

FILED

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

NOV - 7 2007

Clerk, U.S. District Court
By: K. [Signature] Deputy Clerk

UNITED STATES OF AMERICA)
)
Plaintiff,)
)
v.)
)
WILDOR WASHINGTON, JR,)
aka "Bill" Washington,)
MAURICE RAGLAND,)
VICTORIA BENNETT,)
aka "Ima" Bennett,)
KARA E. ROBINSON-FRANKS,)
SCOTT ALEXANDER)
and)
TERRENCE COLE,)
aka "Terry" Cole,)
)
Defendants.)

Case No. 07-20154-01-02-03-04-05-06 JWJ/DJW

INDICTMENT

The Grand Jury charges that at all times relevant to the charges in this Indictment:

INTRODUCTION

1. WILDOR "BILL" WASHINGTON, JR., ("Washington"), owned, was a partner in, and controlled various business entities located in the State of Kansas and elsewhere that were involved in the mortgage brokerage business including Heritage Financial Investments ("Heritage"), Legacy Enterprises ("Legacy"), B&L Custom Development, and Liberty Escrow. Heritage and Legacy were engaged in the business of brokering mortgage loans by preparing loan applications for submission to various lenders throughout the United States including but not limited to Hamilton Mortgage in Phoenix, Arizona; First Magnus in Overland Park, Kansas; Aegis Funding Corporation in Houston, Texas; National

City Mortgage in Dayton, Ohio; Mortgage Solutions in Kansas City, Missouri; ABN Amro in Ann Arbor, Michigan; and Countrywide Home Loans in Overland Park, Kansas. WASHINGTON represented that B&L Custom Development was in the business of providing building and remodeling services and on occasion employees of Heritage and Legacy prepared loan applications that included funds for the renovation of homes being purchased by buyers using Heritage and Legacy as their mortgage brokers. Liberty Escrow was in the business of closing loans obtained by Heritage and Legacy, and receiving and disbursing loan proceeds;

2. MAURICE RAGLAND, ("Ragland"), and other conspirators known to the Grand Jury owned and controlled appraisal companies known as T.E.R.M. Appraisers, The Real Estate Group and J.T.F. Enterprises, which companies provided false and fraudulent property appraisal reports to Heritage and Legacy that were used to secure residential mortgage loans.

3. VICTORIA "Ima" BENNETT, ("Bennett"), worked as a loan processor for WASHINGTON.

4. KARA E. ROBINSON-FRANKS, ("Robinson-Franks"), held herself out to be a real estate agent, Vice-President of Operations and Vice-President of Human Resources for Heritage Financial Investments and Legacy Enterprises, and was the buyer of record of several residences brokered by WASHINGTON and SCOTT ALEXANDER;

5. TERRENCE "Terry" COLE ("Cole"), was the Chief Financial Officer for Legacy Enterprises and was the Treasurer of Liberty Escrow. On occasion he also acted as the mortgage broker for those businesses;

6. SCOTT ALEXANDER, ("Alexander"), a licensed mortgage broker, owned and controlled Atlantic Mortgage, and for a fee he would process real estate loans for the defendants and their co-conspirators because neither WASHINGTON nor any of his employees and business partners possessed a valid brokerage license as required by State law.

COUNT ONE

THE CONSPIRACY

7. During the period from in or about January, 2002, and continuing until in or about January, 2004, the exact dates being unknown, in the District of Kansas and elsewhere, the defendants,

**WILDOR "Bill" WASHINGTON, JR,
MAURICE RAGLAND,
VICTORIA "Ima" BENNETT,
KARA E. ROBINSON-FRANKS,
SCOTT ALEXANDER
and
TERRENCE "Terry" COLE,**

knowingly and willfully combined, conspired confederated and agreed with each other and with other persons known and unknown to the Grand Jury to commit and to conceal offenses against the United States, by:

- A. voluntarily and intentionally devising and executing and attempting to execute by interstate wire a scheme and artifice to defraud lenders and obtain money and other property by means of false and fraudulent pretenses, representations, omissions of material fact, in violation of Title 18, United States Code, Sections 1343 and 2; and
- B. knowingly, willfully and unlawfully engaging in monetary transactions in property derived from specified unlawful activity in violation of Title 18, United States Code, Section 1956(h) and 2

OBJECT OF THE CONSPIRACY AND MANNER AND MEANS

8. The object of the conspiracy and scheme to defraud was to enrich the conspirators by submitting materially false and fraudulent loan applications to obtain artificially oversized home loans from financial institutions and other lenders.

9. It was part of the conspiracy and in furtherance of it that the conspirators would submit and cause to be submitted to lenders loan applications, supporting documents and property appraisals which they knew contained false and fraudulent material statements and representations to obtain money and funds. The conspirators also caused and aided and abetted the transfer of all or part of the loan proceeds to bank accounts controlled by themselves and other conspirators known and unknown to the Grand Jury so that the funds would be available for the conspirators' own use.

10. During the course of the conspiracy, the conspirators would target borrowers, often low-income individuals or those lacking knowledge of or experience with the real estate industry, who were in need of money or were seeking to purchase a home. The conspirators would convince the borrowers to apply for real estate loans or refinancing by promising them that a loan could be obtained for them regardless of their credit rating and financial situation. The conspirators failed to disclose to the borrowers that the loans would be obtained through the use of fraudulently inflated real estate appraisals and false financial information, omitting that material information. Additionally, at or near the time of closing, the conspirators would frequently impose excessive and unexpected loan origination fees and higher interest rates on the borrowers. The conspirators would process those loans through various entities owned or controlled by one or more of the conspirators.

11. Many of the appraisal reports submitted to the various lenders contained false and fraudulent material statements including inflated property values, false supporting documents and the forged signatures of licensed appraisers whose identities had been stolen. The conspirators obtained the identity of licensed appraisers by searching internet web sites for legitimate appraisers and appropriating their identifying information and legitimate state license numbers found on those sites. Additionally, the conspirators, using a "cut and paste" method, appropriated the names, license numbers and signatures of legitimate appraisers which were then transferred to false appraisal reports. The conspirators also created fictitious identities and license numbers for non-existent appraisers and used those identities on appraisal reports, falsely and fraudulently representing that the fictitious people had prepared appraisals. Thereafter, those false and fraudulent appraisals were submitted to lenders. Additionally, several of the conspirators used the identities of their co-conspirators on the fraudulent appraisal forms and would allow their own identities to be used on the appraisal forms to disguise the nature and extent of their own and the other conspirators' involvement in the scheme and artifice to defraud.

12. It was part of the conspiracy that the conspirators themselves would act as home buyers and submit loan applications to lenders in order to obtain loans for the purchase of residential real estate. Many of those loan applications contained false material statements including inflated income and asset information, falsely stated the identity of the appraiser who prepared the property appraisal and falsely stated the intended use of the property being purchased.

13. Many of the fraudulent appraisal reports and loan applications were submitted by the conspirators to the lenders via wire transmissions. After the fraudulent loans were closed, the loan proceeds were transported across state lines via wire transfers or by mail carriers and some of those proceeds were disbursed to the conspirators to facilitate the on-going criminal activities of the conspirators.

D. OVERT ACTS

It was part of the conspiracy and in furtherance of it that the defendants committed and caused to be committed and aided and abetted the following overt acts:

In or about January, 2002, the exact date unknown, a contract was executed by WASHINGTON and ALEXANDER which provided that ALEXANDER, through Atlantic Mortgage, would process loans originated by Heritage Financial Investments, Inc. for a fee of \$500 per loan which enabled WASHINGTON to process mortgage applications through Heritage and Legacy using the mortgage broker's license issued to ALEXANDER, thereby disguising and concealing from lenders the fact that none of WASHINGTON'S mortgage brokerage businesses possessed a valid mortgage broker's license;

24XX Olive Kansas City, Missouri

On or about August 15, 2003, ALEXANDER, WASHINGTON and other persons known and unknown to the Grand Jury, aided and abetted and caused the preparation of a Uniform Residential Appraisal Report for the refinancing of a residence at 24XX Olive, Kansas City, MO, which the defendants knew contained false and fraudulent statements and representations including a false representation that the market value of the property was \$63,000 and a false representation that the supervisory appraiser was John Golden,

III;

**15XX Cleveland
Kansas City, Kansas**

On or about September 2, 2003, ALEXANDER, WASHINGTON and other persons known and unknown to the Grand Jury, aided and abetted and caused the preparation of a Uniform Residential Appraisal Report for the refinancing of a residence at 15XX Cleveland, Kansas City, KS, which the defendants knew contained false and fraudulent statements and representations including a false representation that the market value of the property was \$57,000 and a false representation that the supervisory appraiser was John Golden, III;

**40XX College
Kansas City, Missouri**

On or about September 24, 2003, ALEXANDER, WASHINGTON, BENNETT and ROBINSON-FRANKS and other persons known and unknown to the Grand Jury, aided and abetted and caused the preparation of a Uniform Residential Appraisal Report for the refinancing of a residence at 40XX College, Kansas City, MO, which the defendants knew contained false and fraudulent statements and representations including a false representation that the market value of the property was \$90,000 and a false representation that the supervisory appraiser was Matt Woods;

**78XX W. 155th Terrace
Overland Park, Kansas**

On or about October 2, 2003, ROBINSON-FRANKS, COLE, WASHINGTON, ALEXANDER and other persons known and unknown to the Grand Jury, aided and abetted and caused the preparation of a Uniform Residential Loan Application for the purchase by

ROBINSON-FRANKS of a residence located at 78XX W. 155th Terrace, Overland Park, KS, which the defendants knew contained false and fraudulent representations including a representation that ROBINSON-FRANKS earned \$14,000 per month when in truth and fact she did not earn the amount represented in the application;

**5XX Sharon Drive
Liberty, Missouri**

On or about October 2, 2003, RAGLAND, ALEXANDER and WASHINGTON prepared and caused the preparation of a Uniform Residential Appraisal Report for the refinance by Neil Minor of a residence at 5XX Sharon Drive, Liberty, MO, which the defendants knew contained false and fraudulent representations including a market value of \$182,000 on the residence and the representation that the appraisal had been prepared by Matthew Woods when in truth and fact, the defendants knew that the valuation had been substantially inflated and that Matt Wood had not prepared the appraisal;

On or about October 31, 2003, WASHINGTON provided to Neil Minor a "lulling letter" which falsely represented that "because of extenuating circumstances that occurred with your loan, we will refinance you again in six to nine months, leaving you responsible for only the title company fees and the lender fees. There will be no loan origination fee remitted to our company from you. In addition, Legacy will also pay for the credit repair service that you will be enrolled in." WASHINGTON provided the letter to the borrower to induce him to close on the loan under terms that were significantly different and more costly to the borrower than those originally promised by the defendants.

**44XX Virginia
Kansas City, Missouri**

On or about October 29, 2003, WASHINGTON, ALEXANDER and other persons known to the Grand Jury prepared and caused the preparation of a Uniform Residential Appraisal report for the purchase by Sebina Tanner of property located at 44XX Virginia, Kansas City, MO, that the defendant knew contained false and fraudulent statements, and representations including representations that the value of the property was \$60,000 and that Matthew Woods was the supervisory appraiser for the valuation when in truth and fact the defendants knew that the appraisal had been substantially inflated and that Matthew Woods had not reviewed or signed the appraisal form;

**46XX W. 146 Street
Leawood, Kansas**

On or about October 24, 2003, ROBINSON-FRANKS, BENNETT, COLE, and WASHINGTON, aiding and abetting each other, prepared and submitted to Wells Fargo a Uniform Residential Loan Application and a Form W-2 Wage and Tax Statement for the purchase by ROBINSON-FRANKS of property located at 46XX W. 146th Street, Leawood, KS, knowing that each document contained false and fraudulent representations including representations that ROBINSON-FRANKS earned \$21,500 per month/\$258,000 during tax year 2002 working for Heritage Financial Investments as its Vice-President of Human Resources and further submitted and caused the submission of false and fraudulent pay stubs purportedly verifying the stated income, when in truth and fact each of the conspirators knew that ROBINSON-FRANKS did not work for Heritage and did not earn the amount of income stated on the false W-2 form;

On or about October 27, 2003, ROBINSON-FRANKS, BENNETT, COLE, and WASHINGTON, aiding and abetting each other prepared and submitted to Mortgage Solutions a Uniform Residential Loan Application and a Form W-2 Wage and Tax statement which falsely and fraudulently represented that ROBINSON-FRANKS earned \$256,500 during tax year 2001 working for Heritage Financial Investments as its Vice-President of Operations, when in truth and fact each of the conspirators knew that she did not work for Heritage and did not earn the amount of income stated on the false loan application and W-2 Form;

On or about November 20, 2003, ROBINSON-FRANKS, BENNETT, ALEXANDER, WASHINGTON and another conspirator known to the Grand Jury, aiding and abetting each other prepared and submitted to First Magnus a Uniform Residential Loan Application which falsely and fraudulently represented that ROBINSON-FRANKS earned \$21,958 per month working for Legacy Enterprises as a real estate agent, when in truth and fact each of the conspirators knew that she did not work for Legacy and did not earn the amount of income stated on the false loan application;

On or about December 16, 2003, ROBINSON-FRANKS, BENNETT, WASHINGTON and another person known to the Grand Jury, aiding and abetting each other prepared and submitted to Countrywide Home Loans a Uniform Residential Loan Application which falsely and fraudulently represented that ROBINSON-FRANKS had income amounting to \$24,403 per month (\$292,836 per year), when in truth and fact each of the conspirators knew ROBINSON-FRANKS did not have income in that amount in 2003;

**124XX East 58th Street
Kansas City, Missouri**

On or about November 12, 2003, ALEXANDER, WASHINGTON, ROBINSON-FRANKS, COLE and other conspirators known to the Grand Jury aided and abetted and caused the preparation and submission to Legacy of two appraisal on a residence owned by a co-conspirator, located in the 124XX East 58th Street in Kansas City, MO, knowing that the value of the residence in each appraisal had been significantly inflated and that the signature of the supervisory appraiser had been forged on the documents and knowing that each appraisal would be sent to Hamilton Mortgage as part of a packet of loan documents needed to secure a mortgage loan on the property;

On or about December 1, 2003, WASHINGTON, ALEXANDER, ROBINSON-FRANKS and COLE caused loan proceeds from the refinancing of the residence at 124XX East 58th Street, Kansas City, MO, in the amount of \$198,266 to be transferred by wire to the bank account of Atlantic Mortgage at US Bank and thereafter, ALEXANDER deducted \$1,000 for his own use representing payment by the co-conspirators for his participation in the fraudulent loan transaction;

As additional overt acts, the Grand Jury incorporates by this reference all of the allegations set forth in Counts Two through Eleven of the Indictment as though fully set forth at this point;

As a result of the execution of the conspiracy to commit wire fraud, the defendants induced lenders to fund loans in excess of \$14,000,000.

All in violation of Title 18, United States Code, Section 371.

COUNTS TWO through EIGHT

The Grand Jury incorporates by this reference all of the allegations contained in Paragraphs 1 through 6 of the Introduction of this Indictment as though fully set forth at this point.

PURPOSE OF THE SCHEME AND ARTIFICE

Between, in or about January, 2002, and in or about January, 2004, in the District of Kansas and elsewhere, the defendants,

**WILDOR "Bill" WASHINGTON, JR,
MAURICE RAGLAND,
VICTORIA "Ima" BENNETT,
KARA E. ROBINSON-FRANKS,
SCOTT ALEXANDER
and
TERRENCE "TERRY" COLE,**

aiding and abetting each other and others known to the Grand Jury, devised a scheme and artifice to defraud and for obtaining money and property by means of material false and fraudulent pretenses, representations and promises for the purpose of enriching the conspirators by submitting materially false and fraudulent loan applications to obtain home loans from lenders. The conspirators caused and aided and abetted the transfer of all or part of the loan proceeds to bank accounts controlled by members of the conspiracy so that the funds would be available for the conspirators' own use.

THE SCHEME AND ARTIFICE

The conspirators would target borrowers, often low-income individuals or those lacking knowledge of or experience with the real estate industry, who were in need of money or were seeking to purchase a home. The conspirators would convince the borrows

to apply for real estate loans or refinancing by promising them that a loan could be obtained for them regardless of their credit rating and financial situation. The conspirators failed to disclose to the borrowers that the loans would be obtained through the use of fraudulently inflated real estate appraisals and false financial information, omitting that material information. Additionally, at or near the time of closing, the conspirators would impose excessive and unexpected loan origination fees and higher interest rates on the borrowers. The conspirators would process those loans through various entities owned or controlled by one or more of the conspirators.

Many of the appraisal reports and other documents were submitted to the various lenders by interstate wire and contained material false and fraudulent statements including inflated property values, false supporting documents and the forged signatures of licensed appraisers whose identities had been stolen. The conspirators obtained the identity of licensed appraisers by searching internet web sites for legitimate appraisers and appropriating their identifying information and legitimate state license numbers found on those sites. Additionally, the conspirators, using a "cut and paste" method, appropriated the names, license numbers and signatures of legitimate appraisers which were then transferred to false appraisal reports. The conspirators also created fictitious identities and license numbers for non-existent appraisers and used those identities on appraisal reports, falsely and fraudulently representing that the fictitious people had prepared appraisals. Additionally, several of the conspirators used the identities of their co-conspirators on the fraudulent appraisal forms and would allow their own identities to be used on the appraisal forms to disguise the nature and extent of their own and the other conspirators' involvement in the scheme and artifice to defraud. Thereafter, those false and fraudulent

appraisals were submitted, often by interstate wire transfer, facsimile, to lenders.

It was part of the conspiracy that the conspirators themselves would act as home buyers and submit loan applications to lenders in order to obtain loans for the purchase of residential real estate. Many of those loan applications contained material false statements including inflated income and asset information, falsely stated the identity of the appraiser who prepared the property appraisal and falsely stated the intended use of the property being purchased.

The fraudulent appraisal reports and loan applications were submitted by the conspirators to the lenders via wire transmissions and documents necessary to complete the loan transaction were sent and received by the conspirators via wire transmissions.

THE WIRE TRANSFERS

On or about the dates listed below, in the District of Kansas and elsewhere, the defendants listed below, for the purpose of executing and attempting to execute the scheme and artifice to defraud did unlawfully transmit and cause to be transmitted by means of wire in interstate commerce, writings, signs, signals and pictures for the purpose of executing such scheme and artifice, that is:

Count & Date	Defendant(s)	Buyer/ Property	Material Transmitted	From/To
Count 2 10/01/2003	Wildor Washington, Jr. Scott Alexander	24XX Olive Kansas City, MO	Loan application	Kansas (913-390-6801) to Missouri (816-228-269X)

Count 3 10/15/2003	Wildor Washington, Jr. Scott Alexander	Sebina Tanner 44XX Virginia Kansas City, MO	Payoff Demand via facsimile from B&L Custom Development to Success Mortgage falsely claiming a balance due of \$29,500 for renovation work allegedly performed on the residence at 44XX Virginia	Kansas (913-390-6801) to Nebraska (402-486-3454)
Count 4 11/06/2003	Wildor Washington, Jr. Maurice Ragland Scott Alexander	Neil Minor 5XX Sharon Drive Liberty, MO	Wire transfer of loan proceeds in the amount of \$145,011.46	From Bank of New York City to Liberty Escrow account at UMB Bank in Olathe, Kansas
Count 5 11/05/2003	Kara Robinson-Franks Wildor Washington, Jr. Scott Alexander Victoria Bennett Terrence Cole	Kara Robinson- Franks 46XX W. 146 th Street Leawood, KS	Loan Application via facsimile	Kansas (913-390-6801) to Missouri (816-690-8127)
Count 6 11/20/2003	Kara Robinson-Franks Scott Alexander Wildor Washington, Jr. Victoria Bennett	Kara Robinson- Franks 46XX W. 146 th Street Leawood, KS	HUD 1 Settlement Statement via facsimile	Kansas (913-652-6985) to Missouri (816-459-8912)
Count 7 11/26/2003	Wildor Washington, Jr. Scott Alexander Kara Robinson-Franks Terrence Cole	Leslie Saunders 124XX E. 58 th Street Kansas City, MO	Wire transfer of loan proceeds in the amount of \$199,620.65	from Bank One in Chicago, Illinois to the bank account of Liberty Escrow at UMB Bank in Olathe, Kansas

Count 8 12/10/2003	Kara Robinson-Franks Wildor Washington, Jr. Scott Alexander Victoria Bennett	Kara Robinson- Franks 46XX W. 146 th Street Leawood, KS	Letter via facsimile from Franks- Robinson to Countrywide Home Loans c/o Legacy Enterprises regarding her employment	Missouri (816-251-3100) to Kansas (913-390-6801)
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COUNTS NINE THROUGH ELEVEN

On or about the dates listed below in the District of Kansas and elsewhere, the defendants listed below aiding and abetting each other and others known and unknown to the Grand Jury did knowingly and willfully conduct, attempt to conduct and cause a financial transaction to be conducted as described below affecting interstate and foreign commerce, which transaction involved the proceeds of a specified unlawful activity, that is wire fraud in violation of Title 18, United States Code, Sections 1343 and 2, with the intent to promote the carrying on of specified unlawful activity, to wit: wire fraud, and knowing that the transaction was designed in whole or in part to conceal and disguise the nature, location source, ownership and control of a specified unlawful activity, that is wire fraud in violation of Title 18, United States Code, Sections 1343 and 2, while conducting and attempting to conduct such financial transaction knew that the property involved in the financial transaction, that is funds and money, represented the proceeds of some form of unlawful activity.

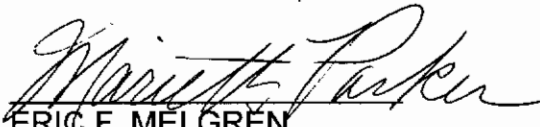
Count/ Date	Borrower/ Property address	Defendant(s)	Location of Transaction	Nature of Transaction
Count 9 11/06/2003	Neil Minor 5XX Sharon Drive Liberty, MO	Wildor Washington, Jr Maurice Ragland Scott Alexander	UMB Bank, Olathe, Kansas	Withdrawal by check No. 1007 in the amount of \$450 payable to JTF Enterprises drawn on the account of Liberty Escrow
Count 10 11/25/2003	Leslie Saunders 124XX E. 58 th St. Kansas City, MO	Wildor Washington, Jr. Scott Alexander Terrence Cole Kara Robinson-Franks	UMB Bank, Olathe, Kansas	Wire transfer of loan proceeds in the amount of \$198,266.39 from the bank account of Liberty Escrow to the bank account of Atlantic Mortgage
Count 11 12/23/2003	Kara Robinson-Franks 46XX W. 146 th Street Leawood, KS	Kara Robinson-Franks Victoria Bennett Wildor Washington, Jr.	Town & Country Bank, Leawood, Kansas	Purchase, of Cashier's Check No. 4474 in the amount of \$92,069.72 payable to Kara Franks drawn on Town and Country Bank endorsed by Franks to Wildor Washington

All in violation of Title 18, United States Code, Section 1956(a).

A TRUE BILL.

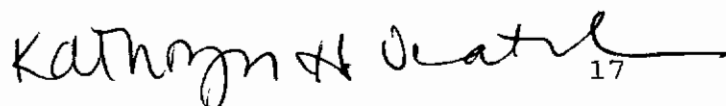
DATED: 11/07/07

FOREPERSON



ERIC F. MELGREN
United States Attorney
District of Kansas
1200 Epic Center
301 North Main
Wichita, Kansas 67202
Ks. S. Ct. No. 12430

(It is requested that trial of the above captioned case be held in Kansas City, Kansas.)


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Penalties

Count 1: 18 U.S.C. § 371
Class D Felony

- NMT 5 years incarceration;
- \$250,000 fine;
- NMT 3 years supervised release;

Counts 2-8: 18 U.S.C. § 1343
Class C Felony

NMT 20 years imprisonment; (30 years if financial institution affected)
\$250,000 fine (\$1,000,000 if financial institution affected)
NMT 3 years supervised release (5 years if financial institution affected)
\$100 mandatory special assessment for each count of conviction
Order of restitution

Counts 9-11 18 U.S.C. §1956
Class C Felony

- NMT 20 years incarceration;
- \$500,000 fine or twice the value of the property involved in the transaction, whichever is greater;
- NMT 3 years supervised release;
- mandatory \$100 special assessment for each count of conviction