

## Front Page Magazine

A man arrested in December at the Kansas City airport with \$70,000 in his bulging pockets while trying to board a Southwest Airlines flight claiming the money was actually Muslim prayer books, a San Francisco mortgage company executive who went on the run from the FBI in November, seven people arrested in September in Salt Lake City with ties to al-Qaeda, and a co-defendant in the Sami al-Arian/Palestinian Islamic Jihad trial all have one thing in common -- the growing trend of terrorist associations with mortgage fraud rings in the US.

Financial experts say that mortgage fraud has become the fastest growing type of white-collar crime, and terrorist organizations have been quick to jump on the trend. But what concerns federal authorities is how regularly mortgage fraud is showing up in terrorism investigations.

In the past year, several high-profile mortgage fraud arrests have been tied to federal terrorism investigations, most notably a ring busted up in Salt Lake City that is alleged to have direct ties to the late al-Qaeda leader in Iraq, Abu Musab al-Zarqawi. Federal agents have been trying to track the hundreds of thousands of dollars illegally obtained by Sharif Omar and his associates in the mortgage fraud ring. At least \$40,000 was transferred to an account in Jordan. From there, federal officials believe that money went to Sharif's brother, Shawqi Omar, who was seized in a raid by US forces in Iraq in October 2004 and is accused of working for al-Zarqawi's terrorist network in Baghdad. Shawqi Omar is still in US military custody.

The Salt Lake City case is not the first time that the FBI has seen the nexus between mortgage fraud and terrorism investigations:

- Tarik Hamdi was charged last year for immigration and mortgage-loan fraud as part of an investigation into the role of an Islamic charity, the International Institute for Islamic Thought of Herndon, Virginia, that Hamdi worked for and was being investigated for ties to terrorist financing. According to an August 2005 Washington Post article, Hamdi was personally responsible for delivering a satellite phone battery to al-Qaeda operatives for Osama bin Laden's personal device, which was used to coordinate the 1998 US Embassy bombings in Kenya and Tanzania. Hamdi was also responsible for facilitating an interview with bin Laden for ABC News in May 1998.
- Last year a Dearborn, MI man pled guilty to mortgage fraud in a plea deal with federal authorities to prevent being charged additionally with terrorist activities. At the time of his arrest, federal authorities found books, posters and recruitment videos for the Hezbollah terrorist organization inside the home of Nemr Ali Rahal. According to the Detroit News, a picture was also recovered of Rahal tearing up an American flag. Rahal had fraudulently obtained more than \$500,000 by falsifying information on a mortgage application. Customs officials had also stopped Rahal and his son the previous year for having military-grade explosive residue on their passports as they reentered the US from Canada.

- In another Dearborn-area case, two men, Mohammed Krayem and Mahmoud Youssef Kourani were accused in 2004 of transferring more than \$200,000 obtained through real estate fraud and cigarette smuggling to Kourani's brother, Haider Kourani, the Hezbollah chief of military security for southern Lebanon. The money was to be used for purchasing military equipment from the United Nations Protection Force for use in attacks against Israel.
- One of the co-defendants in the Sami al-Arian terrorism trial, Sameeh Taha Hammoudeh, pled guilty to three counts of tax evasion, immigration and mortgage fraud -- the only crimes that Hammoudeh was convicted of after his acquittal on terrorism charges (Al-Arian later pled guilty to several terrorism charges and admitted his role in supporting Palestinian Islamic Jihad). Had prosecutors not secured Hammoudeh's plea agreement, there would not have been any basis to deport him back to Palestine. Even though he faced up to five years in prison and a \$250,000 fine for these crimes, a US federal judge sentenced Hammoudeh to time served, five years probation, and waived all fines except \$300.
- In June 2005, two Dearborn-area men, Ahmad and Musa Jebril, were convicted of mortgage fraud charges after defrauding six banks for \$250,000 and dozens of people of up to \$400,000. The Jebrils were active supporters of Hamas, and federal authorities said that Ahmad Jebril was training a cell of local men to wage jihad against the US. Both Musa and Ahmad Jebril had been thrown out of their local mosque, where Musa had been an imam, for their radical activities. A local Muslim writer has described in an article for Beliefnet the climate of fear that the two men created in the Islamic community by their jihadist preaching and activities. The indictment also noted that immediately following the November 1995 car bombing in Riyadh, Saudi Arabia, which killed four Americans, the Jebrils faxed a statement in support of the attacks to CNN. Subsequent to their conviction of mortgage fraud, the Jebrils and one of their associates were additionally charged by the federal government with trying to bribe a juror during their fraud trial.

But these various rings have not limited their activities to mortgage fraud and supporting terrorism: in one case it led to murder. In yet another case out of the Detroit/Dearborn-area, Bashar Farraj and Samer Fawaz were convicted in June 2005 in the murder of one of their associates involved in their mortgage fraud scheme. The body of the victim, Raed Al-Farah, was never recovered, but his blood was found in the office used by the two men and in Farraj's 2002 Trailblazer. He had been lured to the office under the pretense of discussing a federal investigation into their mortgage fraud scheme, at which point he was struck on the head and killed to "tie up loose ends".

With the difficulty of gathering sufficient evidence to conduct a case sufficient to convict on terrorism charges, federal authorities have not hesitated to look at the illegal means by which these individuals have financed their plans for jihad against the US.

It is the ease by which jihadists and their supporters can raise hundreds of thousands of dollars in a short period of time that makes mortgage fraud so attractive compared to

the high-risk world of drug distribution, or the low returns from other known petty crimes that have previously been used to finance Islamic terrorism, such as smuggling cigarettes or baby formula.

In just one case currently under investigation by the FBI and Homeland Security officials in Columbus, Ohio, the value of the transactions being looked at is more than \$11 million. This case typifies the ease with which large amounts of case can be had, and serves as a textbook example of how mortgage fraud rings operate.

The fraud usually begins when a seller is approached by a buyer with an offer too good to be true: the purchase of the home at a price well above list price (in some cases, hundreds of thousands of dollars). The catch is that the money over and above the list price is to be returned to the buyer by the seller at the time of closing. The incentive for the seller is that they receive their initial asking price, and in many mortgage fraud cases, the fraud ring tries to target homes that have been on the market for more than a year and where the seller will be eager to accept the buyer's unusual arrangements.

The next phase of the fraud almost always involves an insider at the mortgage company who will agree to a loan at the inflated value of the home (the list price plus whatever amount is to be returned to the buyer). In some instances, a phony construction company is established by the buyer on an associate to justify on paper the additional amount of the loan. Once the loan is approved, the deal goes to closing where the seller takes the equivalent of the list price and the buyer walks away with their share of the transaction. In a number of cases, no one ever occupies the home nor is a mortgage payment ever made.

The Columbus case demonstrates the flexibility and ease with which the fraudulent transactions are accomplished. According to an article in the Columbus Dispatch, one buyer, Mohamed A. Mohamed targeted homes in the inner city, where in one case a mortgage was obtained for \$160,000 on a home that county officials had only appraised for \$34,000. That mortgage was eventually foreclosed and Mohamed lost his mortgage brokers license, but he still maintains a real estate agent license and has been involved in other transactions in that capacity.

Conversely, a series of purchases made by Hany Rezk Ibrahim and his wife involve several of the highest priced residential real estate transactions made in the Columbus area in the past year, with the Ibrahims walking away with approximately \$250,000 in each transaction. In one case, the pair bought a home for \$1.3 million that had sold for \$540,000 the year before. Just prior to going on his real estate purchasing spree, Hany Ibrahim incorporated a home improvement company, listing an address at a local condominium complex as the corporate address.

All of these cases give evidence to why terrorists have latched onto mortgage fraud: the ease and the high profitability, compared to other criminal activity that carries greater risk and less of a return. Committing fraud in just one transaction can raise hundreds of

thousands for jihad, where it might take a cigarette smuggling ring months or even years to make as much.

Fortunately, the mortgage industry, which has already taken action in response to the rapid rise of mortgage fraud, is becoming more aware of the involvement of terrorist organizations in some cases. Last October, experts from the mortgage lending industry gathered together with law enforcement and banking regulatory officials at a conference sponsored by the Appraisal Foundation. One expert, Connie Wilson of Interthinx, one of the leading mortgage fraud prevention firms, briefed attendees on how Hezbollah, Islamic Jihad, and even the Taliban, had established mortgage fraud rings in the US.

On the downside, however, this trend creates yet another area that law enforcement and homeland security must monitor, as the enemies of the United States grow bolder and attempt to fund their operations against our country through organized crime and fraud, essentially forcing Americans to pay for the demise of our own society. In the final analysis, the only way to reverse this trend of mortgage fraud financing jihad is for citizens to be aware of the threat and also be willing to withstand the financial incentives and refuse involvement in the schemes. In many respects, our own safety is contingent upon our own vigilance.

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