

FILED

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF INDIANA
SOUTH BEND DIVISION

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STEPHEN M. DUNN, CLERK
U.S. DISTRICT COURT
FOR THE NORTHERN DISTRICT
OF INDIANA

UNITED STATES OF AMERICA)
) INFORMATION
) (1 count)
 v.)
)
 ROBERT C. CULP)

3:08CR0055RM

THE UNITED STATES ATTORNEY CHARGES:

(bank fraud)

1. In or around 2003 - 2007, in the Northern District of Indiana and elsewhere,

ROBERT C. CULP,

defendant herein, devised a scheme and artifice:

(a) to defraud Wells Fargo Home Mortgage, a division of Wells Fargo Bank, N.A. (hereafter "Wells Fargo"), and several other mortgage loan lenders, which had their deposits insured by the Federal Deposit Insurance Corporation; and

(b) to obtain moneys, funds, credits, and other property owned by or under the custody or control of Wells Fargo and other mortgage loan lenders (hereafter "victim lenders") by means of false and fraudulent pretenses and

representations.

2. It was part of the defendant's fraud that the defendant purchased inexpensive homes, frequently in need of substantial repair and renovation, in the South Bend, Indiana area. Culp and his accomplices then arranged for persons to purchase these homes at amounts that were significantly greater than Culp had paid for them. Mortgage brokers then arranged for loans to be obtained from Wells Fargo and the other victim lenders in amounts that were approximately 85 or 90 percent of the set sale price.

3. It was part of the defendant's fraud that the sale price of these homes were inflated. The sale price of the homes was not set by any realistic appraised value, by actual market conditions, or any true negotiation between the buyer and Culp as the seller. Rather, the sale price was simply set by Culp using a formula to generate a certain return to Culp.

4. It was part of the defendant's fraud for him to pay accomplices to find persons to act as buyers for these homes. Culp paid Linda Riffle and William Depalma finders fees of several thousand dollars per home to find persons who would agree to be listed as buyers and allow their names to be used on mortgage applications to obtain mortgage loans from Wells Fargo and other victim lenders.

5. It was part of the defendant's fraud for Culp to kick back or pay the persons acting as buyers 20 percent of the sale price of the properties. Culp failed to provide 1099s to buyers who received these monies. The sale price of the homes was inflated in

part by the amounts of these “kick backs” to persons acting as buyers.

6. It was part of the defendant’s fraud for Culp with the help of his accomplices to pay the associated closing costs of the buyer at the closings on these sold properties. This was a misrepresentation because the closing settlement sheets, signed by the defendant, listed these several thousand dollar amounts as cash from the borrower (buyer) brought to the closing, and not cash from the seller. To cover up the fact that the associated closing costs were being paid by Culp (the seller) and not the buyer, accomplices of Culp frequently directed buyers to open accounts at National City Bank and then arranged for cashier’s checks from National City Bank to be obtained in the amount of the buyer’s closing costs. These checks were then provided to the persons acting as buyers before the closing so that the “buyers” could present these checks at closing as if they were in fact paying the closing costs (when in fact they did not).

7. It was part of the defendant’s fraud for Culp to arrange for cosmetic repairs to be done on the properties. Frequently, however, major and substantive repairs and renovations that were needed were not done prior to the closing or at all. What repairs were made were done without obtaining the required work permits and frequently by unlicensed plumbing and HVAC workers.

8. It was part of the defendant’s fraud for Culp and his accomplices to obtain inflated appraisals that often matched the sales price exactly. These appraisals were based on assumptions that repairs and renovations to the homes would be made (but in

fact were not made), a lack of adequate diligence by the appraiser, and comparables that were not valid. In some instances, the homes that were sold had substantial code defects and other significant defects as of the closing dates. Nevertheless, the appraisals asserted that the homes were now worth two and three times what Culp had paid for them just months before.

9. It was part of the defendant's fraud for Culp to agree with the persons acting as buyers – really straw purchasers – that he would find tenants for the properties after the closings or pay the mortgage amounts for a one-year period of time following the closing. In this way, the straw purchasers were to be insulated from any costs or liabilities associated with the purchase of the properties at inflated amounts.

10. Culp worked with mortgage brokers who routinely helped to prepare false and fraudulent mortgage loan applications to Wells Fargo and the other victim lenders. These mortgage loan applications, on which the lenders based their decision to make mortgage loans on the properties flipped by Culp, contained false statements regarding the assets of the straw purchasers. Some of the false statements included the listing of bank accounts that the buyers did not have or the listing of bank account balance amounts that were substantially inflated. Assets of the “buyers” were inflated as needed to obtain the amount of the mortgage loans necessary to meet the sales price set by Culp.

11. In or around November 2005, in the Northern District of Indiana,

ROBERT C. CULP,

defendant herein, executed the scheme and artifice as set forth above in that he arranged for the sale of 1405 Linden St., South Bend, Indiana, to a purchaser for an arranged price of \$69,000 after Culp had purchased the property for \$19,500. The mortgage loan that was obtained was in the amount of \$58,650 from Wells Fargo and was based on a mortgage application prepared in part by Allied Banc Mortgage containing false statements and misrepresentations regarding the financial position and assets of the buyer. Culp, with the help of accomplice, paid costs for the buyer in the amount of \$11,620.72 at the closing. The home was in need of substantial repairs at the time of closing, including a new roof and substantial electrical and plumbing work.

All in violation of Title 18, United States Code, Section 1344.

Dated: May __, 2008

DAVID A. CAPP
UNITED STATES ATTORNEY

By: s/ Donald J. Schmid

Donald J. Schmid
Assistant United States Attorney