

PMJ  
8-19-2010

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MARYLAND**

**UNITED STATES OF AMERICA**

v.

**CLIFFORD MICHAEL SEIBERT, and  
MODULAR HOMES WHOLESALER, INC.**

**Defendants.**

FILED  
U.S. DISTRICT COURT  
DISTRICT OF MARYLAND  
Criminal No. RDB-10-0505

2010 AUG 19 P 5 07  
(Wire Fraud, 18 U.S.C. § 1343;  
Forfeiture, 18 U.S.C. § 981(a)(1)(C))  
CLERK'S OFFICE  
AT BALTIMORE

BY \_\_\_\_\_ ATTORNEY

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**INDICTMENT**

**COUNTS ONE AND TWO**  
(Wire Fraud)

The Grand Jury for the District of Maryland charges that:

**INTRODUCTION**

At all times relevant to this Indictment:

1. **CLIFFORD MICHAEL SEIBERT** was the sole shareholder in, and was president of, **MODULAR HOMES WHOLESALER, INC.** ("**MODULAR HOMES**"), a business incorporated under the laws of the State of Maryland and located at 10 Pintail Drive, Berlin, Maryland.

2. **MODULAR HOMES** arranged the construction of pre-fabricated modular homes and also arranged the delivery of the homes, upon completion, to specified locations.

**MODULAR HOMES** had account # \*\*\*\*\*5595 at the Bank of Ocean City, Ocean Pines, Maryland; **SEIBERT** was the sole signatory on this account.

3. SunTrust Mortgage ("**SunTrust**") was a mortgage lending company whose principal place of business was in Richmond, Virginia. SunTrust made loans to purchasers of residential real estate, secured by the real estate, and refinanced loans for owners of residential

real estate. As part of the loan approval process, SunTrust required a prospective borrower to fill out a loan application that provided truthful information concerning the applicant's current employment, assets, and monthly income.

4. SunTrust also offered construction mortgage loans to purchasers of residential real estate. These loans, referred to as "construction permanent" loans, or "C/P loans", allowed borrowers to secure financing to build a home at the same time that they borrowed funds to purchase real estate. SunTrust permitted prospective borrowers interested in securing a C/P loan to submit one combined loan application requesting the total amount of funds required.

5. A SunTrust underwriter reviewed and assessed the information provided on the loan application, which was material to SunTrust's decision to approve and fund the requested loan. With respect to C/P loans, SunTrust personnel also reviewed and approved the draw schedule, which was a document describing the builder's proposed plan for completing the project in various stages and receiving progress payments upon the completion of each stage.

5. Once a borrower's C/P loan was approved and the real estate transaction completed settlement, SunTrust maintained the borrower's construction funds in an escrow account. Apart from agreed-upon up-front costs that generally were provided at settlement, SunTrust typically did not disburse any funds to a builder until he secured the necessary building permits.

6. Personnel in SunTrust's construction administration division disbursed these funds in accordance with the approved draw schedule. Once the builder completed a particular task on the draw schedule, he submitted a draw request to SunTrust requesting payment. Unless the borrower expressly requested otherwise, SunTrust wired construction escrow funds directly to the borrower, not to the builder.

**THE SCHEME TO DEFRAUD**

7. From in or about at least June 2006 until in or about at least October 2006, in the District of Maryland, the defendants,

**CLIFFORD MICHAEL SEIBERT**  
**and**  
**MODULAR HOMES WHOLESALER, INC.,**

knowingly and willfully devised and intended to devise a scheme and artifice to defraud SunTrust Mortgage and to obtain money and property, namely \$363,808, more or less, by means of material false and fraudulent pretenses, representations, and promises, as further described below.

**BACKGROUND TO THE SCHEME TO DEFRAUD**

8. In late 2005 or early 2006, a mortgage loan originator associated with Company A contacted **SEIBERT** to arrange for the construction and delivery of a modular home to Lot #1, Rexwood Drive, Glen Rock Borough, Pennsylvania ("Lot #1"), on behalf of Company A's client, P.H.

9. **SEIBERT** formulated a draw schedule for the construction, delivery, and completion of P.H.'s modular home. **SEIBERT** provided this draw schedule to Company A for submission to SunTrust, which relied upon it in approving P.H.'s C/P loan. According to the draw schedule, SunTrust would pay **MODULAR HOMES** a percentage of the loan funds as various stages of completion were reached in the construction and delivery of P.H.'s home. **SEIBERT** listed the total price of all services related to the modular home as \$363,808.

10. **SEIBERT** was mailed a check representing \$36,380.80 in SunTrust funds after the June 14, 2006 settlement for P.H.'s purchase of Lot #1, in line with the approved draw schedule and as reflected on the transaction's Settlement Statement, or Form HUD-1. **SEIBERT** was

supposed to use these funds to begin work on P.H.'s project, including preparing the land for construction and delivery of a modular home.

**THE MANNER AND MEANS OF THE SCHEME TO DEFRAUD**

11. It was a part of the scheme and artifice to defraud that in the weeks after the June 14, 2006 closing on Lot #1, **SEIBERT** undertook little work, if any, to prepare the land for construction.

12. It was further a part of the scheme and artifice to defraud that on or about August 7, 2006, **SEIBERT** signed a disbursement authorization form requesting that funds from the construction escrow account be wired directly into the **MODULAR HOMES** bank account owned by **SEIBERT**, rather than to the borrower, P.H.

13. It was further a part of the scheme and artifice to defraud that, shortly thereafter, **SEIBERT** falsely advised personnel in SunTrust's construction administration division that Glen Rock Borough would not issue a building permit until after the foundation for P.H.'s modular home was poured. **SEIBERT** said this in order to persuade SunTrust to exempt him from the company's general policy of paying for construction work only after receiving proof of an approved building permit.

14. It was further a part of the scheme and artifice to defraud that in early August 2006, **SEIBERT** requested a draw of \$19,800 from SunTrust for having completed the clearing and filling of Lot #1, when such work had not yet been undertaken. Later that month, SunTrust authorized the payment to **SEIBERT** and **MODULAR HOMES**.

15. It was further a part of the scheme and artifice to defraud that **SEIBERT** then contacted SunTrust and falsely informed the company that the construction project had overrun in cost, due to requirements allegedly imposed by Lot #1's community development association.

**SEIBERT** informed SunTrust that the association was demanding that substantial engineering work be done, which required P.H. to borrow additional funds. In fact, the community development association had made no such engineering demands.

16. It was further a part of the scheme and artifice to defraud that SunTrust, in response to **SEIBERT'S** false representation, initiated a process for increasing the amount of P.H.'s C/P loan. A person known to the Grand Jury and apparently associated with Company A supplied SunTrust with a new loan application in P.H.'s name, upon which SunTrust relied in eventually deciding to authorize an increase in P.H.'s loan by \$17,440.

17. It was further a part of the scheme and artifice to defraud that on or about August 30, 2006, **SEIBERT** submitted a "change order" to SunTrust requesting an advance payment in the amount of \$18,575 for various additional costs that allegedly would be incurred to meet the demands of Lot #1's community development association. Based on **SEIBERT'S** false representations, SunTrust agreed in late October 2006 to fund \$16,675 of this request.

**THE CHARGE**

18. On or about the following dates, in the District of Maryland and elsewhere,

**CLIFFORD MICHAEL SEIBERT  
and  
MODULAR HOMES WHOLESALER, INC.,**

the defendants herein, for the purposes of executing the scheme and artifice to defraud and attempting to do so, knowingly and willfully caused to be transmitted in interstate commerce by means of wire communication certain signs and signals, to wit, the wire transfers set forth below:

COUNT	DATE	DESCRIPTION OF WIRE TRANSMISSION
1	August 22, 2006	Wire transfer in the amount of \$19,800.00, representing payment for the purported completion of lot clearing and back filling of Lot #1, Rexwood Drive, Glen Rock Borough, Pennsylvania, from SunTrust Mortgage, Richmond, Virginia, to Account # *****5595 at the Bank of Ocean City, Ocean Pines, Maryland.
2	October 20, 2006	Wire transfer in the amount of \$16,675.00, representing advance payment for costs allegedly to be incurred to meet the demands of Lot #1's community development association, from SunTrust Mortgage, Richmond, Virginia, to Account # *****5595 at the Bank of Ocean City, Ocean Pines, Maryland.

18 U.S.C. § 1343

**FORFEITURE ALLEGATION**

The Grand Jury further finds that:

1. Pursuant to 18 U.S.C. Section 981(a)(1)(C) and 28 U.S.C. Section 2461(c), upon conviction of an offense in violation of 18 U.S.C. § 1343, as alleged in Counts One and Two, the defendants shall forfeit to the United States of America all property, real and personal, which constitutes and is derived from proceeds traceable to the scheme to defraud.

2. The property to be forfeited includes, but is not limited to, the following:

- a. A sum of money equal to the value of the proceeds of the scheme to defraud, which amount is at least \$363,808.

3. If any of the property described above, as a result of any act or omission of the defendants:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

18 U.S.C. § 981(a)(1)(C); 28 U.S.C. § 2461(c); Rule 32.2(a), F.R.Crim.P.

Rod J. Rosenstein / SJR  
ROD J. ROSENSTEIN  
UNITED STATES ATTORNEY

A TRUE BILL:

**SIGNATURE REDACTED**

...person /

8/19/10  
Date