

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.)
)
AARON J. WARREN,)
)
Defendant.)

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

1:09-cr-0067 DFH-KPF

INFORMATION

COUNT ONE

(Conspiracy to Commit Wire Fraud - Title 18, United States Code, Section 371)

The United States Attorney charges that:

During late 2003 and 2004, in the Southern District of Indiana, and elsewhere, AARON J. WARREN (hereinafter, WARREN), Defendant herein, and other individuals, known and unknown to the United States Attorney, did knowingly and unlawfully conspire with each other to commit an offense against the United States, to wit: did knowingly devise and intend to devise and participate in a scheme to defraud, and to obtain and attempt to obtain money by means of false and fraudulent pretenses, representations and promises, and for purposes of executing said scheme to defraud and obtain money, did transmit or cause to be transmitted by means of wire in interstate commerce, certain writings, signs, signals, pictures, and sounds for the purpose of executing such scheme or artifice, in violation of Title 18, United States Code, Section 1343, which conspiracy is more fully described below.

INTRODUCTORY ALLEGATIONS

1. At all times relevant herein, co-conspirators operated mortgage brokerage companies doing business in Indianapolis, Indiana. These companies 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.

2. At all times relevant herein, WARREN owned and operated The Warren Property Group LLC, a company which WARREN used to conduct fraudulent real estate transactions. WARREN located properties to purchase and recruited investors to purchase properties.

3. At all times relevant herein, co-conspirators, including WARREN, located residential properties in the Indianapolis area that were offered for sale by others, negotiated a fair market value purchase price for the properties with the sellers, and entered into option agreements, land contracts, or other agreements to purchase those properties. Co-conspirators then arranged for the closing documents for these properties to show as the sales price an amount which greatly exceeded the negotiated fair market price of the properties. Prior to the closing of the sales, co-conspirators arranged for investors to obtain loans from the above lender for 80-90% of the inflated sales price. This was accomplished by co-conspirators submitting false documents to the lenders, including false statements that the investors were providing the other 10-20% of the sales price as a down payment on the properties. Co-conspirators provided the down payment on many of these properties; WARREN sometimes provided down payment monies, after borrowing the money from others.

4. Co-conspirators also recruited real estate appraisers to appraise the properties at inflated values and utilized closing agents to conduct the closings for the property sales at a title

company in Greenwood, Indiana.

OBJECT OF THE CONSPIRACY

The object of the conspiracy was for AARON WARREN and co-conspirators to falsely and fraudulently obtain monies from Argent Mortgage Company by submitting false and fraudulent loan applications, and false supporting documentation to various lending institutions for the purpose of obtaining mortgage loans.

MANNER AND MEANS OF THE CONSPIRACY

The manner and means by which the conspiracy was carried out, in the Southern District of Indiana, and elsewhere, included but were not limited to the following.

1. Co-conspirators located residential properties for sale in Indianapolis, Indiana, generally individual homes listed for sale by owner. Co-conspirators, including WARREN, negotiated to purchase these properties at a fair market value from the sellers and entered into agreements to accomplish these purchases.
2. When the sale of these properties actually closed, the co-conspirator 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. The difference between the actual sales price and the negotiated selling price was paid to co-conspirators. During the time WARREN was involved in the conspiracy, this was generally accomplished by showing a line item payout on the HUD (and having a check issued) to a company owned by co-conspirators,

including WARREN's company, The Warren Property Group LLC.

3. Co-conspirators, including WARREN, recruited investors to be the purchasers of these properties. These investors were generally friends and relatives of co-conspirators. During the time WARREN was involved in the conspiracy, many of these investors lived in the Indianapolis area. The investors were told by co-conspirators, including WARREN, 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 the co-conspirators 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 were unaware that the properties were worth much less than the price they were paying for them. The investors were paid a fee 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.

4. Co-conspirators originated loans to obtain financing for these properties through Argent Mortgage Company and other lenders. Co-conspirators prepared and submitted to the lenders false and fraudulent loan applications along with false supporting documentation for the loans. The loan applications 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 or that the investor was employed by WARREN's company.

5. 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.

6. Co-conspirators and other individuals recruited by co-conspirators 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 buyers were actually making a down payment on the property, when in fact they were not. WARREN funded the down payments on some of these loans, using money that he borrowed from others. WARREN sometimes purchased the down payment checks himself and provided those checks to other co-conspirators in order that the loan closings could occur.

7. Co-conspirators employed closing agents at title companies 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.

8. WARREN and other co-conspirators and investors 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). Co-conspirators set up numerous corporate entities and opened numerous bank accounts at several banks for purposes of carrying out their fraudulent activities. Following the closings, on several occasions, WARREN received some of the fraudulent loan proceeds after the closings, via checks made out to his company, The Warren Property Group, pursuant to false consulting agreements submitted to the lender. WARREN shared office space with many of the co-conspirators during the year

2004.

9. None of the loans obtained in these fraudulent transactions were repaid as agreed. All of the loans went into default and were the subject of various legal action by the lenders. All of 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.

10. Co-conspirators 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).

OVERT ACTS

WARREN and other co-conspirators, known and unknown to the United States Attorney, committed numerous overt acts in furtherance of the conspiracy. During late 2003 and 2004, WARREN, along with other co-conspirators, committed overt acts in at least four (4) separate transactions, each of which involved co-conspirators falsely obtaining a mortgage loan from Argent Mortgage Company. Argent disbursed approximately \$1,003,500.00 in fraudulent loan proceeds for the four (4) 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 four (4) 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.

Examples of the overt acts committed by WARREN and other co-conspirators in some of the fraudulent loan transactions are detailed as follows:

1. 901 W. 63rd Street, Indianapolis, Indiana (Attachment 1, number 3)

In or about February 2004, WARREN entered into an agreement with the owner (seller) of the property to purchase the property for approximately \$200,000.00. On or about February 23, 2004, a purchase agreement was prepared showing that the owner was selling the property to an investor for \$300,000.00.

On or about February 23, 2004, a co-conspirator obtained an inflated appraisal showing that the property was worth \$300,000.00. On or before February 26, 2004, at WARREN's request, a co-conspirator prepared a loan application for the investor, requesting a loan of \$270,000.00. This loan application 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 worked for WARREN's company, The Warren Group, and had income of \$5,000.00 per month, when in fact, the investor was never employed by WARREN or Warren Property Group. The fraudulent loan application, appraisal and other fraudulent documentation (including a false letter and a false Verification of Employment form, both signed by WARREN and both stating that the investor worked for The Warren Property Group), was provided to Argent Mortgage Company by a co-conspirator. In reliance upon those documents, Argent Mortgage Company agreed to and did fund a loan to the investor in the amount of \$270,000.00.

On or about February 26, 2004, two Official Checks, totaling \$35,177.44, were provided to a title company in Greenwood, Indiana as the down payment for this property. One of these

checks showed the investor as the remitter; the remitter name on the other check was blacked out. In fact, both checks were obtained and provided to the title company by WARREN or at WARREN's direction.

On or about February 26, 2004, the loan closing occurred at the title company. Argent Mortgage Company wire transferred \$269,165.76 from their bank account in New York to the title company bank account. Prior to the closing, a fraudulent Consulting Agreement, dated February 26, 2004, was provided to the title company showing that The Warren Property Group LLC was entitled to receive from the seller's proceeds at closing \$100,000.00 for services rendered. After the closing, and pursuant to the fraudulent Consulting Agreement provided to the lender, a title company check in the amount of \$100,847.00 was issued to a co-conspirator from the fraudulent loan proceeds. This check was transferred thru two co-conspirator's bank accounts, and on or about March 3, 2004, WARREN received from a co-conspirator's bank account, a check in the amount of \$73,500.00, payable to Warren Properties, said \$73,500.00 representing fraudulent loan proceeds.

2. 12722 Old Stone Drive, Indianapolis, Indiana (Attachment 1 - number 4)

In or about April 2004, WARREN entered into an agreement with the owner (seller) of the property to purchase the property for approximately \$240,000.00. On or about April 2, 2004, a purchase agreement was prepared showing that the owner was selling the property to an investor for \$300,000.00.

On or about April 16, 2004, at WARREN's request, a co-conspirator prepared a loan application for the investor, requesting a loan of \$270,000.00. This loan application 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 worked for WARREN's company, The Warren Group LLC, and had income of \$6,000.00 per month, when in fact, the investor was never employed by WARREN or The Warren Property Group. On or about March 2, 2004 (before the purchase agreement was even negotiated), a co-conspirator obtained an inflated appraisal showing that the property was worth \$300,000.00. The fraudulent loan application, appraisal and other fraudulent documentation was provided to Argent Mortgage Company by a co-conspirator. In reliance upon those documents, Argent Mortgage Company agreed to and did fund a loan to the investor in the amount of \$270,000.00.

On or about April 16, 2004, an Official Check in the amount of \$34,973.56, was provided to a title company in Greenwood, Indiana as the down payment for this property. This check showed the investor as the remitter, when in fact, the check was obtained and provided to the title company by WARREN or at WARREN's direction.

On or about April 16, 2004, the loan closing occurred at the title company. Argent Mortgage Company wire transferred \$268,642.80 from their bank account in New York to the title company bank account. Prior to the closing, a fraudulent Consulting Agreement, dated April 15, 2004, was provided to the title company showing that The Warren Property Consulting Group LLC was entitled to receive from the seller's proceeds at closing \$60,002.00 for services rendered. After the closing, and pursuant to the fraudulent Consulting Agreement provided to the lender, a title company check in the amount of \$60,002.00 was issued to Warren Property Group, said \$60,002.00 representing proceeds of the fraudulent loan. On or about April 16, 2004, WARREN deposited this title company check to a bank account which he maintained at

KeyBank, in the name The Warren Property Group LLC.

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

COUNT 2
(Money Laundering - Title 18, United States Code, Section 1957)

The United States Attorney further charges that:

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

2. Between approximately November 2003 and April 2004, AARON J. WARREN engaged in numerous 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 April 28, 2004, in the Southern District of Indiana, AARON J. WARREN, 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 April 28, 2004, AARON J. WARREN caused a check in the amount of \$21,500.00, to be written, from a KeyBank account in the name of The Warren Property Group LLC, payable to Aaron Warren, said check representing fraudulently obtained proceeds of a loan disbursed by Argent Mortgage Company relative to the sale of a property (as more fully set forth in the Overt Acts section of Count One);

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

