

FILED

1 LORI C. HERSHORIN (SBN 155977)

2 **HERSHORIN & HENRY, LLP**

3 26475 Rancho Parkway South

4 Lake Forest, California 92630

5 949-859-5600

6 Email: Lorih@hhlawgroup.com

7 Attorney for Prospective Intervenor

8 WFG TITLE INSURANCE COMPANY,

9 A South Carolina Corporation and NOVASTAR, LLC

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION**

UNITED STATES OF AMERICA

Plaintiff,

v.

RICHARD AYVAZYAN,  
aka "Richard Avazian" and  
"Iuliia Zhadko,"

MARIETTA TERABELIAN,  
aka "Marietta Abelian" and  
"Viktoria Kauichko,"

ARTUR AYVAZYAN,  
aka "Arthur Ayvazyan,"

TAMARA DADYAN,  
MANUK GRIGORYAN,  
aka "Mike Grigoryan," and  
"Anton Kudiumov,"

ARMAN HAYRAPETYAN,  
EDVARD PARONYAN.

aka "Edvard Paronian" and  
"Edward Paronyan," and  
VAHE DADYAN,

Defendants.

Case Number: 2:20-CR-00579-SVW

**DECLARATION OF LORI HERSHORIN  
IN SUPPORT OF WFG TITLE  
INSURANCE COMPANY AND  
NOVASTAR LLC'S JOINT NOTICE OF  
MOTION AND JOINT MOTION TO  
INTERVENE FOR LIMITED PURPOSE  
OF ACCESSING JUDICIAL RECORDS**

DATE:

TIME:

JUDGE: Hon. Stephen V. Wilson

COURTROOM: 10A

LOCATION: 350 W. 1<sup>ST</sup> ST.

Los Angeles, CA 90012

1 I, LORI HERSHORIN, declare as follows:

2 1. I am an attorney at law duly admitted to practice before all courts of the State of  
3 California, I am authorized to practice law in the Central District of California, and am an attorney at  
4 Hershoin & Henry, LLP, counsel of record for Prospective Intervenor WFG National Title Insurance  
5 Company, a South Carolina corporation ("WFG") and Novastar, LLC ("Novastar") (collectively as  
6 "Prospective Intervenor") and make this Declaration in support of WFG and Novastar's Joint Motion  
7 to Intervene for the Limited Purpose of Accessing Judicial Records. I have personal knowledge as to  
8 the discovery and pleadings in this matter. I have reviewed the documents in our firm's file for this  
9 litigation matter, which contains records generated in the ordinary course of business at or near the time  
10 of the occurrence of the events related thereto by persons who have a business duty to make and  
11 maintain such records. I have personal knowledge of the following facts, or I have gained such  
12 knowledge from my review of the file, and if called and sworn as a witness could testify thereto.

13 2. On March 29, 2022, I watched a clip from an NBC special that documented the Criminal  
14 Defendants' PPP loan scheme. In that special, NBC broadcasted photos of Novastar and WFG's  
15 Defendants and copies of identification cards of individuals who are believed to be synthetic persons  
16 named as defendants in WFG and Novastar's civil actions. Criminal Defendants, Novastar Defendants,  
17 and WFG Defendants are hereinafter referred to collectively as "Defendants."

18 3. Between March 30, 2022 and April 7, 2022, I conducted a thorough search of this  
19 matter's docket and discovered that all evidence in support of WFG and Novastar's claims against  
20 Defendants was sealed. In addition, the Government's applications to submit said documents under seal  
21 were also sealed. Until I watched the NBC clip and conducted a comprehensive search of this court's  
22 docket, I did not know that the sealed documents directly related to Prospective Intervenor's civil cases.  
23 Because of this Court's Protective Order and Orders to Seal, there is no other way that WFG and  
24 Novastar can gain access to the documents which they seek from this Court. Prospective Intervenor  
25 have diligently attempted to acquire the sealed documents and information contained in the sealed  
26 record using discovery methods in the civil cases, but civil defendants failed to respond to such requests  
27 or claimed they could not locate the requested documents.

1           4.       WFG and Novastar request this court to unseal all exhibits admitted into evidence at trial  
2 and unseal the exhibits attached to the Governments' Oppositions to Defendants' Motions to Suppress  
3 (Docket numbers 188 and 207) because the sealed documents will prove Defendants falsified  
4 documents, forged signatures, created synthetic identities, and altered bank accounts to fraudulently  
5 induce Prospective Intervenors to make loans and issue title insurance to Defendants and their criminal  
6 enterprise. The sealed records prove defendants utilized a common plan or scheme to conduct their PPP  
7 loan fraud and their real estate loan frauds – a pattern of racketeering that began over 10 years ago.

8           5.       Prospective Intervenors, as members of the public, serve the important public function  
9 of making the dream of home ownership a reality true by providing home loans and title insurance to  
10 home buyers and sellers. As such, Prospective Intervenor's have a right to access judicial records under  
11 the First Amendment and common law.

12           6.       The public has a strong interest in seeing that lenders and title insurance companies are  
13 made whole and those who commit a fraud upon them are brought to justice because such actions  
14 directly impact the public's future acquisition of home loans and title insurance policies. As a part of  
15 the underwriting process, the cost of Defendants' and other fraudsters' actions eventually gets passed  
16 down to future policy holders in order to balance the losses, which is why it is so important for the  
17 public that Prospective Intervenors' have access to this Court's sealed documents in order to prove their  
18 case at trial. Prospective Intervenors' success in their civil trial not only ensures they are made whole,  
19 but also acts as a deterrent for future fraudsters.

20           7.       In furtherance of their criminal enterprise and racketeering activities, Defendants  
21 regularly used the County Recorder's Office, U.S. Bankruptcy Courts, and California Superior Courts  
22 to defraud Prospective Intervenors.

23           8.       Defendants also used email correspondence, telephone communications, websites  
24 connected to the criminal enterprise, U.S. wires, and the U.S. Mail to falsify information to induce  
25 lenders into making loans to "synthetic" borrowers. Defendants created websites and email addresses  
26 linked to phony businesses in order to provide employment references for synthetic buyers.

27           9.       Defendants further stole notary stamps or forged notary stamps that were identical to  
28

1 those of at least five real notary publics in order to create fraudulent deeds in the names of the synthetic  
2 persons. Defendants then recorded these fraudulent deeds with the county recorder to establish a  
3 purported chain of title, which WFG relied upon when issuing title insurance to Defendants and  
4 Novastar relied upon when making loans to the synthetic buyers.

5 10. After creating the synthetic identities, Defendants would falsify bank information,  
6 fabricate employment histories and phone numbers for false employers, manufacture credit information  
7 and/or other documents such as bank statements and tax returns to make the synthetic persons appear  
8 legitimate to induce Novastar and other lenders into making loans to the synthetic buyers.

9 11. Defendants created false escrow companies to make it appear as though the loan  
10 proceeds were wired into legitimate accounts. Defendants, however, would funnel the fraudulently  
11 obtained funds through shell companies and banking accounts owned by synthetic persons to perpetrate  
12 their fraud scheme against Prospective Intervenors.

13 12. Defendants created fraudulent identification cards and driver's licenses in the names of  
14 the synthetic identities in order to perpetrate their fraudulent activities.

15 13. Defendants utilized all of the aforementioned tactics to induce Novastar into making a  
16 six hundred thirty-seven-thousand-dollar (\$637,000) loan to a synthetic person for the purchase of real  
17 property located at 4628, 4628 ½ and 4630 Kingswell Avenue, Los Angeles, California ("Kingswell  
18 Property").

19 14. Defendants utilized the same plan or scheme to induce WFG into issuing title insurance  
20 on four separate properties over a span of 15 years: the Kingswell Property; 4836 Calhoun Ave.,  
21 Sherman Oaks, CA 91423; 2018 North Catalina St., Los Angeles, CA 90027; and 4050 Camino De La  
22 Cumbre, Sherman Oaks, CA 91423, resulting in \$2,169,221.00 in damages.

23 15. Novastar's case is set for bench trial on May 17, 2022 and WFG's case is set for trial on  
24 July 25, 2022.

25 16. Prospective Intervenors, like the Federal Government and United States Taxpayers, are  
26 victims of the same elaborate criminal fraud scheme perpetrated by the Criminal Defendants. As such,  
27 both the criminal action and civil actions share common questions of law and fact.  
28

1 17. If this court were to grant Prospective Intervenor's request to unseal trial exhibits and  
2 the exhibits submitted with the Government's Oppositions to Defendants' Motions to Suppress the  
3 Evidence obtained at Premises-1 and Premises-4 (Docket nos. 188 and 207), Prospective Intervenor  
4 would adhere to this Court's protective order and all documents currently under seal in this matter used  
5 in the civil actions would be submitted under seal to the Superior Court of California. Prospective  
6 Intervenor would ensure the privacy interests of third parties and Defendant's would remain protected.

7 18. Exhibit A is a true and correct copy of Novastar's cross-complaint filed on April 3, 2022  
8 in the Superior Court of California, County of Los Angeles – Stanley Mosk Courthouse, case number  
9 BC597238.

10 19. Exhibit B is a true and correct copy of WFG's Second Amended Complaint filed on  
11 February 11, 2021 in the Superior Court of California, County of Los Angeles – Stanley Mosk  
12 Courthouse, case number BC640157.

13 I declare under penalty of perjury under the laws of the State of California that the forgoing is  
14 true and correct. Executed on April 28, 2022, at Lake Forest, California.

15   
16 LORI C. HERSHORIN