

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

FILED
U.S. DISTRICT COURT
INDIANAPOLIS DIVISION
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SOUTHERN DISTRICT
OF INDIANA
LAURA A. BRIGGS
CLERK

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
JERRY J. JAQUESS,)
)
Defendant.)

Cause No. 1:09-CR- -01- /KPF

1 : 09 - CR - 0070 WTL - KPF

INFORMATION

COUNT ONE

(Wire Fraud - Title 18, United States Code, Section 1343)

The United States Attorney charges that:

1. At all times relevant herein, JERRY J. JAQUESS (hereinafter JAQUESS), Defendant herein, resided in the Indianapolis, Indiana area, in the Southern District of Indiana.
2. At all times relevant herein, JAQUESS was involved in the residential real estate business in and around Indianapolis, Indiana. JAQUESS was involved in the development and construction of new real estate properties, as well as the purchase and sale of numerous existing residential real estate properties. During the relevant time period, JAQUESS owned and operated a company known as Homevestors LLC, for his real estate ventures.
3. At all times relevant herein, Web Mortgage Company LLC, 1st Start Mortgage Inc., American Funding Solutions Inc., and The MoneyStation Inc. were all mortgage brokerage

companies doing business in Indianapolis, Indiana and surrounding areas. Each of these mortgage brokerages obtained financing for the purchase of residential properties in the Indianapolis, Indiana area from various mortgage lenders, including, but not limited to, Argent Mortgage Company Inc., The MoneyStation Inc., People's Choice Mortgage, and Countrywide Home Loans, Inc. JAQUESS and a family member were the owners of Web Mortgage Company LLC.

4. At all times relevant herein, associates of JAQUESS brokered loans through one of the above-named mortgage brokers. JAQUESS was not a licensed mortgage broker for any of the above companies. Each of these mortgage brokers had or acquired an agreement with Argent Mortgage Company to broker loans thru Argent.

5. At all times relevant herein, JAQUESS maintained bank accounts in his own name, as well as in the name of Homevestors LLC, the company he used at that time for the purposes of buying, building and selling real estate.

6. Individuals who JAQUESS had business associations with located residential properties in the Indianapolis area that were offered for sale by others and negotiated a fair market value purchase price for the properties with the sellers.

7. These individuals also located investors to purchase these properties at a price far above the true market value. Other associates of JAQUESS then assisted the investors in obtaining financing for these residential properties through one of the above named mortgage brokerage companies. They also assisted these investors by locating and providing funds for the investors' down payments on these properties. They also recruited individuals to prepare real estate appraisals for these properties, and title company closing agents to close loans for these

properties.

8. Beginning in or before January 2005 and continuing through approximately April 2005, JAQUESS and other individuals, both known and unknown to the United States Attorney, knowingly devised, and intended to devise, a scheme to defraud, and to obtain and attempt to obtain money, funds, and other property, by means of false and fraudulent pretenses, representations and promises, which scheme is more fully described as follows:

A. It was a part of the scheme that individuals located residential properties for sale in Indianapolis, Indiana. In some cases, these were individual homes listed for sale by owner. In other cases, these properties constituted an entire neighborhood, known as Windsor Village, which consisted of approximately one hundred eighty-four (184) duplexes, all owned by a single individual through various land trusts. JAQUESS and other individuals negotiated to purchase these properties at a fair market value from the sellers and entered into land contracts to accomplish these purchases.

B. It was further a part of the scheme that when these sales actually closed, JAQUESS or another person who had negotiated to purchase the property was not shown as the purchaser of the property. Rather, an investor was shown as the purchaser. In addition, the sales price shown on the HUD-1 Settlement Statement was much higher than the fair market value price negotiated with the seller.

C. It was further a part of the scheme that individuals recruited investors to be the purchasers of these properties. Most of these investors lived in the Martinsville, Virginia area. The investors were told that they would be investing their credit for purposes of purchasing real estate in the Indianapolis area. Investors were told that they would not be required to make any

down payments or other payments on the properties. They were further told that companies owned by other people in the organization would make all payments (mortgage, taxes and insurance) on the properties, and manage the properties (including finding renters, collecting rent, and providing maintenance and upkeep). The investors never saw the properties they were purchasing and were unaware that the properties were worth much less than the price they were paying for them. The investors were paid a fee, generally \$4,000.00 per property, for investing their credit in the venture. The source of the funds paid to investors was money illegally obtained from the mortgages supplied by the lenders.

D. It was further a part of the scheme that associates of JAQUESS originated loans to obtain financing for these properties through Argent Mortgage Company, The MoneyStation, Inc., and other lenders. These associates prepared and submitted to the lenders false and fraudulent loan applications along with false supporting documentation for the loans. In submitting the false loan applications, they knowingly included false statements, including: that the investor was providing a 20% down payment for the purchase from the investor's own funds; that the investor owned assets which they did not own; and, that the investor's income was higher than it actually was.

E. It was further a part of the scheme that the lenders relied upon the inflated appraisals, false loan applications, and false supporting documents in the loan packages to approve and disburse the loans for these properties. In making their decisions to grant the loans, the lenders relied upon the representation on the loan applications that the investors were providing the down payment. JAQUESS knew that the investors were not providing the down payments.

F. It was further a part of the scheme that individuals other than the investors furnished ("fronted") the down payments on these properties, by obtaining cashier's checks which were submitted at the time of the closing on the property to make it appear that the investors were actually making a down payment on the property, when in fact they were not. The individuals who provided ("fronted") the down payments were then reimbursed the down payment money from illegal funds obtained after closing; they were generally given an additional \$1,000.00 for "loaning" the money for the down payments (occasionally, the amount was \$2,000.00-3,000.00). On some occasions, JAQUESS contacted other individuals and requested them to obtain and provide funds for investor down payments. JAQUESS sometimes took these down payment checks to closings.

G. It was further a part of the scheme that closing agents at title companies were employed to assist in the preparation and processing of false documents, including false and fraudulent settlement statements (Form HUD-1), and checks used to disburse the loan funds. JAQUESS attended many of the closings involving Homevestors LLC as the seller of the properties, and signed fraudulent closings documents (including HUD Settlement Statements) on behalf of Homevestors LLC.

H. It was further a part of the scheme that JAQUESS and other individuals fraudulently obtained funds from these transactions. The fraudulently obtained funds essentially consisted of the difference between the loan amount (80% of the falsely inflated sales price) and the real value of the property (generally the fair market value sales price negotiated with the seller). JAQUESS received fraudulent loan proceeds checks from the closings, caused them to be deposited to Homevestors LLC bank accounts, and then disbursed some of these proceeds to

other individuals involved in the scheme. JAQUESS shared office space with other individuals involved in the scheme to defraud during the years 2004 and 2005.

I. It was further a part of the scheme that the loans obtained in these fraudulent transactions were not repaid as agreed. All of the loans went into default and were the subject of various legal action by the lenders. The loans were either the subject of foreclosure action, or the lenders took deeds in lieu of foreclosure, or allowed short sales on the properties.

J. It was further a part of the scheme that JAQUESS and other individuals transmitted, or caused to be transmitted, by means of wire transmission in interstate commerce, the loan proceeds for all of the fraudulent loans. The wire transfers went from bank accounts (in New York or California) of the out-of-state lenders to a bank account of the title company in Greenwood, Indiana (bank located in Ohio) .

K. It was further a part of the scheme that between in or before January 2005 until at least April 28, 2005, JAQUESS, along with other individuals, was involved in at least eleven (11) separate transactions, each of which involved JAQUESS and others falsely obtaining a mortgage loan from Argent Mortgage Company or The MoneyStation, Inc. These lenders disbursed approximately \$1,056,000.00 in fraudulent loan proceeds for the eleven (11) mortgage loans. Attachment 1 to this Information, which is incorporated herein, lists these transactions and contains the following information: the property addresses for which these eleven (11) mortgage loans were issued; the closing date for, and sales price of, the properties; the name of the lender and amount of the mortgage loan; the fair market value of the property; and the fraudulent proceeds from the loan. The eleven (11) loans on Attachment 1 relate to the purchase of a group of duplexes in Windsor Village, which were purchased and then re-sold by JAQUESS thru

Homevestors LLC. The following acts were committed by JAQUESS and others relative to these transactions.

Windsor Village transactions (Attachment 1 - numbers 1 thru 11)

In January, February and March 2005, JAQUESS, acting as Homevestors LLC, and another company entered into purchase agreements with an individual who owned one hundred eighty-four (184) duplexes near 21st Street and Arlington Avenue on the east side of Indianapolis to purchase all of these duplexes. This neighborhood was known as Windsor Village. Each duplex contained two two-bedroom, one-bath units measuring approximately 800 square feet; most of the units were in fair to poor condition. The agreements provided for the purchasers (including JAQUESS) to pay the seller \$50,000.00 per duplex.

Prior to these purchase agreements ever being finalized, on or about February 2, 2005, individuals associated with JAQUESS caused three of these properties to be listed on the Metropolitan Indianapolis Board of Realtors Multiple Listing Service (MLS) showing a list price of \$120,000.00. The people, including JAQUESS, causing these properties to be listed on MLS did not own the properties at the time they listed them. In fact, Homevestors LLC (JAQUESS) did not even enter into land contracts to purchase these properties for \$50,000.00 each until mid-March 2005.

Beginning in February 2005 and continuing thru August 2005, Homevestors LLC and other companies involved in the fraud scheme entered into purchase agreements with investors in Virginia to sell these duplexes for \$120,000.00. Loan processors prepared fraudulent loan applications for these investors, falsely stating: that the investors were making the 20% down payments from their own funds; that the investors owned assets which they did not own; and that

the investors had higher incomes than they actually had. Inflated appraisals were obtained, showing that the duplexes were worth \$120,000.00, when, in fact, they were worth much less than that. The false loan applications, appraisals and other supporting documentation were submitted to lenders to obtain the loans.

The first three (3) loans were submitted to The MoneyStation, a warehouse bank who funded the loans, relying on the false documents submitted. The MoneyStation then sold the loans to GMAC Mortgage through a correspondent lending agreement. These three (3) loans were brokered thru The MoneyStation, which was also a licensed mortgage broker. False loan applications were knowingly submitted by JAQUESS' associates to The MoneyStation to obtain these loans. These three loans closed on or about March 17, 2005. After these first three (3) loans closed, on or about March 22, 2005, JAQUESS and his associates caused these three sales (at \$120,000.00 apiece) to be placed on the MLS. This allowed JAQUESS and other individuals involved in the scheme to show these three properties as comparables on appraisals to be prepared for all of the remaining Windsor Village properties, thus making it appear that each of those properties were worth \$120,000.00.

The next eight (8) loans were submitted to Argent Mortgage Company, who, relying on the false documents, agreed to and did finance the loans. Four (4) of these loans were brokered through American Funding Solutions; the other four (4) of these loans were brokered by The MoneyStation. JAQUESS' associates processed these loans provided, and caused to be provided, to Argent Mortgage Company, false loan applications and other documents, knowing these applications and documents to be false. The appraisals used for these properties showed as comparables the first three Windsor Village sales listed above. These eight (8) loans were closed

in April 2005.

On each of the first eleven (11) Windsor Village loans, the lender (The MoneyStation or Argent) granted a loan of \$96,000.00, and wire transferred those loans from their bank to the bank of the title company in Greenwood, Indiana (bank in Ohio).

Each of the first eleven (11) Windsor Village closings showed Homevestors LLC as the seller and an investor from Virginia as the buyer. On each of the properties, JAQUESS, on behalf of Homevestors LLC, entered into a land contract (and other documents) immediately preceding the closing, showing that Homevestors LLC was purchasing the property from the owner for \$50,000.00. JAQUESS attended the closings for the properties on behalf of Homevestors LLC. On many, if not all, of these occasions, JAQUESS provided the investor's down payment check at the closings. JAQUESS signed the loan closing documents on behalf of Homevestors LLC, including the false HUD-1 Settlement Statements, showing that the investor was providing the down payment, which he knew to be untrue.

After the closing, the original owner of the properties was paid the amount he agreed to sell each of the properties for (\$50,000.00 minus any appropriate closing costs or mortgage payoffs). The remaining amount of the fraudulent loan proceeds (generally more than \$70,000.00 per property) was paid to JAQUESS thru Homevestors LLC. JAQUESS then caused Homevestors LLC to use these fraudulent proceeds to pay himself and other individuals involved in the scheme. Included in the payments from the proceeds of these eleven closings were checks totaling approximately \$42,000.00 payable to JAQUESS personally, or a family member of his. Also included in these payments were checks which JAQUESS caused to be written to repay the individuals who loaned the down payment money for the amount they had loaned, plus the

\$1,000.00 (or more) fee per down payment provided. Also included in these payments were checks which JAQUESS caused to be written to pay the investors for allowing their credit to be used to obtain loans for the properties (\$4,000.00 per property).

All of the Windsor Village loans went into early payment default, that is, few if any payments were made on these loans. After legal or other proceedings by the lenders to divest themselves of the properties (foreclosure actions, deeds in lieu of foreclosure, short sales), the properties were eventually re-sold on the real estate market, or thru sheriff's sales. Of the subsequent sales of these first eleven (11) Windsor Village transactions in 2007, the lowest sales price for the properties was \$8,000.00, and the highest sales price was \$13,500.00.

After the first eleven (11) Windsor Village loans were closed, JAQUESS and Homevesters LLC stopped purchasing Windsor Village properties with the other original buyer and stopped using Virginia investors to purchase the Windsor Village properties.

L. On or about April 7, 2005 in the Southern District of Indiana and elsewhere, JERRY J. JAQUESS, Defendant herein, for the purpose of executing the aforesaid scheme to defraud and to obtain money by false and fraudulent pretenses, representations and promises, knowingly transmitted and caused to be transmitted, by means of wire transmission in interstate commerce, certain writings, signs, signals, pictures, and sounds, to wit, JAQUESS caused \$94,590.95 to be wire transferred from a bank account of Argent Mortgage Company, Inc. at Deutsche Bank Trust Company in New York, New York, to a bank account of HMS Title Services in Greenwood, Indiana, said \$94,590.95 representing loan proceeds for a property located at 2450-52 Arlington Court, W., Indianapolis, Indiana (Attachment 1, Number 4).

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT TWO
(Money Laundering - Title 18, United States Code, Section 1957)

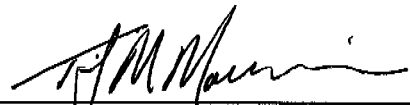
The United States Attorney further charges that:

1. The United States Attorney realleges and incorporates by reference all allegations of Count One herein.

2 Between March 2005 and April 2005, JERRY J. JAQUESS engaged in monetary transactions, each with a value greater than \$10,000, with funds derived from the wire fraud transactions described in Count 1 of the Information.

3. On or about March 23, 2005, in the Southern District of Indiana, JERRY J. JAQUESS, Defendant herein, knowingly engaged and attempted to engage in a monetary transaction by, through, and to a financial institution, affecting interstate commerce, in criminally derived property whose value was greater than \$10,000.00, to wit: on or about March 23, 2005, JERRY J. JAQUESS caused two checks to be disbursed from the Homevestors LLC bank account, each check in the amount of \$8,100.00, one check payable to JAQUESS and one to his wife; JAQUESS then deposited those two checks, totaling \$16,200.00 to his personal bank account; said checks representing fraudulently obtained proceeds of loans disbursed by Argent Mortgage Company relative to the sale of three (3) properties, to wit: 2417-19 Arlington Court West, 2423-25 Arlington Court West and 2426-28 Arlington Court West, all in Indianapolis, Indiana (Attachment 1, Numbers 1, 2, 3) (as more fully set forth in Count One);

All in violation of Title 18, United States Code, Section 1957.



TIMOTHY M. MORRISON
United States Attorney
Southern District of Indiana

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

Susan H. Dowd, being first duly sworn, upon her oath deposes and says that she is an Assistant United States Attorney in and for the Southern District of Indiana, that she makes this affidavit for and on behalf of the United States of America, and that the Allegations in the foregoing Information are true as she is informed and verily believes.



Susan H. Dowd
Assistant United States Attorney

Subscribed and sworn to before me, a notary public, this 29th day of April, 2009.



Michelle A. Butler
Notary Public

My Commission Expires:

January 21, 2016

My County of Residence:

Hendricks