THE UNITED STATES
DEPARTMENT of JUSTICE

United States Attorney's Office
Southern District of California

FOR IMMEDIATE RELEASE
September 15, 2026
justice.gov/usao-sdca

Contact: Kelly Thornton
Director of Media Relations
Kelly.Thornton@usdoj.gov

Twelve People Charged in $10 Million Home Daycare Fraud Schemes

SAN DIEGO – Twelve people are facing federal fraud charges after an investigation revealed that more than $10 million intended to help low-income families pay for childcare was instead funneled to bogus daycare providers.

In a coordinated takedown early Thursday morning, more than 250 federal, state and local law enforcement officials arrested all 12 defendants and executed 12 search warrants at homes in San Diego purported to be used as daycare facilities.

"These charges underscore a simple truth: anyone who steals from programs meant to support children will face swift and uncompromising accountability, said Assistant Attorney General Colin M. McDonald of the Justice Department's National Fraud Enforcement Division. "Fraud against these programs is an attack on vulnerable families, and law enforcement will continue to dismantle schemes that exploit them. I want to thank the prosecutors and agents in the Southern District of California whose relentless work exposed this scheme and ensured that those responsible are being held accountable."

"Today is a bad day for home daycare fraud," said U.S. Attorney Adam Gordon, "These are the first charges alleging this type of fraud since the formation of the National Fraud Enforcement Division. These fraudsters may have criminally gamed the system before. But today, the game is over."

"Programs that help families access childcare are intended to support children and working parents, not to enrich fraudsters," said Homeland Security Investigations Assistant Director Michael Krol. "HSI is proud to stand with our federal, state, and local partners to identify and disrupt schemes that steal taxpayer-funded benefits from the communities they are meant to serve. These arrests reflect our commitment to protecting public programs, safeguarding children, and holding accountable those who exploit systems designed to help vulnerable families."

"Today's takedown exposes a sprawling fraud scheme that siphoned more than $10 million from programs designed to help low-income families who depend on subsidized childcare. By following the money, IRS Criminal Investigation uncovered patterns of deceit that revealed twelve ghost daycare operations billing for children who were never present. This was not a victimless crime. It deprived working parents of critical support and eroded trust in programs meant to protect the most vulnerable in our communities. We remain steadfast in our commitment to safeguarding federal funds and ensuring that those who exploit public programs for personal gain are held fully accountable," said IRS Criminal Investigation Chief Jarod Koopman.

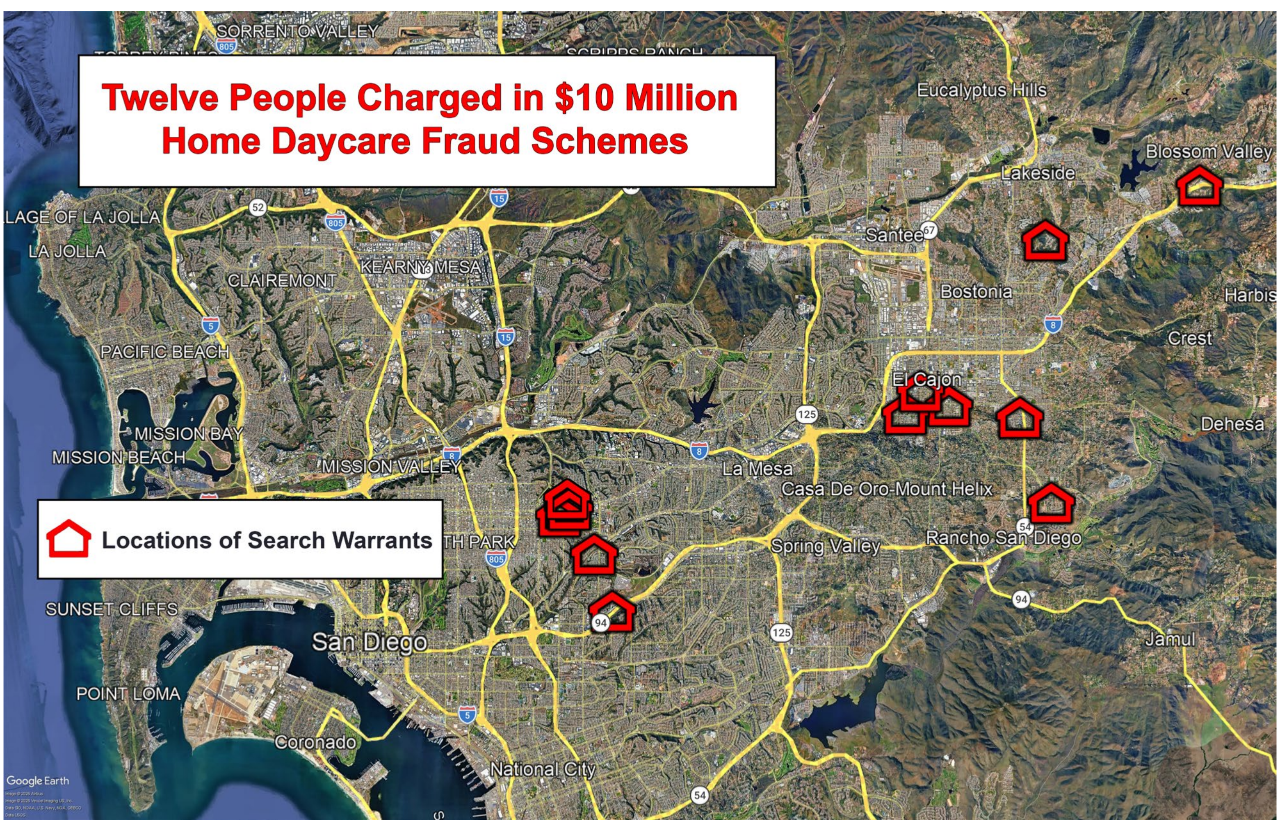
“Shameless attempts to steal taxpayer-funded childcare funds for personal gain endanger support for some of our nation’s most vulnerable children,” said Special Agent in Charge Robb R. Breeden of the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG). “Working alongside our law enforcement partners, HHS-OIG will continue to pursue these schemes relentlessly to protect these funds and the families who depend on them.”

The U.S. Department of Health and Human Services provides federal funding to California to help low-income families pay for childcare. In San Diego County, the County of San Diego, Child Development Associates (CDA), and the YMCA administer childcare subsidy programs.
When CDA or the YMCA determines that a family qualifies for subsidized childcare, the organizations pay the eligible childcare provider directly after the provider submits required monthly attendance records documenting the care provided. The records must be signed by both the provider and parent under penalty of perjury and include the dates and times children are in care.

California law also requires licensed childcare providers to be present and ensure that children are supervised at all times, except for limited temporary absences when a qualified substitute is present.

While the 12 federal complaints are unrelated, the scheme was essentially the same: Defendants obtained a California license to operate a home childcare facility and registered with Child Development Associates (CDA) and the YMCA to provide subsidized childcare to eligible families. To receive government-funded payments, the defendants were required to submit monthly attendance records accurately documenting the dates and times they provided care to each child.

Instead, the defendants knowingly submitted false attendance records claiming they provided childcare on dates and at times when they did not. They also falsely certified, under penalty of perjury, that the information was true and correct. CDA and the YMCA relied on those fraudulent records and issued payments with federal funds intended to pay for childcare actually provided to low-income families.



The complaints describe how surveillance recordings of the defendants' licensed facilities conflicted with what the defendants claimed in their attendance records. For example, Abdulrahman Ayman Alawad submitted attendance records claiming to have provided childcare to 23 children in March 2026 and 25 children April 2026, and that he provided childcare every day of those two months. But surveillance recordings covering 57 days of those months showed children entering or exiting Alawad's facility on just one day—coincidentally, the day a state inspector showed up for an unannounced inspection, when children and Alawad himself arrived at the facility after the inspector arrived.

Additionally, Alawad and several other defendants submitted attendance records claiming to have provided childcare at their homes when border crossing records shows they were not even in the United States. For example, according to a complaint charging Turkiya Mamdouh Alawad, border crossing records show that she departed the United States on or about on January 1, 2024, and returned to the United States around January 30, 2024. Despite not being in the United States, Alawad submitted attendance records to CDA and YMCA for the month of January 2024 and afterwards received eight direct deposits from CDA and YMCA that totaled $14,970.00 in February 2024.

It's a lucrative scam, the complaints indicate. Each defendant brought in between $538,000 and $1.2 million during various time periods that range from months to years. According to the complaints, Alawad received over $300,000 in payments from San Diego County, CDA, and YMCA in 2025 alone, and several defendants have each received over $1 million in payments in the course of their respective schemes.

This case is being prosecuted by Assistant U.S. Attorney Eric R. Olah, with prior assistance from Deputy Assistant Attorney General Siddharth Dadhich (National Fraud Enforcement Division) Assistant U.S. Attorney Oleksandra Johnson, Trial Attorney Sarah Fix (Antitrust Division).

<u>DEFENDANTS</u>

1. **Fosiya Mohamoud** **26-mj-05074**
   Age: 50 City of Residence: El Cajon, CA

2. **Abdulrahman Alawad** **26-mj-05174**
   Age: 25 City of Residence: El Cajon, CA

3. **Zetun Abdi** **26-mj-05184**
   Age: 43 City of Residence: San Diego, CA

4. **Ikramullah Mohmmand** **26-mj-05185**
   Age: 25 City of Residence: El Cajon, CA

5. **Khetam Haouash** **26-mj-05187**
   Age: 37 City of Residence: El Cajon, CA

6. **Khatera Hashimi** **26-mj-05188**
   Age: 39 City of Residence: El Cajon, CA

7. **Mariam Khamis** **26-mj-05189**
   Age: 42 City of Residence: San Diego, CA

8. **Mohamad Alawad** **26-mj-05190**

Age: 29	City of Residence: San Diego, CA	
9. **Mazin Alawad**		**26-mj-05191**
Age: 22	City of Residence: San Diego, CA	
10. **Turkiya Alawad**		**26-mj-05194**
Age: 63	City of Residence: San Diego, CA	
11. **Zaryab Daudzai**		**26-mj-05195**
Age: 25	City of Residence: El Cajon, CA	
12. Cezar Yaqoob		**26-mj-05215**
Age: 36	City of Residence: El Cajon, CA	

SUMMARY OF CHARGES

Wire Fraud – Title 18, U.S.C., Section 1343
Maximum penalty: Twenty years in prison and $500,000 fine

*Money Laundering – Title 18, U.S.C., Section 1957
Maximum penalty: Twenty years in prison and $500,000 fine

*While defendants are charged with wire fraud, not all are charged with money laundering.

INVESTIGATING AGENCIES

Homeland Security Investigations
IRS-Criminal Investigation
Health and Human Services Office of Inspector General
San Diego County Sheriff's Office
El Cajon Police Department

*The charges and allegations contained in an indictment or complaint are merely accusations, and the defendants are considered innocent unless and until proven guilty.

This investigation is part of the Homeland Security Task Force (HSTF) initiative established by Executive Order 14159, Protecting the American People Against Invasion. The HSTF is a whole-of-government partnership dedicated to eliminating criminal cartels, foreign gangs, transnational criminal organizations, and human smuggling and trafficking rings operating in the United States and abroad. Through historic interagency collaboration, the HSTF directs the full might of United States law enforcement towards identifying, investigating, and prosecuting the full spectrum of crimes committed by these organizations, which have long fueled violence and instability within our borders. In performing this work, the HSTF places special emphasis on investigating and prosecuting those engaged in child trafficking or other crimes involving children. The HSTF further utilizes all available tools to prosecute and remove the most violent criminal aliens from the United States. HSTF San Diego comprises agents and officers from FBI, Homeland Security Investigations, DEA, ATF, U.S. Marshals, Department of Defense, U.S. Postal Inspection Service, Naval Criminal Investigative Service, IRS Criminal Investigation, U.S. Coast Guard, U.S. Customs and Border

Protection and Interpol, with the prosecution being led by the United States Attorney’s Office for the Southern District of California.

On April 7, the Department of Justice announced the creation of the National Fraud Enforcement Division ('Fraud Division'). The Fraud Division is laser-focused on investigating and prosecuting those who commit fraud against the American people. The Department’s work to combat fraud supports President Trump’s Task Force to Eliminate Fraud, a whole-of-government effort chaired by Vice President J.D. Vance to eliminate fraud, waste, and abuse within Federal benefit programs.