

FILED

UNITED STATES DISTRICT COURT
FOR THE
NORTHERN DISTRICT OF INDIANA
SOUTH BEND DIVISION

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STEPHEN D. DUDWIG, CLERK
U.S. DISTRICT COURT
FOR THE NORTHERN DISTRICT
OF INDIANA

UNITED STATES OF AMERICA)
)
 v.)
)
 ROBERT C. CULP)

Case No. 3:08CR0055RM

PETITION TO ENTER A GUILTY PLEA

The defendant above named respectfully represents to the Court as follows:

1. My true name is ROBERT C. CULP and I request that all proceedings against me be had in the name which I here declare to be my true name.
2. I was born in the United States of America. I have attended school including high school and university and I have the ability to read, write and speak the English language.
3. I am represented by counsel and my lawyer's name is William P. Stanley.
4. I have received a copy of the one-count Information and have read and discussed it with my lawyer, and believe and feel that I understand every accusation made against me in this case.
5. I have told my lawyer the facts and surrounding circumstances as known to me concerning the matters mentioned in the Information and believe and feel that my lawyer is fully informed as to all such matters. My lawyer has since informed me and has counseled and advised with me as to the nature and cause of every accusation against me and as to any possible

defenses I might have in this case.

6. I understand that I am entitled to have all of my rights which may be involved in this matter explained to me, and that I have the right to have any questions I may have answered for me.

7. I understand that I have a right to plead NOT GUILTY to any offense charged against me, and that under a plea of NOT GUILTY the Constitution guarantees me:

(a) the right to a speedy and public trial by a twelve-person jury of my peers, selected according to law, in the Northern District of Indiana which must return a unanimous verdict of GUILTY before I can be convicted;

(b) the right to be released on reasonable bail until my trial occurs;

(c) the right to see, hear and cross-examine all the witnesses against me at my trial;

(d) the right to use the power and process of the Court to compel the production of any evidence, including the attendance of any witnesses, in my favor at my trial;

(e) the right to the assistance of counsel at every stage of the proceedings, including upon an appeal if need be;

(f) the right not to testify without prejudice; and,

(g) that in the event that I should be found GUILTY of the charge against me, I would have the right to appeal my conviction on such charge to a higher court.

8. I understand, also, that if I plead GUILTY, I waive the right to trial by jury in any and all proceedings in this case and all of the other rights mentioned above.

9. Notwithstanding the above, I have, with the assistance of counsel, entered into an agreement with the United States Attorney's Office for the Northern District of Indiana as

follows:

(a) I agree to plead guilty to the Information, which charges me with bank fraud. I agree to plead guilty to this charge because I am in fact guilty of this offense. I understand that I have the right to be indicted by a Grand Jury. I agree to waive in open court my right to have these felony charges presented to a Grand Jury and to consent to the filing of these charges by way of an Information;

(b) I admit that all of the following statements are true:

Robert Culp is the owner of Main Investment Group, Inc. Culp graduated from Valparaiso University in 1987 with a degree in business administration (finance and marketing). Culp became involved in and participated in a pattern of activity and business practices that ultimately defrauded mortgage lenders including Wells Fargo Bank, N. A., of monies by means of false representations and statements, as well as omissions of fact.

As part of the pattern of business activity, or scheme, Culp purchased inexpensive homes frequently in need of substantial repair and renovation in the South Bend, Indiana area. Culp, Main Investment Group, Inc., and accomplices then arranged for persons to purchase these homes (more than 190 homes from 2003 through 2007) 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 80% or 90% of the set sale price. The sale price of the homes were generally accepted by the arranged purchaser without negotiation. The price of the homes were generally set such that it provided for 20% of the sale price to be returned to the purchaser after closing. Many of the appraisers used by Culp were referred by Steven Kronewitter, Bryan Knight or William Depalma. The set sale price, which coincided with the appraisal, allowed for a profit to Culp of \$5,000.00 - \$7,000.00, as well as twenty percent (20%) of the sales price to be returned to the purchaser. Culp paid accomplices Linda Riffle and William Depalma to find persons to act as buyers for these homes. Culp paid Riffle and Depalma finders fees of \$2,000.00 - \$3,000.00 per sale to find persons who would agree to be listed as buyers and who allowed their names to be used on mortgage applications to obtain mortgage loans from Wells Fargo and other victim lenders. The finders fees paid to Riffle and Depalma were also built into the sale price of the home.

It was part of Culp's practice as seller of the homes to return to the buyer twenty percent (20%) of the sale price of the properties. This was done after closing. Culp failed to provide 1099s to buyers who received these monies. The sale price of the homes was inflated, in part, by the amount of these "kick backs" to persons acting as buyers. Also, Culp with the help of his accomplices, assisted or paid the closing costs of the buyer at

the closings on these sold properties. This was a misrepresentation to mortgage lenders because the closing settlement sheets, signed by the defendant listed these several dollar amounts as closing amounts that were to be paid by the buyer, not the seller, at the closing. To cover up the fact that the closing costs were being paid by Culp (the seller) not by the buyer, accomplices of Culp frequently directed buyers to open accounts at National City Bank and then arrange for cashier checks from National City Bank to be obtained in the name of the buyers for 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). Wells Fargo required that there be no secondary financing for the cash brought to the closing by the borrower (buyer).

While some repairs were made to the homes, many were merely cosmetic. The repairs were often done without obtaining the required permits and frequently by unlicensed plumbing and HVAC workers. Repairs and renovations were often not completed prior to closing. The appraisals, however, were based on assumptions that the repairs and renovations in the homes would be made and with a lack of adequate diligence by the appraiser. Nevertheless, the appraisals asserted that the homes were worth two (2) to three (3) times what Culp had paid for them just months before. Many of these appraisals were done by Jay Martin.

As part of the purchase, Culp would agree with 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 (1) 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. As such, the net affect was a sale price that: i) provided for a profit to the seller; ii) covered the "finders fee" paid to Linda Riffle and William Depalma; iii) included the 20% "kick back" to the straw purchaser; and iv) provided for the costs paid by the seller to either place a tenant in the property or make the mortgage payment if no tenant was placed in the property. This formula resulted in inflated appraisals by which to meet the set sales price.

In obtaining mortgages for the purchasers, Linda Riffle and/or William Depalma referred and directed Culp to mortgage brokers Bryan Knight and Steven Kronewitter, who processed mortgages for a substantial number of the properties sold by Culp. Bryan Knight and Steven Kronewitter routinely helped to prepare false and fraudulent mortgage loan applications made to Wells Fargo and other victim lenders. These mortgage loan applications, on which the lenders based their decisions 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 loan necessary to meet the sales price set by Culp.

In November, 2005, Culp arranged for the sale of 1405 Linden Street, South Bend, Indiana, to a purchaser for an arranged price of \$69,000.00 after Culp had purchased the property for \$19,500.00. The mortgage loan that was obtained was in the amount of \$58,650.00 from Wells Fargo and was based on a mortgage application prepared, in part, by Allied Bank Mortgage and Steven Kronewitter that contained false statements and misrepresentations regarding the financial position and the assets of the buyer. Culp, with the help of an accomplice, paid costs for the buyer in the amount of \$11,620.72 at the closing. The home, at the time of closing, was still in need of repairs including roof repairs, electrical repairs and plumbing work. At the time of closing the home was not worth \$69,000.00. This property went into foreclosure and the foreclosure sale by Wells Fargo was scheduled for May 15, 2008;

(c) The statutory maximum sentence that the Court can impose for each violation of Title 18, United States Code, Section 1344 is 30 years imprisonment, a \$1,000,000 fine, or a combination of both imprisonment and a fine, as well as a five-year period of supervised release to follow any term of imprisonment and a mandatory special assessment of \$100. The defendant also understands that the court will impose an order of full restitution, which he agrees to pay;

(d) I understand that the offense to which I am pleading guilty falls under the Sentencing Guidelines promulgated by the United States Sentencing Commission under Title 28, United States Code, Section 994. I am aware that my sentence will be determined in accordance with the United States Sentencing Guidelines and this plea agreement. I agree that the Court has jurisdiction and authority to impose any sentence within the statutory maximum set for my offense(s) as set forth in this plea agreement. With that understanding, I expressly waive my right to appeal my conviction, my sentence and any restitution order to any Court on any ground, including any claim of ineffective assistance of counsel. I also agree not to contest my conviction, my sentence, any restitution order imposed, or the manner in which my conviction, the sentence or the restitution order was determined or imposed on any ground including any alleged ineffective assistance of counsel in any appeal under Title 18, United States Code, Section 3742 or in any post-conviction proceeding, including but not limited to, a proceeding under Title 28, United States Code, Section 2255;

(e) I will discuss fully, truthfully, and candidly my knowledge of all criminal activities with representatives of the United States Attorney's Office for the Northern District of Indiana and any other law enforcement agency if requested to do so by the United States Attorney's Office for the Northern District of Indiana;

If requested to do so by the United States Attorney's Office for the Northern District of Indiana, I will testify truthfully, candidly, and completely in grand jury proceedings in the Northern District of Indiana and elsewhere. Also, if requested to do

so, I will testify truthfully, candidly and completely in any trials or other judicial proceedings;

In addition, I will provide to the United States Attorney's Office for the Northern District of Indiana such corroboration as I possess or is under my control. The defendant also agrees to provide a personal financial statement to the United States Attorney's Office within 10 days of the filing of this plea agreement;

(f) My agreement with the United States Attorney's Office for the Northern District of Indiana has been entered into with the understanding that I have been and will continue to be honest, candid, and truthful in my cooperation. If the United States Attorney's Office for the Northern District of Indiana later determines that I have not been honest, candid or truthful, they can petition the Court to declare this agreement to be null and void;

(g) The defendant understands that the Court, based upon input from him, his attorneys, and the government as well as an investigation by the United States Probation Office, will determine the guideline range to be applied at the sentencing;

(h) The defendant fully understands that the United States of America has reserved the right to tell the Sentencing Court the good things about him, and the bad things about him, and has reserved the right to fully inform the Court of the nature and extent of his offense(s);

(i) The government agrees that in recognition of the defendant's acceptance of responsibility for his offense conduct, he is entitled to a reduction in the offense level under Guideline § 3E1.1; however, the government's obligation to recommend an acceptance of responsibility reduction under this plea agreement is contingent upon my continuing manifestation of acceptance of responsibility. Should I deny my involvement, give conflicting statements of my involvement, or engage in additional criminal conduct including any personal use of controlled substances, the government shall not be bound to recommend any reduction in offense level for acceptance of responsibility. The defendant understands that the government's recommendation in this respect is a non-binding recommendation and that the Court makes the final decision whether to reduce the defendant's offense level at all and to what extent for acceptance of responsibility. The government agrees that it will make an appropriate motion for a third level of acceptance of responsibility reduction indicating timely acceptance of responsibility as long as the defendant continues to manifest full and complete acceptance of responsibility;

(j) The defendant agrees to forfeit or abandon to the United States (at the choice of the United States) any properties involved in or that constitute the proceeds of the defendant's fraud. The defendant agrees to execute any necessary documentation for

the completion of the forfeiture or abandonment of these items and properties;

(k) The defendant hereby waives all rights, whether asserted directly or through a representative, to request or receive from the United States any further records, reports, or documents pertaining to the investigation or prosecution of this matter. This waiver includes, but is not limited to, rights conferred by the Freedom of Information Act and the Privacy Act of 1974. Further, the defendant acknowledges that he has received all discovery required by law prior to the entry of this plea and that he has reviewed same with his attorney;

(l) The defendant agrees to pay full restitution for all of the losses from his mortgage/bank fraud scheme to all lenders including Wells Fargo Home Mortgage, a division of Wells Fargo Bank, N.A. The defendant further agrees to pay the \$100 in special assessments that he owes at the time of his sentencing in this matter;

(m) Other than what is contained in this plea agreement, no predictions, promises, or representations have been made to me as to the specific sentence that will be imposed or any other matter.

10. I am prepared to state to the Court my reasons based on the facts in this matter that cause me to believe that I am GUILTY as charged.

11. I believe and feel that my lawyer has done all that anyone could do to counsel and assist me, and that I now understand the proceedings in this case against me.

12. I declare that I offer my plea of GUILTY freely and voluntarily and of my own accord, and no promises have been made to me other than those contained in this petition, nor have I been threatened in any way by anyone to cause me to plead GUILTY in accordance with this petition.

13. I understand and acknowledge that this petition, once filed with the Court, is a public document and available for public viewing.

S/ Robert C. Culp

Robert C. Culp
Defendant

S/ William P. Stanley

William P. Stanley
Attorney for Defendant

APPROVED:

DAVID A. CAPP
UNITED STATES ATTORNEY

s/ Donald J. Schmid

By: _____
Donald J. Schmid
Assistant United States Attorney