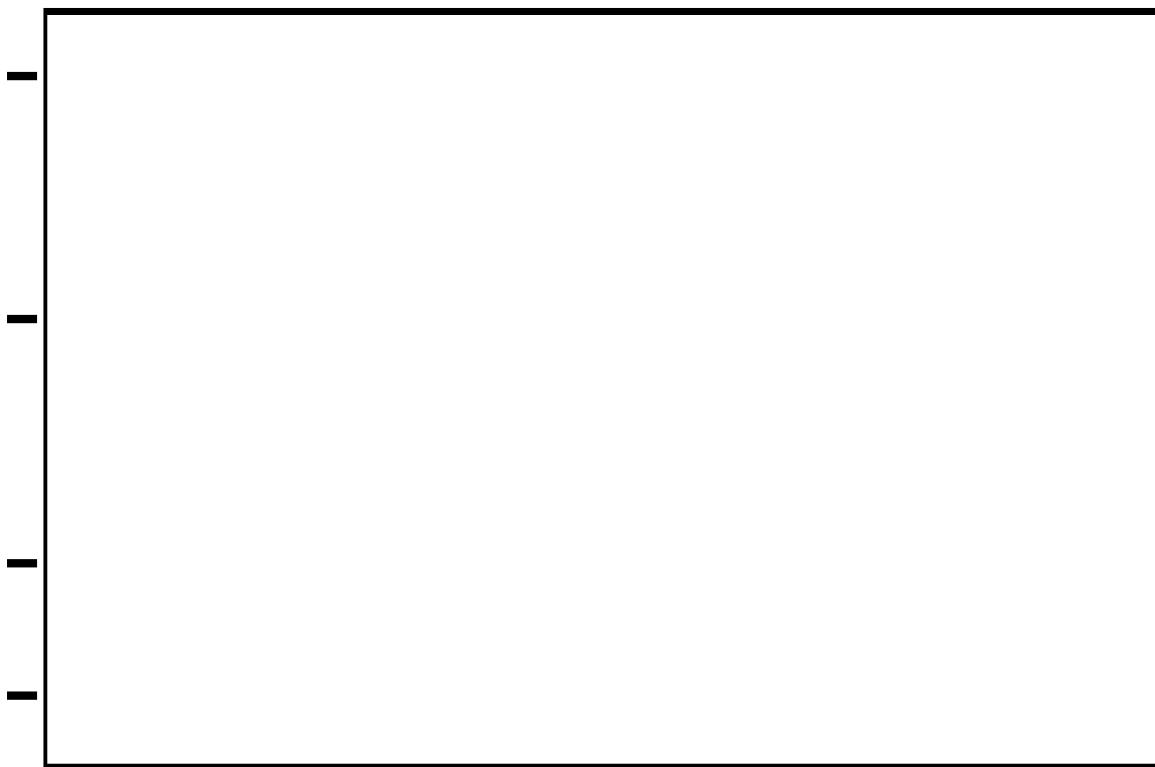
FBI052697

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Loan Underwriting Documents That Memorialized the Frauds

- Concealed marital status (precluded waiver of marital interest in real estate collateral)
- Didn't comply with loan covenants



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Lessons Learned for Lenders

- Thorough loan underwriting is important only if the lender wants to be repaid
- Does it matter that doesn't require lenders to obtain appraisals for loans

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ACLURM053187

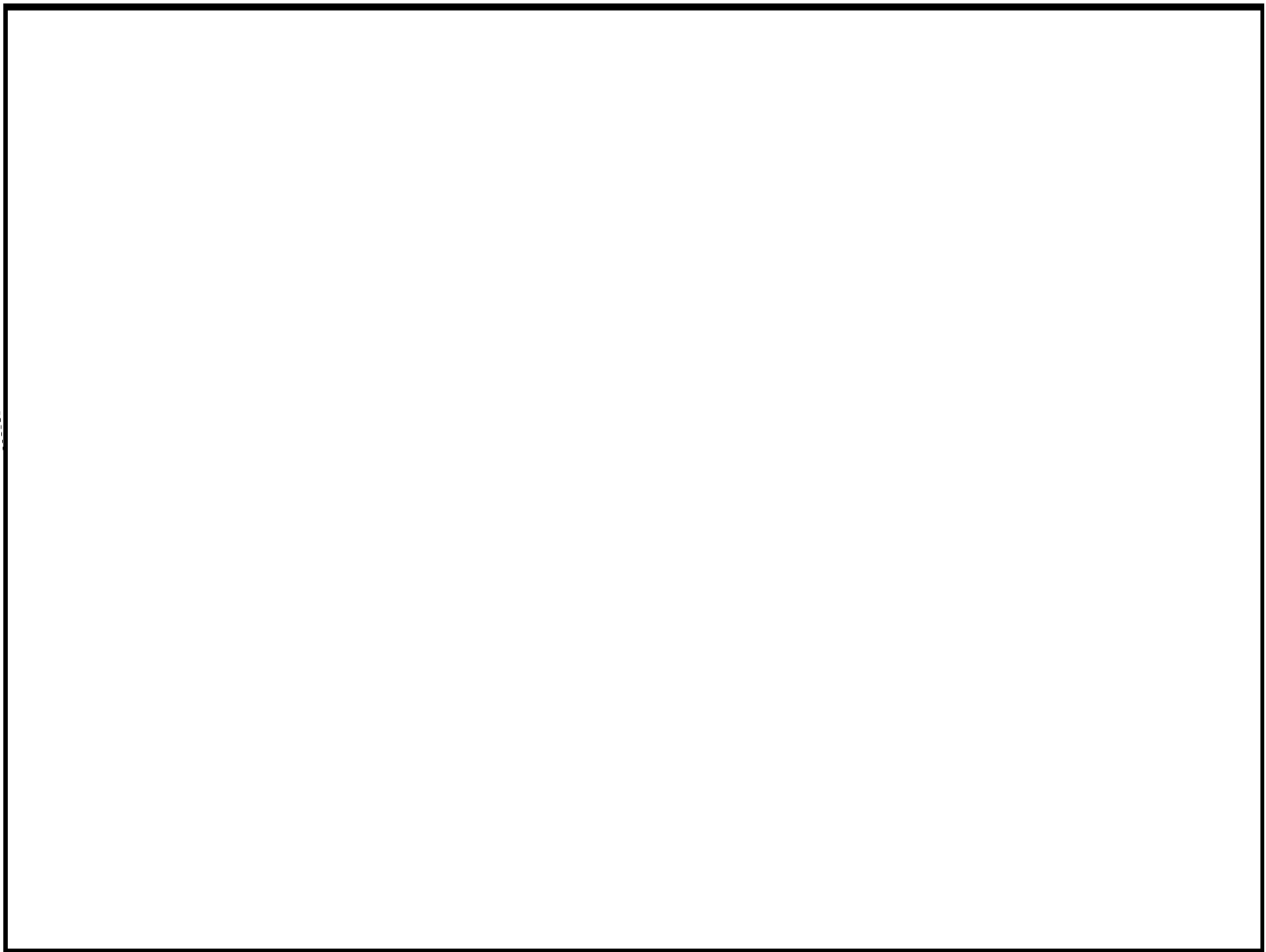
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What Worked For Us - Operational Teams

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What Worked For Us - Public Records

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ACLURM053189

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What Worked For Us - Bank Records

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Interstate Fraud

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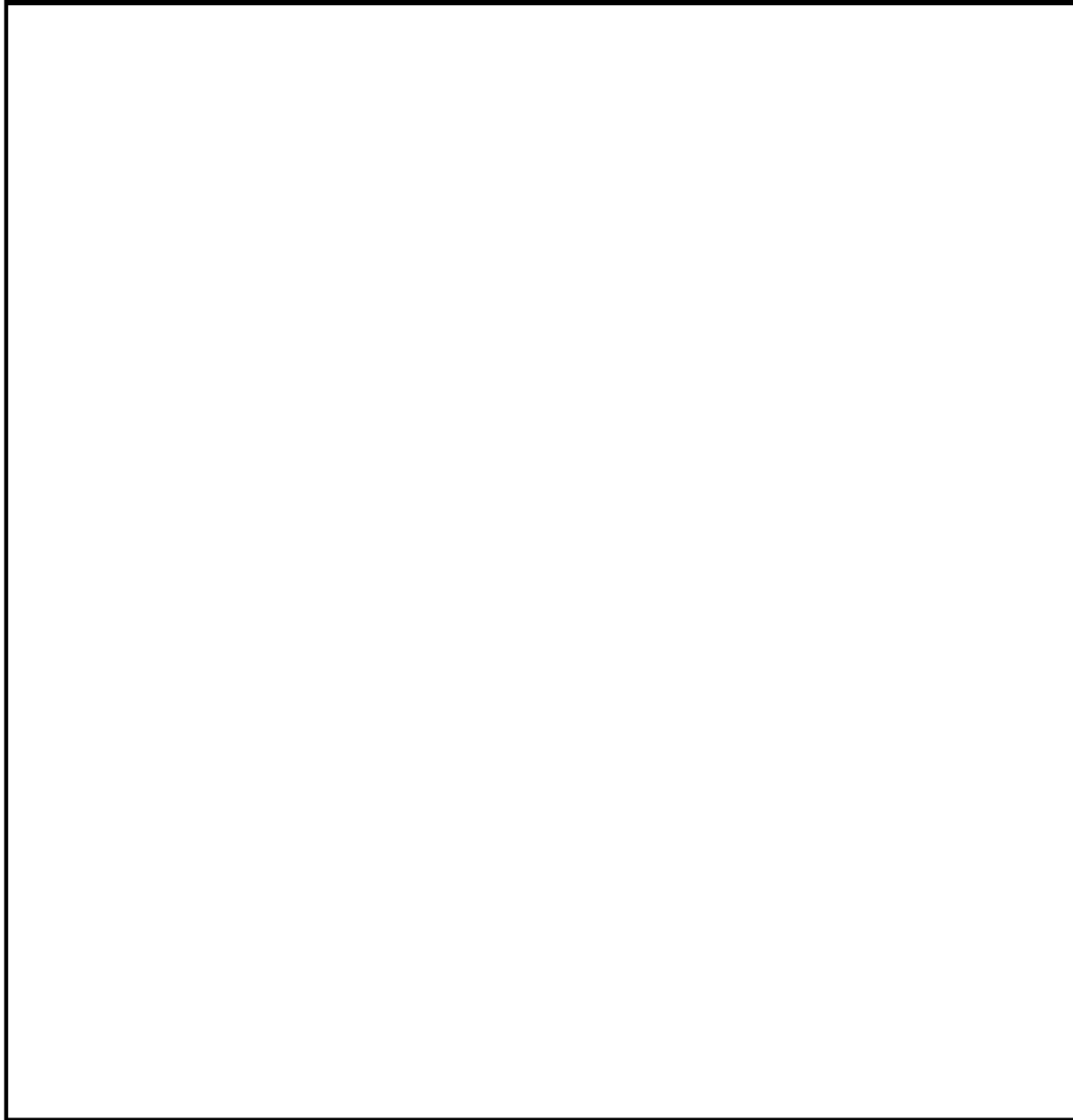
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Interstate Fraud



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ACLURM053192

FBI052704

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Interstate Fraud

- advertises auto parts business for sale (September 2007)
- During sales presentations (September - November 2007)
 - Overstates value of business
 - Fails to disclose existence of \$175,000 corporate debt
- Business ultimately sold to Kansas resident for \$100,000
- Check transported from Kansas to Missouri (November 2007)

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Other Substantive, White Collar Crimes

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Other Substantive, White Collar Crimes

- Additional bank frauds (18 USC 1344)
- False statements regarding food stamp, Medicaid and temporary assistance eligibility (18 USC 1001)
- Aggravated identity theft (18 USC 1028A)
- Falsified bank account records (18 USC 1005)

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ACLURM053195

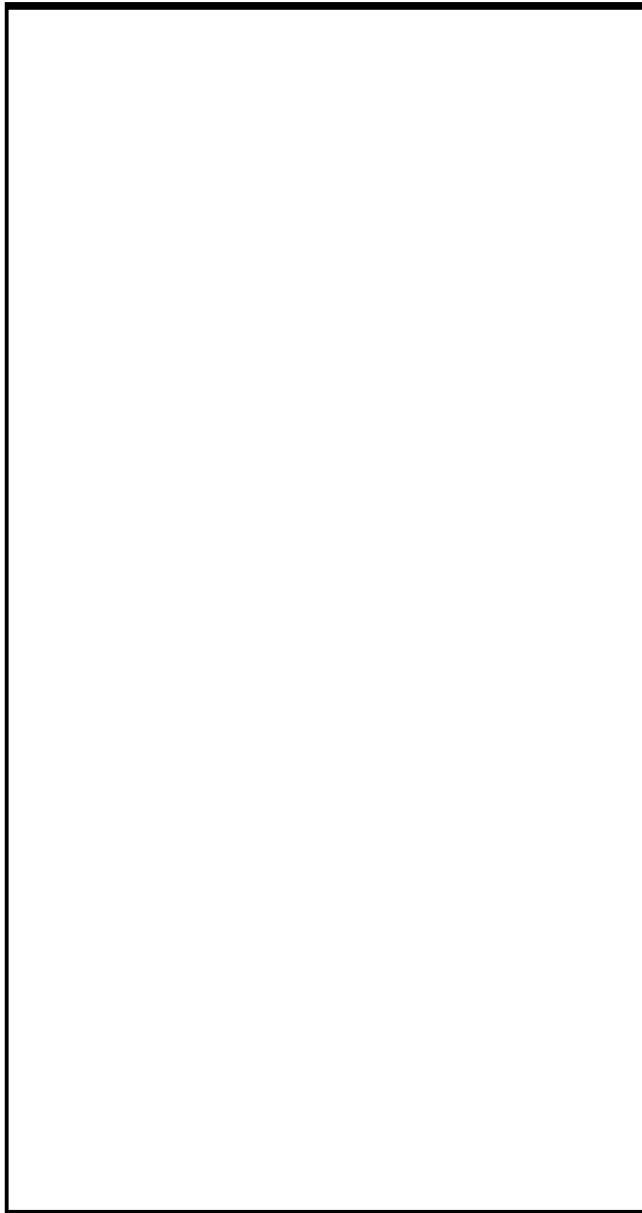
FBI052707

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Losses

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- \$241,000

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-

\$175,000

– Wins \$177,000
default judgment

– Collection
questionable

• Vendor - \$70,000

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Money Laundering

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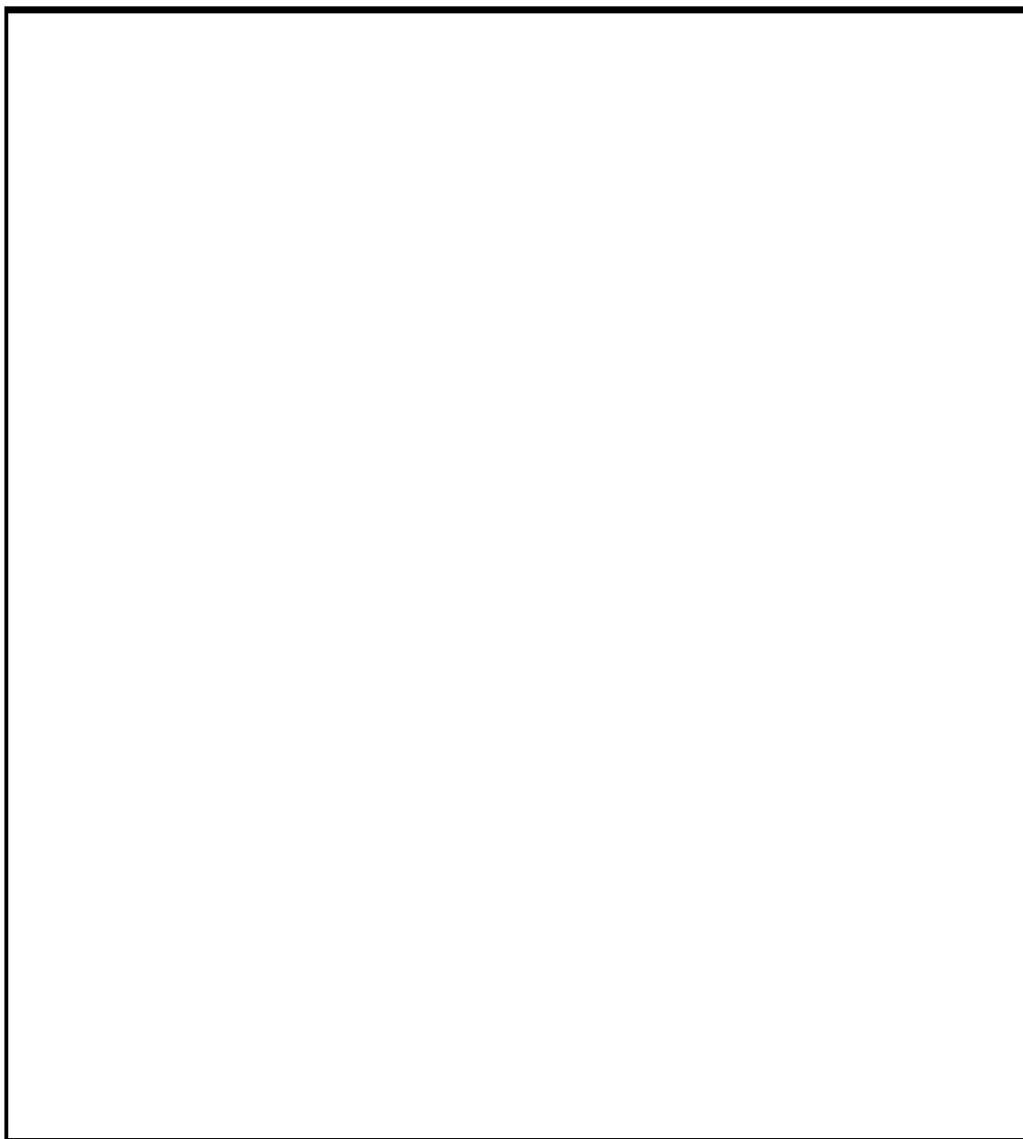
ACLURM053197

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Why Money Laundering?



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Overseas Money Laundering

- Proceeds of Frauds
 - 2 Banks - \$416,000 loss
 - Vendor - \$70,000 loss
- 5 Wire transfers
 - Total \$295,830

b7E



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ACLURM053199

FBI052711

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Money Laundering Overview

- The laundering transactions in excess of \$1,000 amounted to 88% of the proceeds of frauds

Transfers Funded by

Amount Received

Fraud on

Fraud on

Interstate Fraud on

Diverted Business Receipts

Cash from Bank Loans

TOTALS:

b7E

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ACLURM053200

FBI052712

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Prosecution Theories

1956 Money Laundering (International)

(a)(2)(B)(i) criminalizes the transport, transmission or transfer of monetary instrument or funds from within US to or through place outside US

(B) knowing monetary instrument or funds are proceeds of SUA and knowing transportation, transmission or transfer

(i) to conceal or disguise proceeds of SUA

1957 Money Laundering (Over \$10,000)

(a) & (d) criminalizes knowing monetary transaction in criminally derived property > \$10,000 and derived from SUA

SUA = Specified Unlawful Activity,
here, bank and interstate fraud . . .

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FBI052713

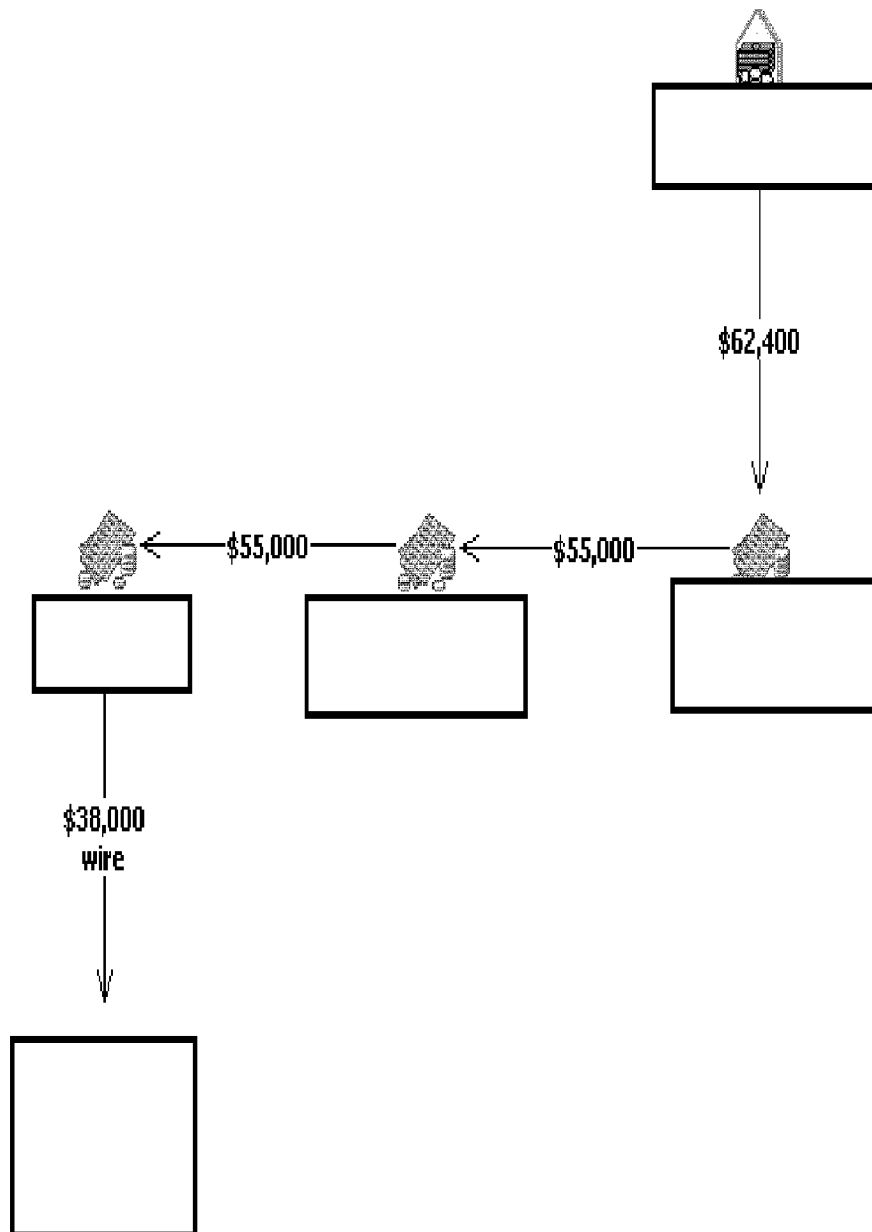
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\$38,000 from Fraud on



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FBI052714

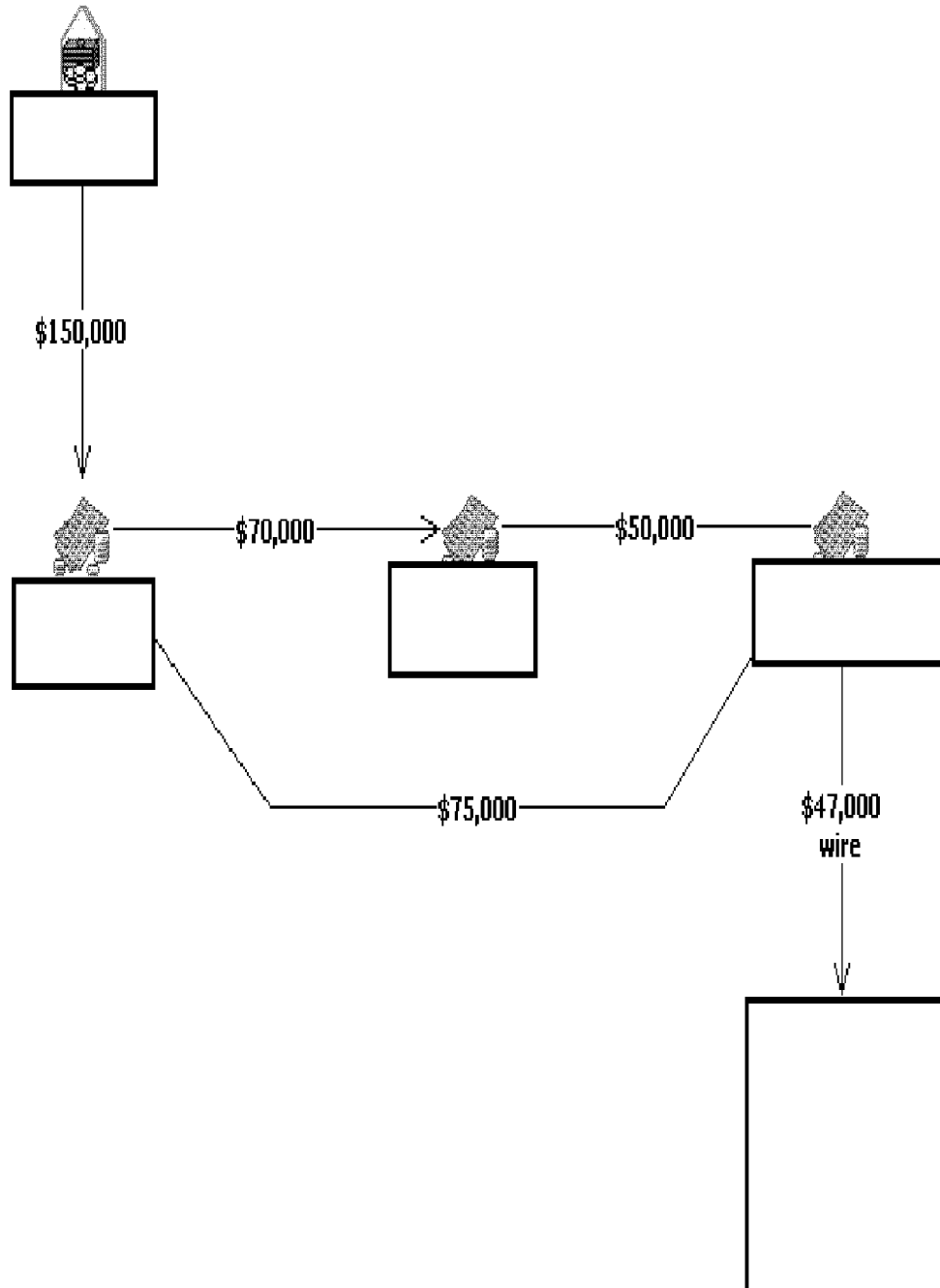
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\$47,000 from Fraud on



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FBI052715

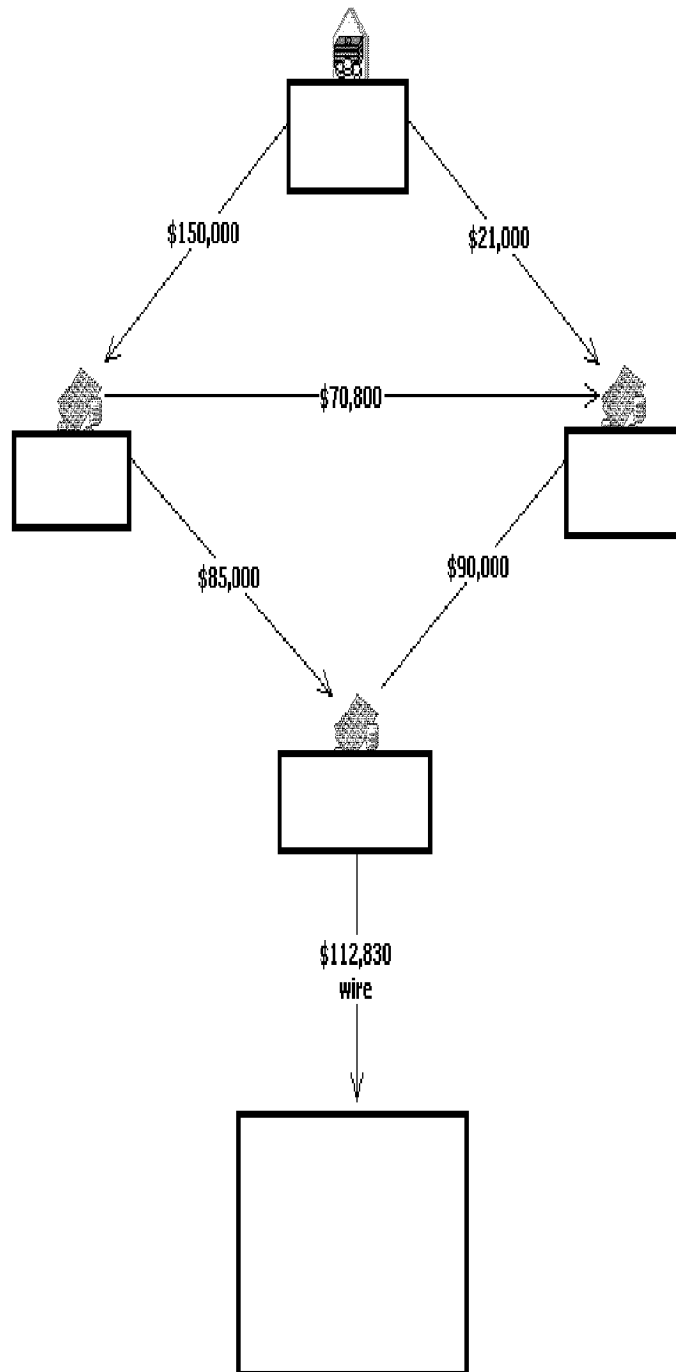
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\$112,830 from Fraud on



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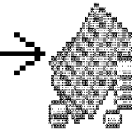
\$50,000 from



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\$100,000



Sale of Business



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**\$50,000
wire**



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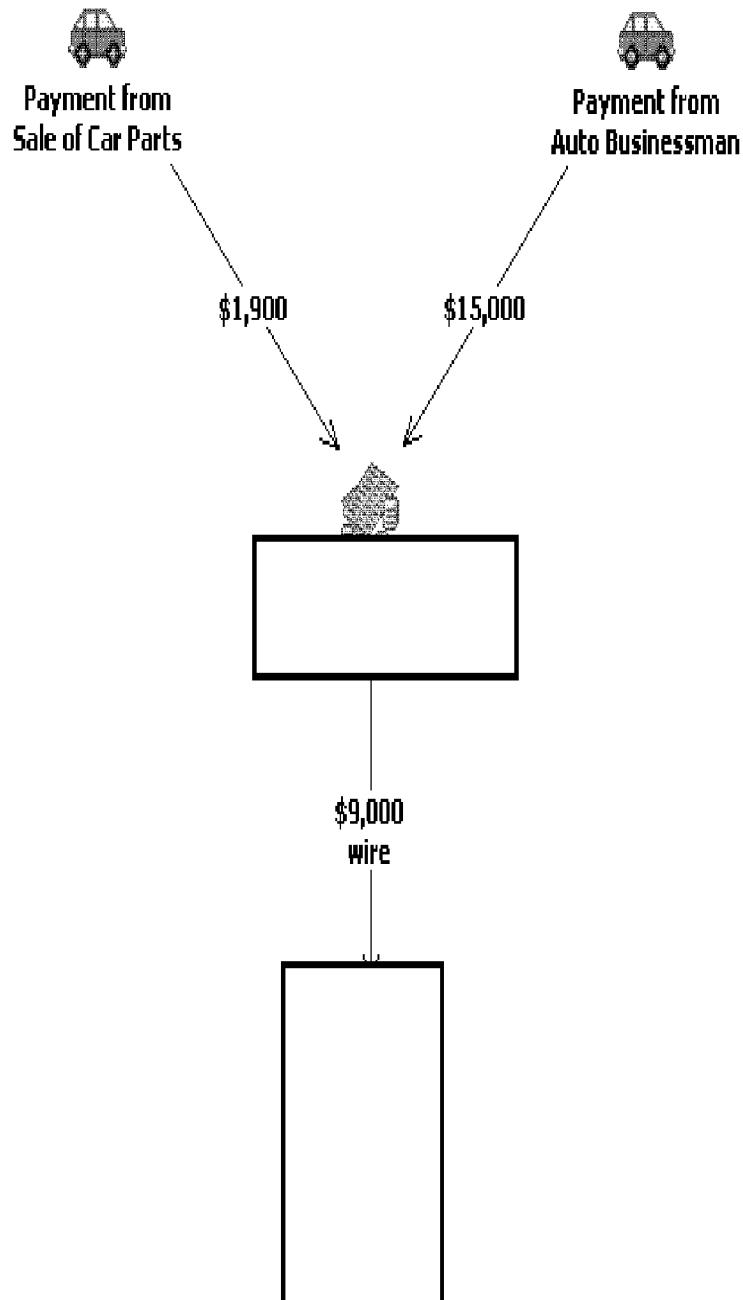
ACLURM053205

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Diversion of Business Receipts – The Simple One



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ACLURM053206

FBI052718

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Diversion of Business Receipts – The Complicated One

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ACLURM053207

FBI052719

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There Was More . . .

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ACLURM053208

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Where the Money Went

- Proceeds of frauds



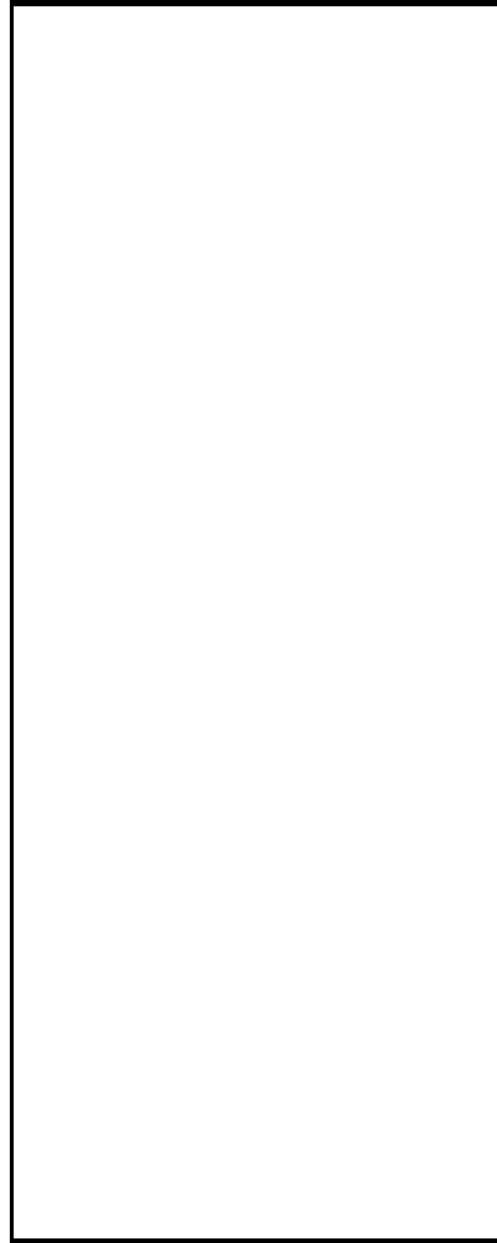
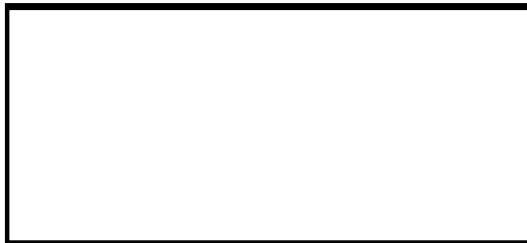
\$416K loss

- Vendor:

\$70K loss

- Five wire transfers:

- Total \$295,830



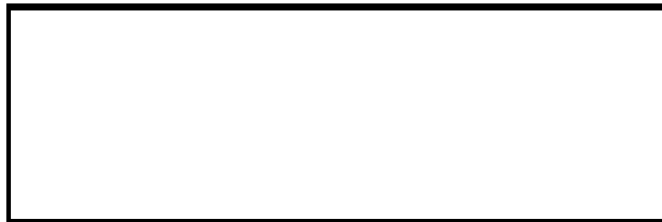
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ACLURM053209

FBI052721

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ACLURM053210

FBI052722

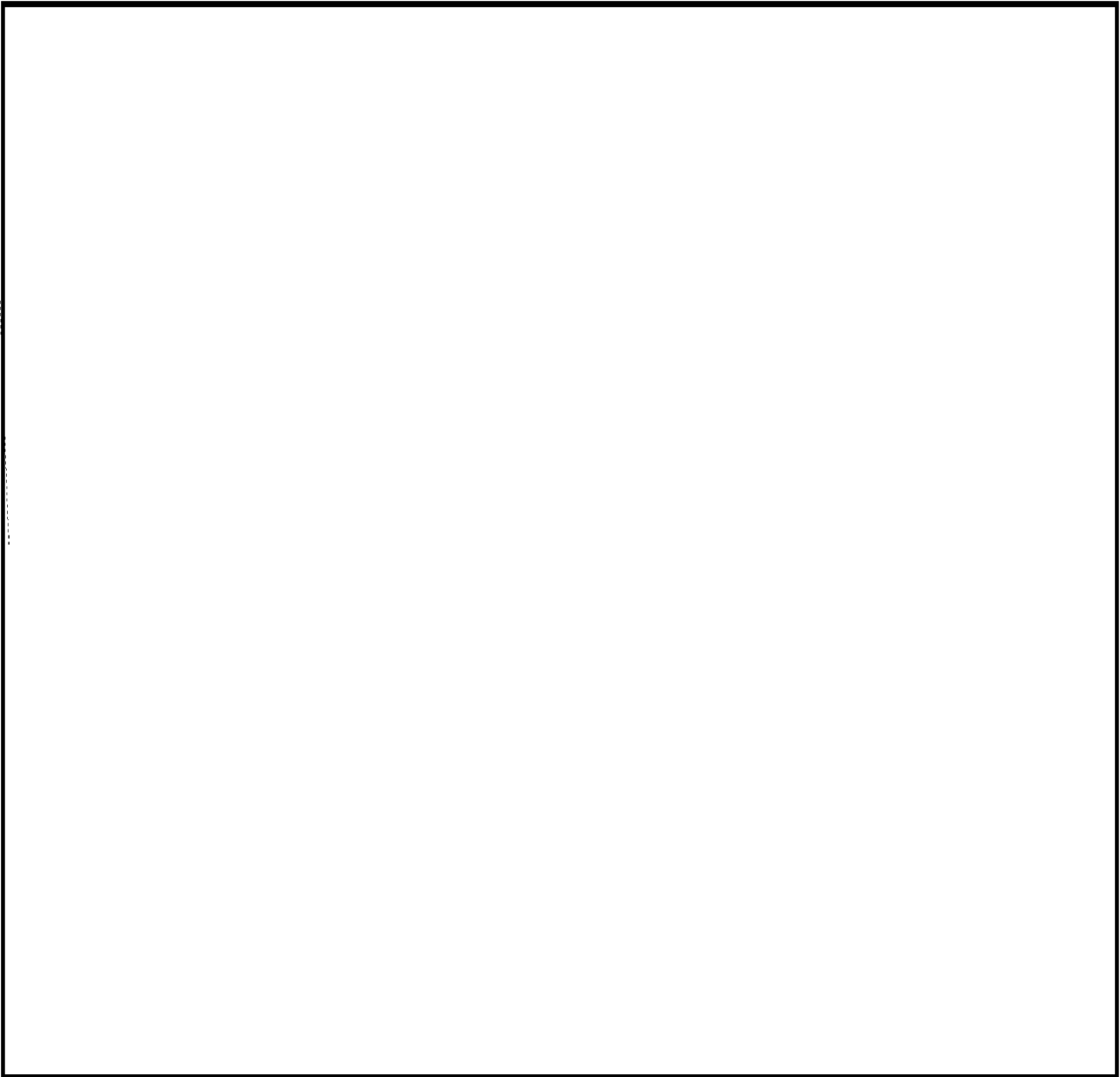
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FBI052723

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What the

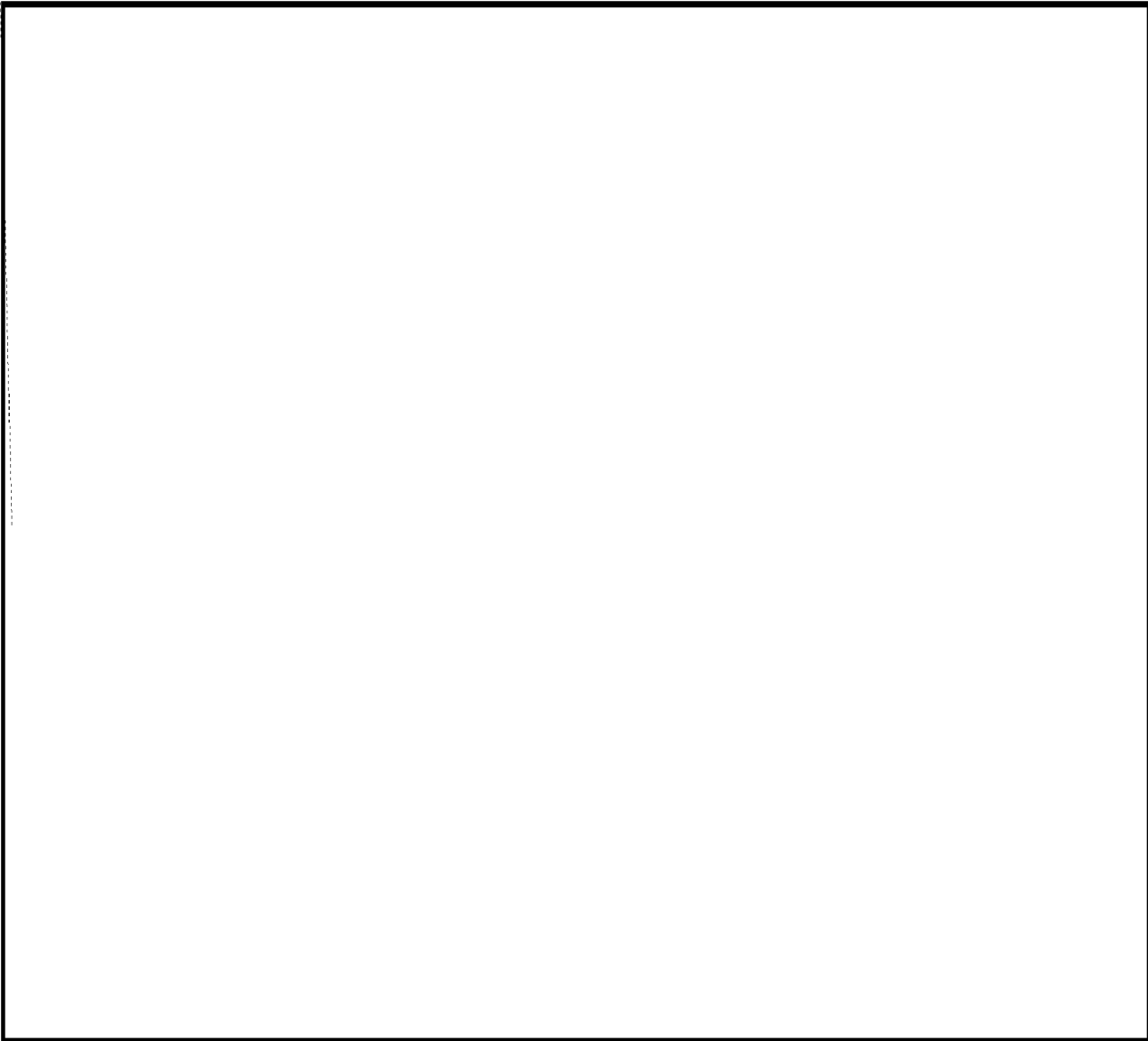


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Yielded

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(S)

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ACLURM053212

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b7E

FBI052724

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What Else Was Going On

~~SECRET~~

ACLURM053213

FBI052725

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The Background

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FBI052726

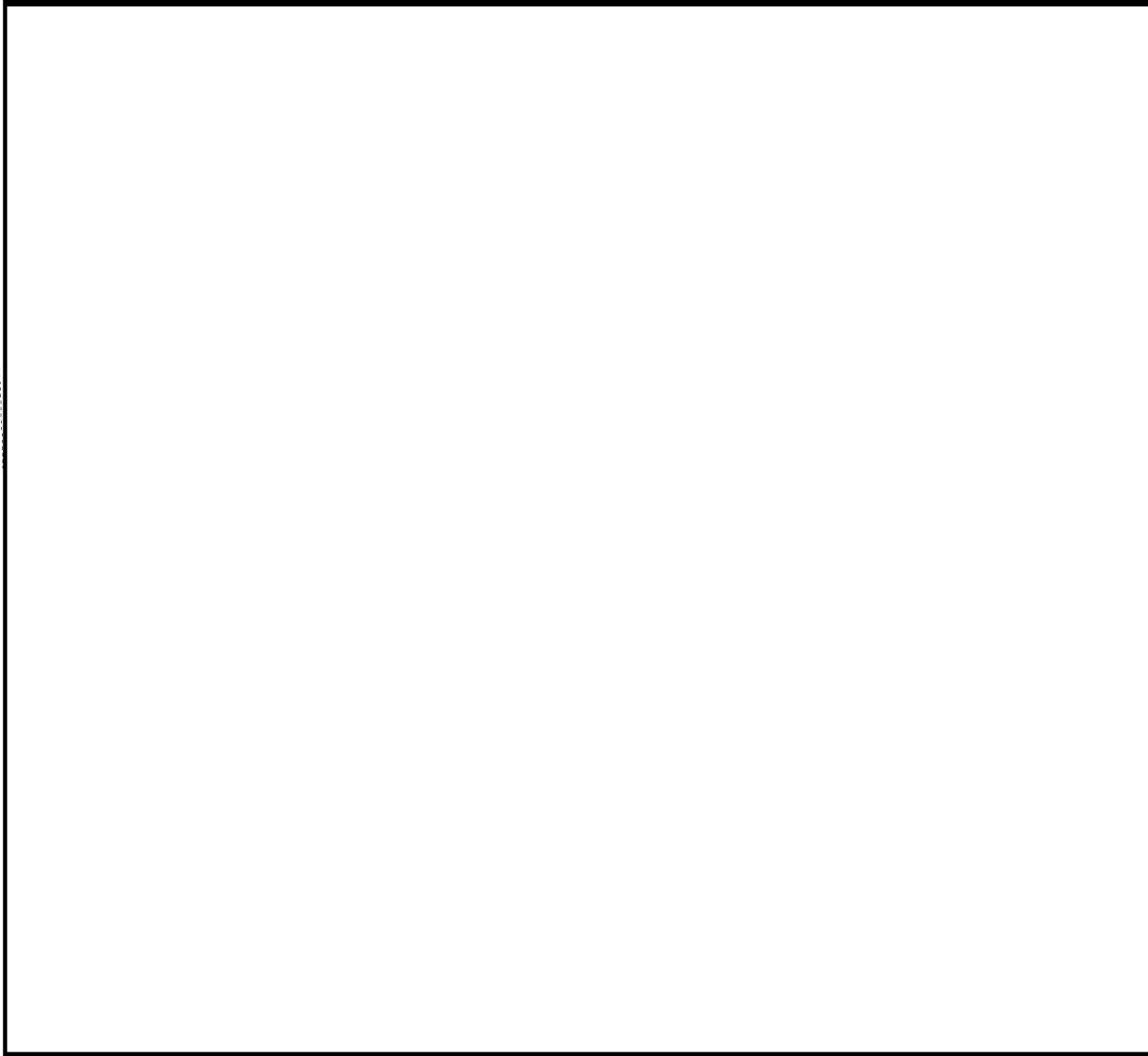
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Intro to

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ACLURM053215

FBI052727

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The Co-conspirators

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ACLURM053216

FBI052728

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Co-conspirators Move to the

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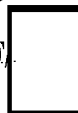
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ACLURM053217

FBI052729

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The Two Streams Converge

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ACLURM053218

FBI052730

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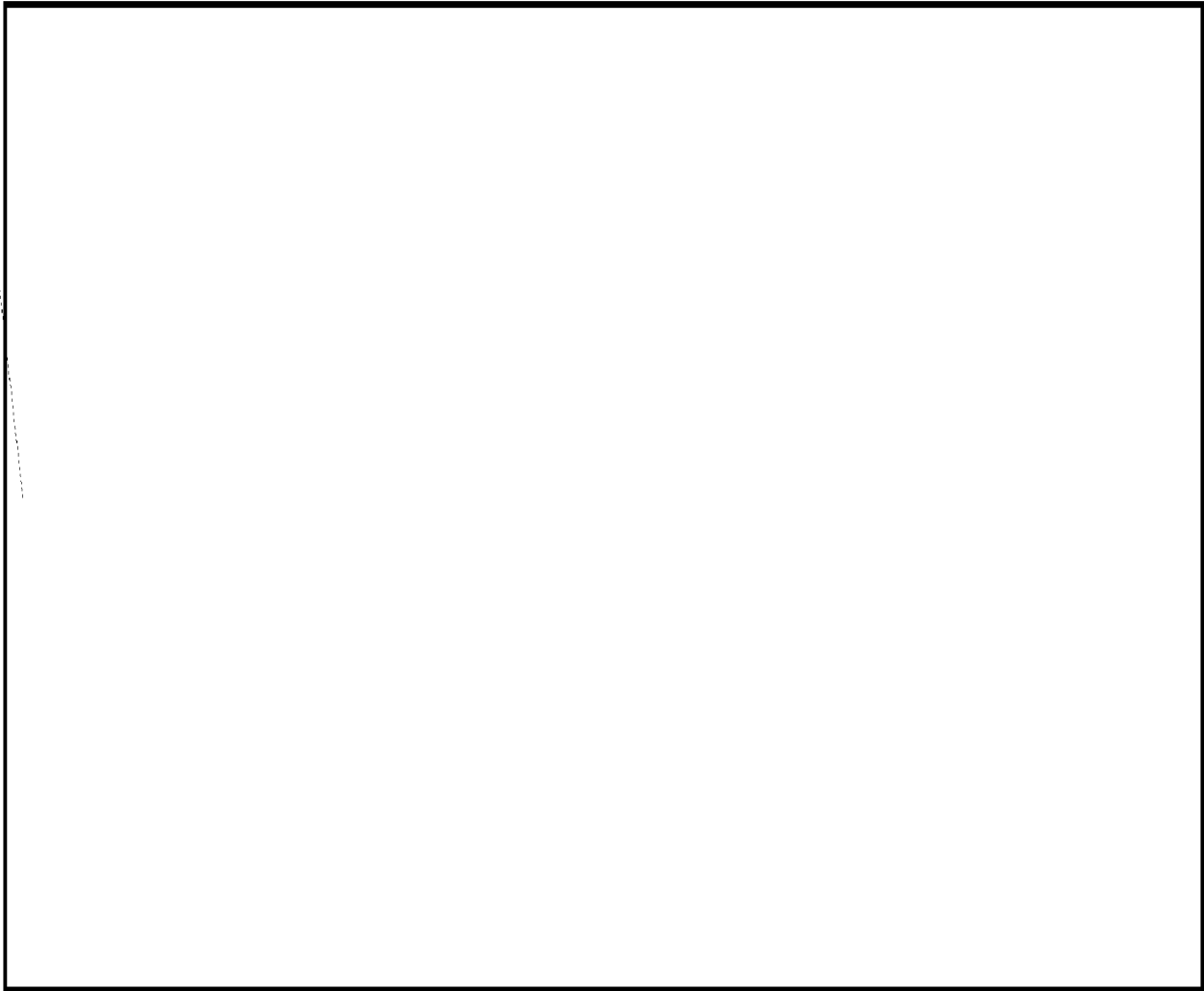


Trip to



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ACLURM053219

FBI052731

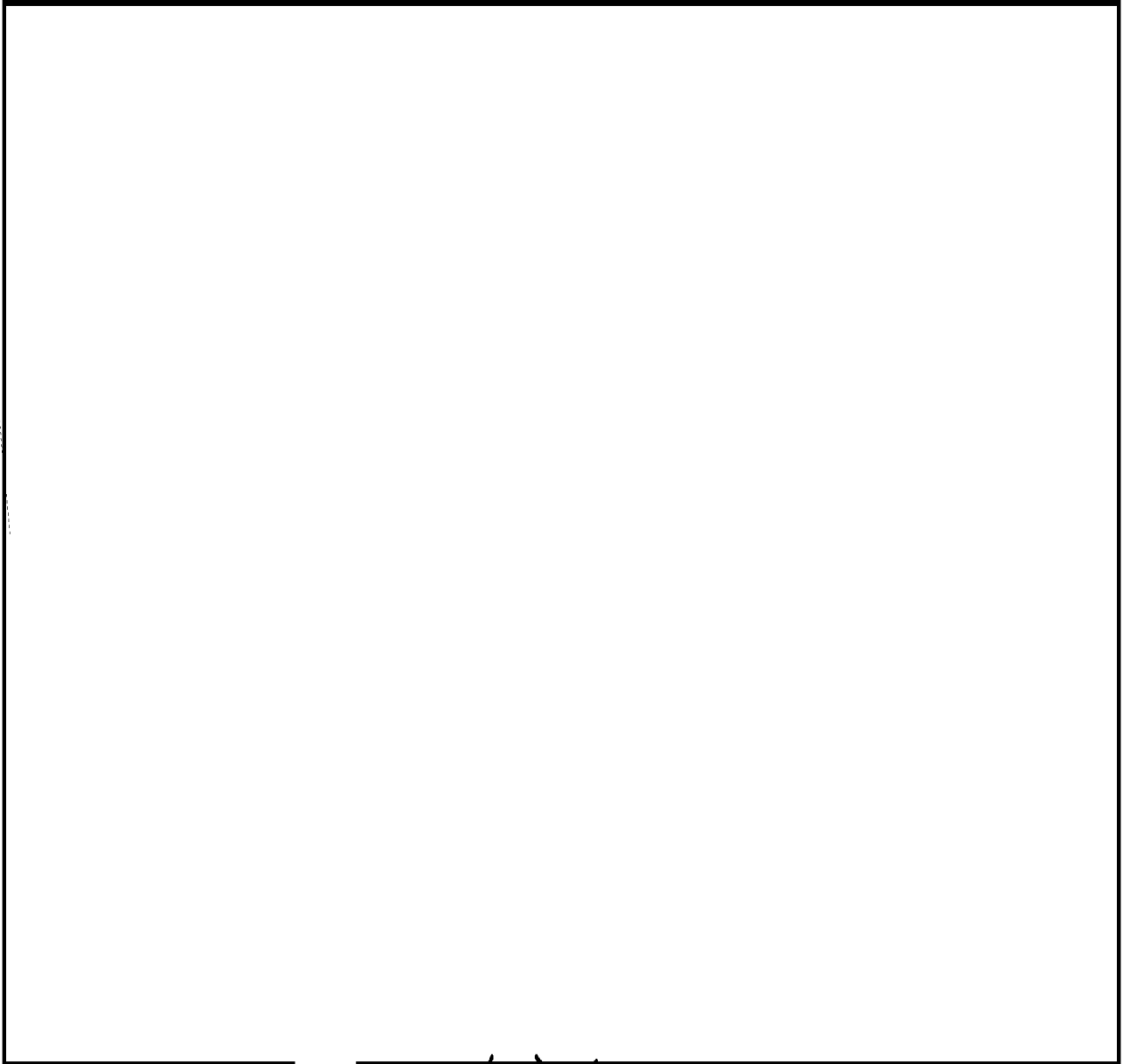
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Activities

b7E

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ACLURM053220

FBI052732

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b7E

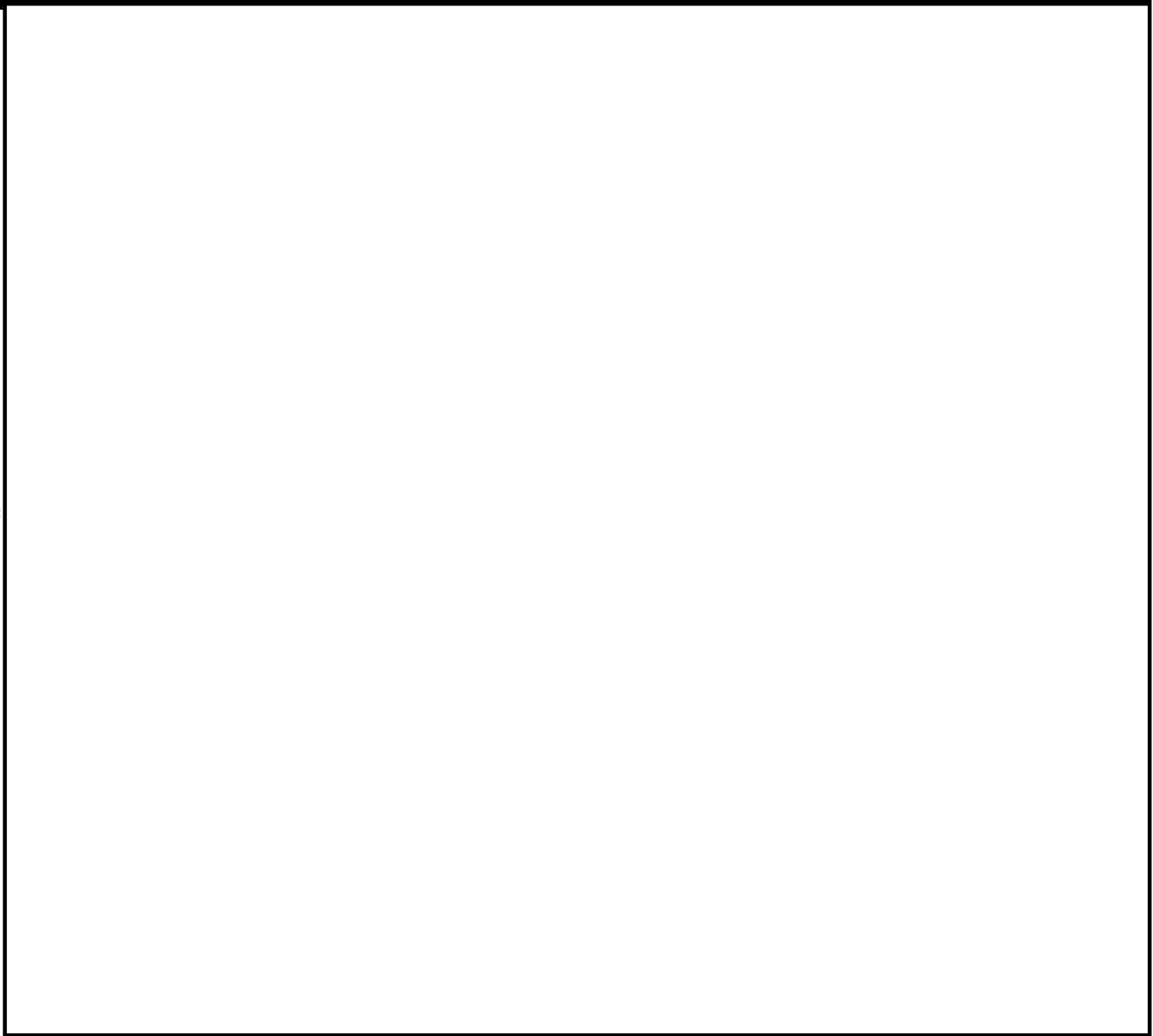


Trips to



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(S)

~~SECRET/NOFORN~~



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ACLURM053221

FBI052733

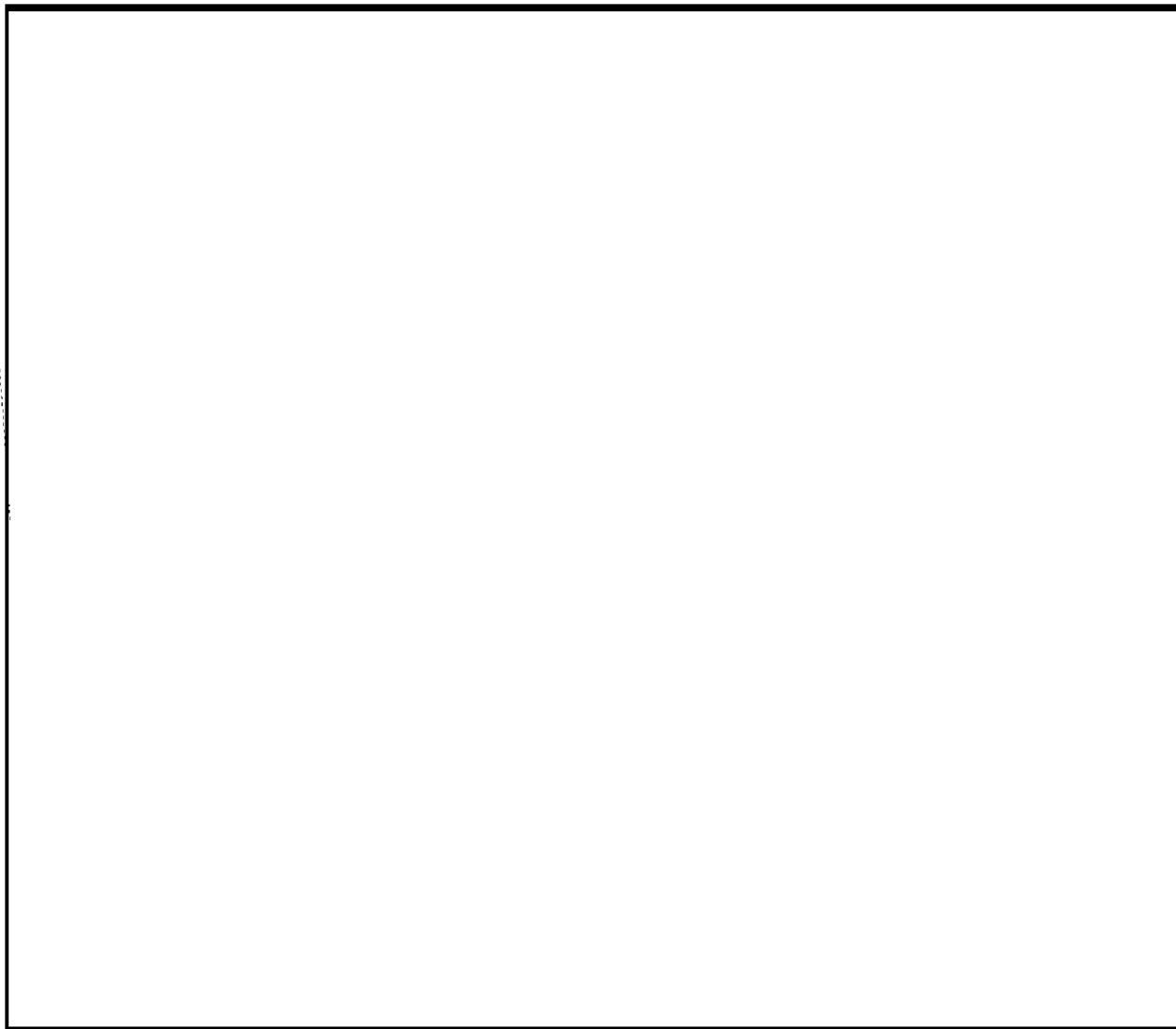
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Meeting

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(S)

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ACLURM053222

FBI052734

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Back to the



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~~SECRET/NOFORN~~



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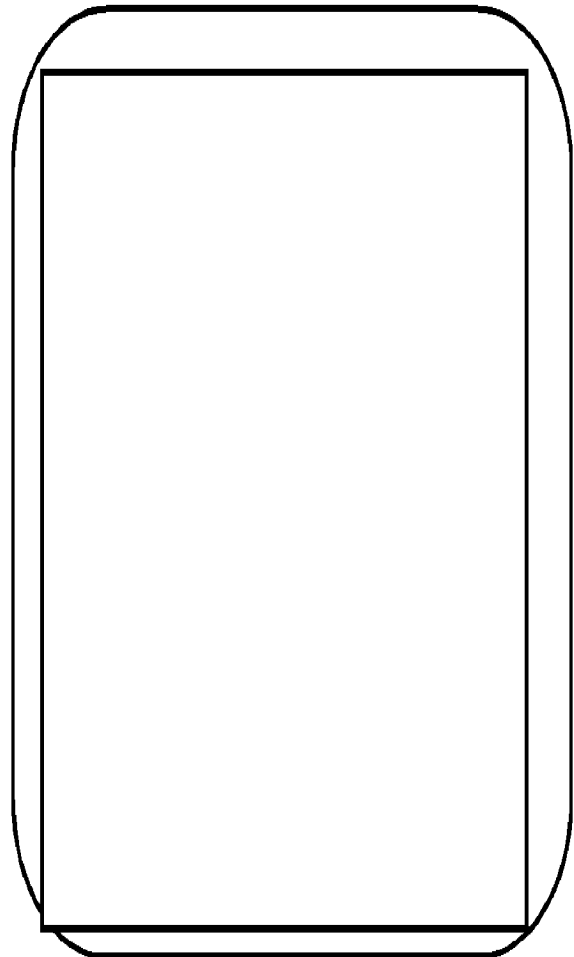
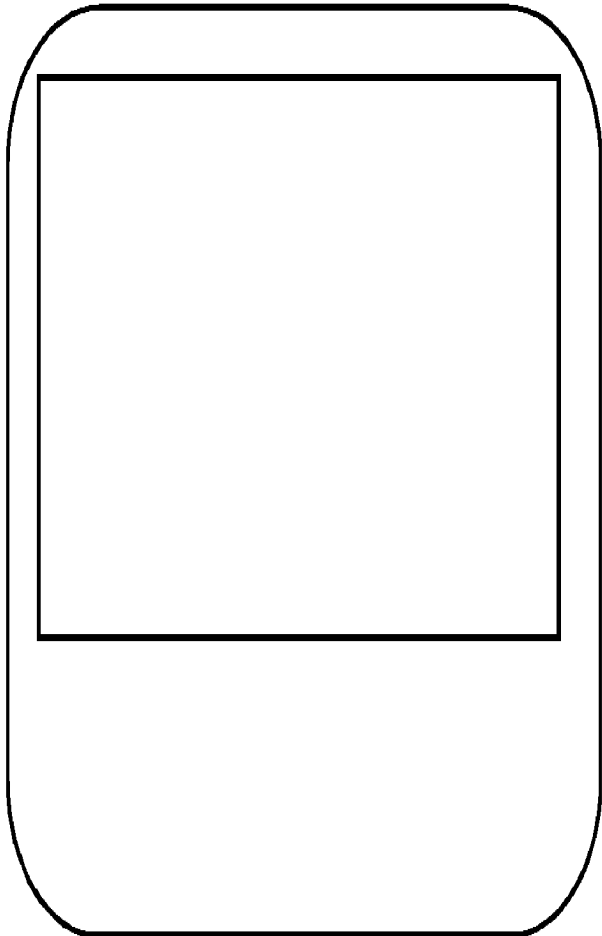
ACLURM053223

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Material Support to Terrorism



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<u>Jurisdiction:</u> national		here. U.S.
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ACLURM053224

FBI052736

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Material Support

– \$23,000 from fraud and money laundering to

b7E

Compare:

- WTC I (6 dead) - \$18,000
- OKBOMB (168 dead) - \$4,320
- Khobar Towers (19 dead) - \$22,000
- USS Cole (17 dead) - \$10,000
- Jakarta Marriott - (12 dead) - \$1,500
- London bombings (52 dead) - \$14,000

– Planning with others to

b7E

– Swearing allegiance to

– Sophisticated disguising of communications with others about support

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The Plea Agreement

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How It All Ended

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IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF MICHIGAN
MICHIGAN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

SHAHID CHAUHAN,

Defendant.

Case No. 19-cr-00001

PLEA AGREEMENT

Pursuant to Rule 11(b)(1) of the Federal Rules of Criminal Procedure, the parties
described below have entered into the following plea agreement:

1. The Parties. This plea agreement is entered into by and between the
United States of America, who has entered into this "Agreement" as "the United States",
represented by Mark P. Murphy, United States Attorney, J. Daniel Strawn, Assistant United States
Attorney, David M. Kucharski, First Assistant United States Attorney, Brian P. Kirby, Assistant
United States Attorney, and M. Alexander Mink, Jr., Special Assistant United States Attorney,
and the Defendant, Shahid Chauhan ("the Defendant"), represented by attorney Robin P. Foster.

The United States understands and agrees that this agreement is only between the United States
Attorney for the Western District of Michigan, and that it does not bind any other
Federal, state, or local prosecutive authority or any other government agency, unless otherwise
agreed to in this agreement.

2. Defendant's Waiver of Indictment and Guilty Plea. The Defendant agrees to and
heretofore has waived his right to grand jury indictment and agrees to the filing of a non

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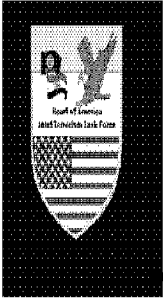
Questions ??

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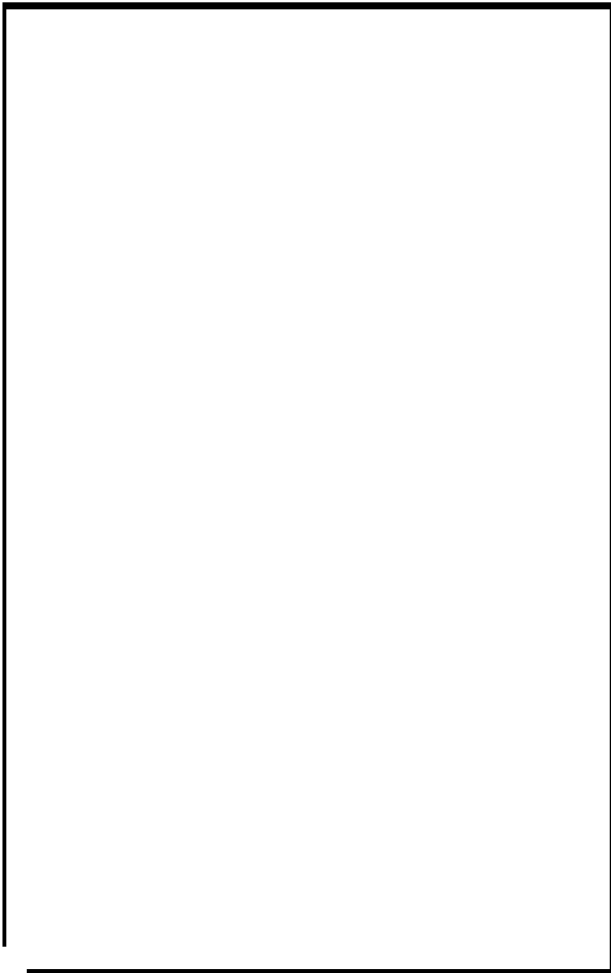
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b6
b7C

Citizenship	POB	DOB	Location	Custody	
U.S. (Nat.)			Kansas City, Missouri	No	

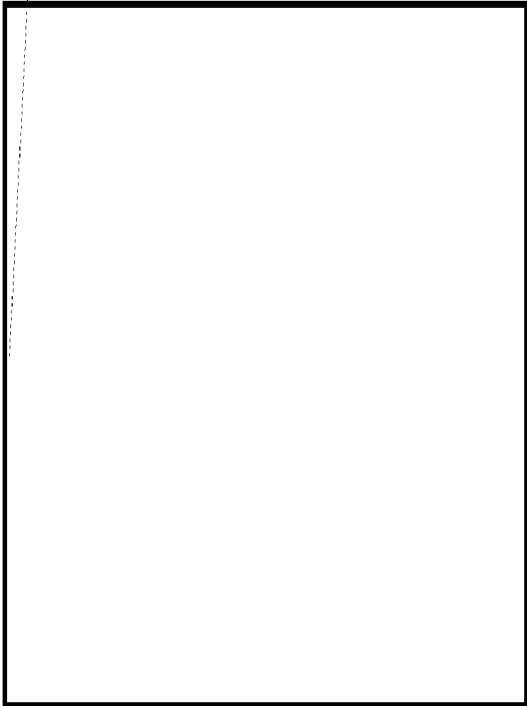
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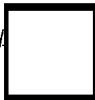


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