

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. BIGGS
CLERK

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
TIMOTHY A. BROWN,)
)
Defendant.)

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

1:09-cr-0071 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, TIMOTHY A. BROWN (hereinafter TIM BROWN), Defendant herein, resided in the Indianapolis, Indiana area, in the Southern District of Indiana.
2. At all times relevant herein, TIM BROWN was involved in the residential real estate investment business in and around Indianapolis, Indiana. TIM BROWN, along with a family member, owned and operated Tab Production, LLC and Tab Management, LLC, companies which were involved in buying, managing and selling real estate. TIM BROWN also owned Brown Funding, Inc., a company used by TIM BROWN and a family member to fund the down payments for residential properties purchased and re-sold by the BROWNS and / or by their associates.

3. At all times relevant herein, several mortgage brokerage companies doing business in Indianapolis, Indiana and surrounding areas 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.

4. At all times relevant herein, TIM BROWN maintained bank accounts in his own name, as well as in the names of Brown Funding Inc., Tab Management LLC, and Tab Productions LLC.

5. Individuals who TIM BROWN 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. Some of these properties were owned by TIM BROWN or one of his companies or one of his family members.

6. These individuals also located investors to purchase these properties at a price far above the true market value. These individuals then assisted the investors in obtaining financing for these residential properties through mortgage brokerage companies. They also assisted these investors by locating and providing funds for the investors' down payments on these properties; some of these down payment funds were provided by TIM BROWN. Business associates also recruited individuals to prepare real estate appraisals for these properties, and title company closing agents to close loans for these properties.

7. Beginning in or before 2004 and continuing through approximately April 2005, TIM BROWN 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 the Indianapolis, Indiana area. These were generally individual homes listed for sale by owner. These individuals negotiated to purchase these properties at a fair market value from the sellers and entered into option agreements or land contracts to accomplish these purchases. Some of these properties were owned by TIM BROWN and / or one of his companies.

B. It was further a part of the scheme that when these sales actually closed, the 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 (HUD) was much higher than the fair market value price negotiated with the seller. In the case of those properties owned and sold by TIM BROWN or one of his companies, TIM BROWN agreed with the person who negotiated the purchase that any amount over the negotiated fair market value would be paid to that person, either via a check from TIM BROWN or his company after closing or via a line item payout on the HUD and a title check issued at closing for the excess proceeds.

C. It was further a part of the scheme that individuals recruited investors to be the purchasers of these properties. Some of these investors lived in the Indianapolis area; many others 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). Most of 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 other individuals originated loans to obtain financing for these properties through Argent Mortgage Company. These individuals prepared and submitted to the lender false and fraudulent loan applications along with false supporting documentation for the loans. In submitting the false loan applications, these individuals knowingly included false statements, including: that the investor was providing a 10-20% 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.

F. It was further a part of the scheme that individuals, including TIM BROWN, 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.

TIM BROWN, thru Brown Funding Inc., funded the down payment on many of these loans.

TIM BROWN purchased some of these down payment checks himself and provided those checks to others in order that the loan closings could occur. TIM BROWN or other 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).

TIM BROWN borrowed some of the money which he used for the down payments from friends and business associates of his. TIM BROWN was not truthful with these individuals as to the purpose of their loan, and did not tell these people that the money they were loaning him was to be used to "front" down payments in fraudulent real estate ventures.

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.

H. It was further a part of the scheme that TIM BROWN and other individuals fraudulently obtained funds from these transactions. The fraudulently obtained funds essentially consisted of the difference between the loan amount (80-90% of the falsely inflated sales price) and the real value of the property (generally the fair market value sales price negotiated with the seller). TIM BROWN and other individuals set up corporate entities and opened bank accounts for purposes of carrying out their fraudulent activities. The Brown Funding Inc. account owned and used by TIM BROWN was set up solely for the purpose of funding down payments for the fraudulent real estate transactions. TIM BROWN 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 TIM BROWN 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 October 28, 2004 and April 28, 2005, TIM BROWN, along with other individuals, was involved in at least twenty-nine (29) separate transactions, each of which involved falsely obtaining a mortgage loan from Argent Mortgage Company. Argent Mortgage Company disbursed approximately \$4,464,900.00 in fraudulent loan proceeds for the twenty-nine (29) 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 twenty-nine (29) mortgage loans were issued; the closing date for, and sales price of, the properties; the amount of the mortgage loan; the fair market value of the property; and the fraudulent proceeds from the loan. All of these loans relate to the purchase of individual properties, for which TIM BROWN was involved in illegally providing the down payment for the investor. Three of these properties (numbers 11, 12, and 13) were owned and sold by TIM BROWN or one of his companies. The following acts were committed by TIM BROWN and others relative to some of these transactions.

1. 3827 N. Kenwood, Indianapolis, Indiana (Attachment 1, number 11)

On or about May 29, 2002, TIM BROWN purchased this property for \$35,000.00. On or about June 13, 2003, TIM BROWN transferred this property to his company Tab Management LLC. Sometime prior to December 15, 2004, TIM BROWN agreed to sell the property to another individual (or one of his investors) for \$60,000.00. TIM BROWN agreed with this individual, that to the extent this other individual could obtain a higher sales price from his investor, the excess amount would be paid to this other individual.

On or about December 15, 2004, TIM BROWN, on behalf of Tab Management LLC, entered into a purchase agreement with an investor to sell this property to the investor for \$115,000.00. On or about December 18, 2004, a mortgage broker prepared a fraudulent loan application for the investor which contained the following false statements: that the investor was providing the down payment from his checking / savings account; that the investor had substantially more money in his bank account than he actually had; and, that the investor owned stock which he did not own. On or about December 22, 2004, an inflated appraisal was obtained showing that the property was worth \$115,000.00. The fraudulent loan application, appraisal and other fraudulent documentation were provided to Argent Mortgage Company. In reliance upon those documents, Argent Mortgage Company agreed to and did fund a loan to the investor in the amount of \$103,500.00.

On or about December 29, 2004, the loan closing occurred at the title company. TIM BROWN, or a family member acting on his behalf, signed the closing documents on behalf of the seller Tab Management LLC. Included in these documents was the final HUD-1 Settlement Statement, which showed that the investor had provided a down payment in the amount of

\$15,128.21. Argent Mortgage Company wire transferred \$102,077.42 from their bank account in New York to the title company bank account. TIM BROWN's company Tab Management LLC received a check in the amount of \$61,680.23 as the seller's proceeds (following payoff of a \$50,801.37 loan which Tab Management had on the property). This check was deposited to the Tab Management LLC bank account.

On or about December 31, 2004, TIM BROWN, or a family member acting on his behalf, withdrew \$15,128.21 from the Brown Funding Inc. account at Union Federal Bank and purchased an official check in that amount showing the investor who was the purchaser of the property as the remitter on the cashier's check. On or about this same date, this check was provided by TIM BROWN or one of his family members to the title company in Greenwood, Indiana as the down payment for this property.

On or about December 31, 2004, TIM BROWN, or a family member acting on his behalf, wrote a check in the amount of \$51,118.14, from the Tab Management LLC bank account to a company of the person who had negotiated the original purchase, this amount representing the excess proceeds of the illegally obtained loan, pursuant to that person's original agreement with TIM BROWN. On or about January 13, 2005, that company reimbursed Brown Funding the amount of the down payment plus \$1,000.00, for providing the down payment for the investor.

2. 1427 Finley Avenue, Indianapolis, Indiana (Attachment 1 - number 12)

Sometime in 2000, TIM BROWN purchased this property for approximately \$36,000.00. Sometime prior to December 15, 2004, TIM BROWN agreed to sell the property to another individual (or one of his investors) for \$49,000.00. TIM BROWN agreed with this individual, that to the extent this other individual could obtain a higher sales price from his investor, the

excess amount would be paid to this other individual.

On or about December 15, 2004, TIM BROWN entered into a purchase agreement with an investor to sell this property to the investor for \$75,000.00. On or about December 17, 2004, a mortgage broker prepared a fraudulent loan application for the investor which contained the following false statements: that the investor was providing the down payment from her checking/savings account; that the investor had substantially more money in her bank account than she actually had; and, that the investor owned stock which she did not own. On or about December 22, 2004, an inflated appraisal was obtained showing that the property was worth \$75,000.00. The fraudulent loan application, appraisal and other fraudulent documentation were provided to Argent Mortgage Company. In reliance upon those documents, Argent Mortgage Company agreed to and did fund a loan to the investor in the amount of \$67,500.00.

On or about December 29, 2004, the loan closing occurred at the title company. TIM BROWN, or a family member acting on his behalf, signed the closing documents on behalf of the seller TIM BROWN. Included in these documents was the final HUD-1 Settlement Statement, which showed that the investor had provided a down payment in the amount of \$11,545.41. Argent Mortgage Company wire transferred \$66,463.22 from their bank account in New York to the title company bank account. TIM BROWN received a check in the amount of \$36,660.20 as the seller's proceeds (following payoff of a \$36,910.12 loan which TIM BROWN had on the property). This check was deposited to the Tab Management LLC bank account.

On or about December 31, 2004, TIM BROWN, or a family member acting on his behalf, withdrew \$11,545.41 from the Brown Funding Inc. account at Union Federal Bank and purchased an official check in that amount showing the investor who was the purchaser of the

property as the remitter on the cashier's check. On or about this same date, this check was provided by TIM BROWN or one of his family members to the title company in Greenwood, Indiana as the down payment for this property.

On or about December 31, 2004, TIM BROWN, or a family member acting on his behalf, wrote a check in the amount of \$22,077.45, from the Tab Management LLC bank account to a company of the person who had negotiated the original purchase, this amount representing the excess proceeds of the illegally obtained loan, pursuant to that person's original agreement with TIM BROWN. On or about January 13, 2005, that company reimbursed Brown Funding the amount of the down payment plus \$1,000.00, for providing the down payment for the investor.

L. On or about December 31, 2004, in the Southern District of Indiana and elsewhere, TIMOTHY A. BROWN, 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, TIMOTHY A. BROWN caused \$102,077.42 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 \$102,077.42 representing loan proceeds for a property located at 3827 N. Kenwood, Indianapolis, Indiana (Attachment 1, Number 11).

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 at least early 2004 and April 2005, TIMOTHY A. BROWN 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.

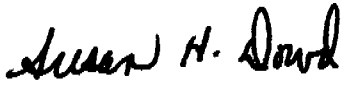
3. On or about November 10, 2004, in the Southern District of Indiana, TIMOTHY A. BROWN, Defendant herein, knowingly engaged and attempted to engage in a monetary transaction by, through, and to a financial institution, affecting interstate commerce, in criminally derived property whose value was greater than \$10,000.00, to wit: on or about November 10, 2004, TIMOTHY A. BROWN deposited a check in the amount of \$31,708.09 from a bank account of a business associate to the Brown Funding Inc. bank account at Union Federal Bank, said check representing fraudulently obtained proceeds of a loan disbursed by Argent Mortgage Company relative to the sale of a property at 4424-4426 N. College Avenue, Indianapolis, Indiana (Attachment 1, Number 2), and said check representing the repayment of a down payment check purchased by TIMOTHY A. BROWN for an investor plus \$2,000.00 (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

