

1 Presented to the Court by the foreman of the
2 Grand Jury in open Court, in the presence of
3 the Grand Jury and FILED in The U.S.
DISTRICT COURT at Seattle, Washington.

4 *June 18* 20*08*
BRUCE RIEKIN, Clerk
5 By *[Signature]* Deputy
6
7

8 UNITED STATES DISTRICT COURT
9 WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

10 UNITED STATES OF AMERICA,
11 Plaintiff,

CR08 0212 RAJ

12 v.

INDICTMENT

13 WILLIAM ANDERSON,
14 ROBERT ERNEST BRANDT,
15 MUSTAFA "MARC" KHOSRAW,
16 ISAAC PALMER,
17 KRISTYN JUPITER MOSS,
ZACHARY JOSEPH NAMIE,
Defendants.

08-CR-00212-INDI

18 The Grand Jury charges that:

19 **INTRODUCTION**

20 At all times relevant to this Indictment:

- 21 1. "SFN, LLC," ("SFN") was a Washington limited liability corporation
- 22 owned and controlled by Defendant WILLIAM ANDERSON. All acts undertaken by
- 23 SFN alleged herein were undertaken at the direction of WILLIAM ANDERSON, and for
- 24 his benefit.
- 25 2. "Escrow Authority" was a d/b/a for the Law Offices of Robert E. Brandt,
- 26 J.D., and was owned and controlled by Defendants ROBERT ERNEST BRANDT and
- 27 WILLIAM ANDERSON. All actions undertaken by Escrow Authority alleged herein
- 28 were undertaken at the direction of WILLIAM ANDERSON and/or ROBERT ERNEST

1 BRANDT and for their benefit.

2 3. Defendant MUSTAFA "MARC" KHOSRAW was a mortgage broker and
3 real estate agent who controlled a business called "Mortgage Lending Solutions," among
4 other companies.

5 4. GMI Construction ("GMI") was a Washington corporation owned and
6 controlled by Defendant ISAAC PALMER.

7 5. "Sterling Investments" was a Washington company owned and operated by
8 P.W.

9 6. ZACHARY JOSEPH NAMIE was employed as a loan officer with a
10 mortgage brokerage.

11 7. Viking Bank was a financial institution as defined in Title 18, United States
12 Code, Section 20 based in the Western District of Washington, and was federally insured
13 at all times relevant herein. Defendant KRYSTYN JUPITER MOSS (KRISTYN
14 JUPITER MOSS) was employed with Viking Bank for a period of time relevant to this
15 indictment, and later worked as a loan officer for another entity.

16 8. Aegis Funding Corporation was a mortgage lender.

17 9. Argent Mortgage, LLC, was a wholesale mortgage lender formerly owned
18 by and/or doing business as, Ameriquest Mortgage.

19 10. Ownit Mortgage Solutions was a mortgage lender.

20 **COUNT ONE**

21 **(Conspiracy to Commit Wire Fraud)**

22 **A. The Offense**

23 11. Paragraphs 1 through 9 of the Introduction section of this Indictment are
24 realleged and incorporated by this reference as if set forth fully herein.

25 12. Beginning at a date uncertain, but sometime within the last five years, and
26 continuing through on or about June 2, 2005, in the Western District of Washington at
27 Bellevue, and elsewhere, WILLIAM ANDERSON, ROBERT ERNEST BRANDT,
28 MUSTAFA "MARC" KHOSRAW, ISAAC PALMER, KRISTYN JUPITER MOSS, and

1 ZACHARY JOSEPH NAMIE, (collectively, "Defendants"), together with L.P., A.W.,
2 P.W., L.W., J.E.K., and others known and unknown, did knowingly and willfully
3 conspire, confederate and agree to commit offenses against the United States, to wit: To
4 knowingly transmit and cause to transmit by wire, communications in interstate and
5 foreign commerce in furtherance of a scheme and artifice to defraud and for obtaining
6 money and property by means of false and fraudulent pretenses, representations and
7 promises, and to aid and abet, cause and procure the same, knowing full well that the
8 pretenses, representations and promises were false when made, in violation of Title 18,
9 United States Code, Sections 1343 and 2.

10 **B. The Object of the Conspiracy.**

11 13. The object of the conspiracy was for Defendants to unlawfully enrich
12 themselves and their co-conspirators by obtaining mortgage loans under false pretenses.
13 Defendants, either directly or through companies under their exclusive control, would
14 purchase and/or enter into contracts to purchase residential real property in Western
15 Washington. Defendants would recruit or cause others to recruit "straw buyers" to
16 pretend to purchase the same real estate from Defendants or other coconspirators, and/or
17 from companies under their exclusive control, for an inflated price (hereafter, a "flip").
18 Defendants would then cause the straw buyer to apply for loans to finance the inflated
19 purchase price, using materially false information to obtain the loans. The real purchase
20 and the straw purchase would generally close within a short period of time, at Escrow
21 Authority. The fraudulently obtained loan would then be used to pay the original seller,
22 with the excess amounts going to Defendants and other conspirators.

23 **C. The Manner and Means of the Conspiracy.**

24 14. The manner and means by which the Defendants and their co-conspirators
25 sought to accomplish the object and purpose of the conspiracy included, among others,
26 the following:

27 15. It was part of the conspiracy that conspirators, and others would identify
28 residential real property for sale (hereafter, collectively referred to as the "subject

1 properties”).

2 **16. Acquisition of Subject Properties.** It was part of the conspiracy that
3 conspirators, including but not limited to WILLIAM ANDERSON (via SFN) would
4 acquire the subject properties, either in their own name or in the name of a company they
5 owned and controlled, at or close to the original list price. In some instances, WILLIAM
6 ANDERSON used money fraudulently diverted from Escrow Authority’s IOLTA
7 lawyer’s trust account at Viking Bank to pay the purchase price.

8 **17. Recruitment of Straw Buyers.** It was part of the conspiracy that
9 conspirators, including but not limited to WILLIAM ANDERSON, MUSTAFA “MARC”
10 KHOSRAW, ISAAC PALMER and ZACHARY JOSEPH NAMIE would recruit and pay
11 individuals to pose as buyers (hereafter, “straw buyers”) for the subject properties. In
12 return for their fee, the straw buyers would allow their identities and credit information to
13 be used in mortgage loan applications. The applications were submitted to financial
14 institutions and mortgage lenders, and represented the straw buyer as the true buyer of the
15 selected properties, and the individual responsible for the loan. However, the straw
16 buyers at no time believed themselves to be the true purchasers of the properties. It was
17 instead understood that the properties would be controlled by other members of the
18 conspiracy, and that all mortgage payments were to be made by other members of the
19 conspiracy. The conspirators recruited more than thirty individuals to act as straw
20 buyers, some of whom agreed to do so for more than one subject property.

21 **18. The Subject Properties are Flipped to Straw Buyers.** It was part of the
22 conspiracy that the subject properties would then be sold, or “flipped” to the straw buyer
23 for a higher price.

24 **19. Fraudulent Loan Applications.** It was part of the conspiracy that
25 conspirators, including but not limited to MUSTAFA “MARC” KHOSRAW, KRISTYN
26 JUPITER MOSS and ZACHARY JOSEPH NAMIE, would prepare and/or cause to be
27 prepared on behalf of the straw buyers, materially false and fraudulent mortgage loan
28 applications, including (among other things), falsely inflated income levels; false

1 employment information; false employment verifications; false availability of funds to
2 close and/or false verification of funds on deposit. Said misrepresentations were typically
3 contained on a "Uniform Residential Loan Application," also known as a Fannie Mae
4 Form 1003. The mortgage loan applications were submitted to financial institutions and
5 mortgage lenders with the intent of securing loans to finance the fictitious "flipped" sale
6 price. Defendants acted with the intent to defraud the respective mortgage companies to
7 whom the loan applications were sent, knowing that the lenders would rely on the
8 misrepresentations.

9 **20. Fraudulent Verification of Owner/Occupancy.** It was part of the
10 conspiracy that, in each case, the false mortgage loan application would also include a
11 separate materially false verification, typically under penalty of perjury, that the purpose
12 of the loan was for the straw buyer to acquire the selected property as a primary
13 residence. The conspirators caused the straw buyer to make this misrepresentation to
14 secure 100% financing of the "flip" transactions (thereby avoiding making a down
15 payment) and to obtain a lower interest rate.

16 **21. Fraudulent Creation of Cashier's Checks, Verifications of Deposit, and**
17 **other Documents.** It was part of the conspiracy that in some instances, conspirators,
18 including WILLIAM ANDERSON and KRISTYN JUPITER MOSS, would create false
19 documents purporting to show that the straw buyer had funds available to close the
20 transaction, or to otherwise satisfy lender requirements that a borrower have cash
21 available.

22 **22. Fraudulent Appraisals.** In some instances, to support the overstated sale
23 price on the selected properties, members of the conspiracy, including but not limited to
24 L.P., would prepare and/or cause to be prepared, fraudulent appraisals attesting to the
25 inflated property values dictated by other members of the conspiracy.

26 **23. Fraudulent Closing of Transaction to Hide True Nature of the**
27 **Transaction from the Lender.** It was part of the conspiracy that the purchases and flips
28 of the selected properties closed via Escrow Authority. WILLIAM ANDERSON and

1 ROBERT ERNEST BRANDT, together with the straw buyers, would create, and/or cause
2 to be created and submitted to the financial institutions and mortgage companies, HUD-1
3 Settlement Statement Forms ("HUD-1s"), that contained materially false information, and
4 also failed to disclose material information that would have alerted the lender that the
5 transaction was a "flip." In return for this service and others, WILLIAM ANDERSON
6 and ROBERT ERNEST BRANDT would sometimes collect excess fees not disclosed to
7 the lender, including in some instances a special fee of approximately \$10,000 per
8 transaction, over and above any normal escrow fees.

9 24. **Diversion and Disbursement of Fraudulently Obtained Loan Proceeds.**

10 It was part of the conspiracy that once the mortgage applications were approved, the
11 fraudulently obtained loan proceeds from the lending institutions would be wired in
12 interstate commerce to Escrow Authority's trust account at Viking Bank. Escrow
13 Authority would then typically, but not always, pay any underlying loans and lien holders,
14 and then distribute the excess amounts to members of the conspiracy.

15 25. Members of the conspiracy would often make the payments on the
16 mortgage loans obtained as part of the conspiracy, in an attempt to maintain the loans
17 until the properties could be sold again, oftentimes in another flip to another straw buyer.
18 However, in the end, the conspirators would ultimately fail to make payments on the
19 loans, and properties would go into foreclosure, causing the financial institutions and
20 mortgage lenders to suffer substantial losses.

21 26. The Grand Jury further alleges that the conspiracy affected one or more
22 federally insured financial institutions, as defined in Title 18, United States Code, Section
23 20, including but not limited to Viking Bank.

24 **D. Overt Acts of the Conspiracy.**

25 27. In furtherance of the conspiracy, and to accomplish one or more of its
26 objects, the following overt acts were committed by one or more of the conspirators
27 within the Western District of Washington:

28 a. On or about April 27, 2004, Defendants caused Aegis Funding

1 Corporation to make two wire transfers, one in the amount of \$300,581.20 via Deutsche
2 Bank Americas, New York, New York, and one in the amount of \$66,591.25 via Bank
3 One National Association in Chicago, Illinois, to Escrow Authority's trust account at
4 Viking Bank in the Western District of Washington, in connection with the flip of 7133
5 45th Avenue South in Seattle, Washington to straw buyer R.W.

6 b. On or about March 18, 2004, Defendants caused Argent Mortgage,
7 d/b/a Ameriquest, to wire \$284,401.35, via Deutsche Bank in New York, New York, to
8 Escrow Authority's trust account in the Western District of Washington in connection
9 with the flip of 13039 6th Place SE, in Burien, Washington to straw buyer R.R.

10 c. On or about June 5, 2004, Defendants caused Argent Mortgage d/b/a
11 Ameriquest to wire \$405,461.81 via Deutsche Bank in New York, New York, to Escrow
12 Authority's trust account in the Western District of Washington in connection with the
13 flip of 3513 SW Webster in Seattle, Washington to straw buyer D.A.

14 d. On or about July 26, 2004, Argent Mortgage Company caused
15 Deutsche Bank Americas in New York, New York, to wire \$171,842.10 to Escrow
16 Authority's trust account at Viking Bank in the Western District of Washington, in
17 connection with the flip of 2616 15th Street in Tacoma, Washington to straw buyer
18 D.F.H.

19 e. On or about September 15, 2004, Ownit Mortgage Solutions caused
20 J.P. Morgan, in Houston to make two wire transfers, one in the amount of \$563,058.76
21 and one in the amount of \$139,128.40 to Escrow Authority's trust account at Viking Bank
22 in the Western District of Washington, in connection with the flip of 8501 71st Street,
23 Mercer Island, Washington to straw buyer S.L.

24 All in violation of Title 18, United States Code, Sections 1349 and 2.

25 **COUNTS TWO - SIX**

26 **(Wire Fraud)**

27 28. The preceding paragraphs are incorporated by this reference as if set forth
28 fully herein. Each of the Counts alleged herein was committed during and in furtherance

1 of the conspiracy charged in Count One.

2 29. Beginning on a date uncertain, but within the last five years, and continuing
3 through on or about June 2, 2005, within the Western District of Washington and
4 elsewhere, WILLIAM ANDERSON, ROBERT ERNEST BRANDT, MUSTAFA
5 "MARC" KHOSRAW, ISAAC PALMER, KRISTYN JUPITER MOSS, and ZACHARY
6 JOSEPH NAMIE, (collectively, "Defendants"), together with L.P., A.W., P.W., L.W.,
7 J.E.K., and others known and unknown, devised and executed a scheme and artifice to
8 defraud for the purpose of obtaining money and property by means of false and fraudulent
9 pretenses, representations and promises ("the scheme and artifice to defraud"), knowing
10 full well that the pretenses, representations and promises were false.

11 **A. Essence of The Scheme and Artifice to Defraud.**

12 30. The essence of the scheme and artifice to defraud was for Defendants to
13 unlawfully enrich themselves and others by obtaining mortgage loans under false
14 pretenses. Defendants, either directly or through companies under their control, would
15 purchase and/or enter into contracts to purchase residential real property in Western
16 Washington. Defendants would recruit or cause others to recruit "straw buyers" to
17 pretend to purchase the same real estate from Defendants or other coconspirators, and/or
18 from companies under their exclusive control, for an inflated price (hereafter, a "flip").
19 Defendants would then cause the straw buyer to apply for loans to finance the inflated
20 purchase price, using materially false information to obtain the loans. The real purchase
21 and the straw purchase would generally close within a short period of time, at Escrow
22 Authority. The fraudulently obtained loan would fund into ROBERT ERNEST
23 BRANDT's lawyer trust account at Escrow Authority with Viking Bank, and then be used
24 to pay the original seller, with the excess amounts going to Defendants and other
25 conspirators.

26 **B. The Scheme and Artifice to Defraud.**

27 31. It was part of the scheme and artifice to defraud that Defendants and others
28 would identify residential real property for sale (hereafter, collectively referred to as the

1 “subject properties”).

2 **32. Acquisition of Subject Properties.** It was further part of the scheme and
3 artifice to defraud that some of the Defendants, including but not limited to WILLIAM
4 ANDERSON (via SFN), would acquire the subject properties, either in their own name or
5 in the name of a company they owned and controlled, at or close to the original list price.
6 In some instances, WILLIAM ANDERSON used money fraudulently diverted from
7 Escrow Authority’s IOLTA lawyer trust account at Viking Bank to pay the purchase
8 price. Representative examples include, but are not limited to the following:

9 a. 7133 45th Avenue South, Seattle, Washington: On or about
10 February 10, 2004, P.W., via Sterling Investments, entered into a REPSA to purchase the
11 property at 7133 45th Avenue South, Seattle, Washington, for \$290,000. SFN later
12 assumes the agreement and purchase the property instead of Sterling.

13 b. 13039 6th Place SE, Burien, Washington: Sometime prior to March
14 of 2004, WILLIAM ANDERSON and others known and unknown caused straw buyer
15 P.W. to acquire the property at 13039 6th Place SE, Burien, Washington.

16 c. 3513 SW Webster Street, Seattle, Washington: On or about April
17 13, 2004, WILLIAM ANDERSON, via SFN, entered into a REPSA to purchase the
18 property at 3513 SW Webster Street in Seattle, Washington for \$275,000.

19 d. 2616 South 15th Street, Tacoma, Washington: On or about May 23,
20 2004, P.W., via Sterling Investments, entered into a REPSA to purchase the property at
21 2616 South 15th Street, Tacoma, Washington for \$100,000.

22 e. 8501 SE 71st Street, Mercer Island, Washington: On or about June
23 15, 2004, WILLIAM ANDERSON, via SFN, entered into a REPSA with Washington
24 Mutual to purchase 8501 SE 71st Street, Mercer Island, Washington for \$550,000.

25 **33. Recruitment of Straw Buyers.** It was further part of the scheme and
26 artifice to defraud that WILLIAM ANDERSON, MUSTAFA “MARC” KHOSRAW,
27 ISAAC PALMER, and ZACHARY JOSEPH NAMIE would recruit and pay individuals
28 to pose as buyers (hereafter, “straw buyers”) for the subject properties. In return for their

1 fee, the straw buyers would allow their identities and credit information to be used in
2 mortgage loan applications submitted to financial institutions and mortgage lenders
3 representing the straw buyer as the true buyer of the selected properties and the individual
4 responsible for the loan. However, the straw buyers at no time believed themselves to be
5 the true purchasers of the properties, and instead understood that the properties would be
6 controlled by other members of the conspiracy, and that all mortgage payments were to be
7 made by other members of the conspiracy. The conspirators recruited more than 30
8 individuals to act as straw buyers, including but not limited to R.W., P.W., R.R., P.A.,
9 D.F.H., and S.L. Some of these individuals acted as straw buyers for more than one
10 subject property.

11 34. **Flip of Subject Properties to Straw Buyers:** It was further part of the
12 scheme and artifice to defraud that the subject properties would then be sold, or “flipped”
13 to the straw buyer for a higher price. Representative examples include, but are not
14 limited to, the following:

15 a. 7133 45th Ave. South, Seattle, Washington: On or about March 1,
16 2004, Williams entered into a REPSA to sell the property at 7133 45th Avenue South in
17 Seattle, Washington to R.W. for \$370,000.

18 b. 13039 6th Place SE, Burien, Washington: On or about March 2,
19 2004, WILLIAM ANDERSON caused P.W. to enter into a REPSA to sell the property at
20 13039 6th Place SE, Burien, Washington to R.R. for \$295,000.

21 c. 3513 SW Webster, Seattle, Washington: On or about May 14, 2004,
22 WILLIAM ANDERSON, via SFN, entered into a Real Estate Purchase and Sale
23 Agreement (REPSA) to sell the property at 3513 SW Webster in Seattle, Washington to
24 straw buyer D.A. for \$430,000.

25 d. 2616 South 15th Street, Tacoma, Washington: On about May 24,
26 2004, WILLIAM ANDERSON and Williams entered into a REPSA to sell the property at
27 2616 South 15th Street in Tacoma, Washington to straw buyer D.F.H. for \$180,000.

1 e. 8501 SE 71st Street, Mercer Island, Washington: On or about
2 August 30, 2004, WILLIAM ANDERSON, via SFN, entered into a REPSA to sell the
3 property at 8501 SE 71st Street, Mercer Island, Washington, to S.L. for \$700,000.

4 35. **Fraudulent Loan Application.** It was further part of the scheme and
5 artifice to defraud that including but not limited to MUSTAFA "MARC" KHOSRAW
6 and ZACHARY JOSEPH NAMIE, would prepare and/or cause to be prepared on behalf
7 of the straw buyers materially false and fraudulent mortgage loan applications, including
8 (among other things), falsely inflated income levels; false employment information; false
9 employment verifications; false availability of funds to close and/or false verification of
10 funds on deposit. Said misrepresentations were typically contained on a "Uniform
11 Residential Loan Application," also known as a Fannie Mae Form 1003. Defendants
12 acted with the intent to defraud the respective mortgage companies to whom the loan
13 applications were sent, knowing that the lenders would rely on the misrepresentations.
14 Representative examples include, but are not limited to, the following:

15 a. 7133 45th Avenue South, Seattle, Washington: On or about April
16 15, 2004, WILLIAM ANDERSON, Williams and ZACHARY JOSEPH NAMIE caused
17 R.W. to falsely claim on a loan application provided to Aegis Funding Corporation, to
18 purchase 7133 45th Avenue South in Seattle, Washington: (1) that he worked for "Pacific
19 Domains;" (2) that he made \$13,000 a month in gross income; and (3) that the purchase
20 of the loan was to purchase a primary residence.

21 b. 13039 6th Place SE, Burien Washington: On or about March 11,
22 2004, WILLIAM ANDERSON, MUSTAFA "MARC" KHOSRAW, and ISAAC
23 PALMER caused R.R. to falsely claim to Argent Mortgage Company to purchase 13039
24 6th Place SE, in Burien, Washington: (1) that she worked at Sterling Investments, a
25 company owned by Williams; (2) she made in excess of \$25,000 a month in gross
26 income; and (3) that the purpose of the loan was to purchase a primary residence.

27 c. 3513 SW Webster, Seattle, Washington: On or about June 2, 2004,
28 WILLIAM ANDERSON, MUSTAFA "MARC" KHOSRAW, ISAAC PALMER, and

1 other Defendants caused D.A. to falsely claim to Argent Mortgage Company, in
2 connection with the purchase of 3513 SW Webster in Seattle, Washington: (1) that he
3 worked at GMI & Associates, a company owned by ISAAC PALMER; (2) that he made
4 in excess of \$8,604.54 a month in employment income; (3) that he had \$27,000 in
5 available funds via a fraudulent cashier's check.

6 d. 2616 South 15th Street, Tacoma, Washington: On or about July 13,
7 2004, WILLIAM ANDERSON, Williams and ZACHARY JOSEPH NAMIE caused
8 D.F.H. to falsely claim to Argent Mortgage Company, in connection with the purchase of
9 2616 South 15th Street in Tacoma, Washington: (1) that he worked at Sterling
10 Investments, a company owned by Williams; (2) that he made approximately \$6,700 a
11 month in gross income; and (3) that the purpose of the loan was to purchase a primary
12 residence.

13 e. 8501 SE 71st St., Mercer Island, Washington: On or about
14 September 14, 2004, WILLIAM ANDERSON, MUSTAFA "MARC" KHOSRAW,
15 KRISTYN JUPITER MOSS and ISAAC PALMER caused S.L. to falsely claim to Ownit
16 Mortgage Solutions, Inc., that (1) he worked for Sterling Investments, (2) that he made
17 approximately \$13,380 a month in gross income; and (3) that he intended to borrow
18 money to purchase his principal residence, in support of his loan application for 8501 SE
19 71st St., Mercer Island, Washington.

20 36. **Fraudulent Verification of Owner/Occupancy.** It was further part of the
21 scheme and artifice to defraud that, in each case, the false mortgage loan application
22 would also include a separate materially false verification, typically under penalty of
23 perjury, that the purpose of the loan was for the straw buyer to acquire the selected
24 property as a primary residence. The conspirators caused the straw buyer to make this
25 misrepresentation to secure 100% financing of the "flip" transactions (thereby avoiding
26 making a down payment) and to obtain a lower interest rate. Representative examples
27 include, but are not limited to:

1 a. 13039 6th Place SE, Burien, Washington: On March 11, 2004,
2 Defendants caused R.R. to sign an "Occupancy Affidavit" under penalty of perjury
3 certifying that she planned to occupy the residence at 13039 6th Place SE, Burien,
4 Washington as her primary residence.

5 b. 3513 SW Webster Street, Seattle, Washington: On or about June 2,
6 2004, Defendants caused D.A. to sign an "Occupancy Agreement" falsely certifying that
7 he intended to occupy the property at 3513 SW Webster Street, Seattle, Washington as his
8 primary residence.

9 c. 2616 South 16th Street, Tacoma, Washington. On or about July 13,
10 2004, Defendants caused D.F.H. to sign an "Occupancy Affidavit" falsely certifying that
11 he intended to occupy 2616 South 16th Street in Tacoma, Washington as his principal
12 residence.

13 d. 8501 SE 71st Street, Mercer Island, Washington: On or about
14 September 14, 2004, Defendants caused S.L. to sign an "Occupancy and Financial Status
15 Affidavit," under oath, falsely certifying that he intended to occupy 8501 SE 71st Street,
16 Mercer Island, Washington as his principal residence.

17 **37. Fraudulent Creation of Cashier's Checks, Verifications of Deposit, and**
18 **other Documents.** It was further part of the scheme and artifice to defraud that in some
19 instances Defendants, including WILLIAM ANDERSON and KRISTYN JUPITER
20 MOSS, would create false documents purporting to show that the straw buyer had funds
21 available to close the transaction, or to otherwise satisfy lender requirements that a
22 borrower have cash available. Representative examples include, but are not limited to,
23 the following:

24 a. 3513 SW Webster Street, Seattle, Washington: On or about June 2,
25 2004, WILLIAM ANDERSON caused KRISTYN JUPITER MOSS to create a fictitious
26 Viking Bank "Official Check" in the amount of \$27,745.74 in the name of D.A. in
27 connection with the purchase of 3513 SW Webster Street, Seattle, Washington
28

1 b. 2616 South 15th Street, Tacoma, Washington: On or about July 22,
2 2004, WILLIAM ANDERSON prepared a "receipt" falsely indicating that D.F.H.
3 deposited \$14,489.34 in closing costs with Escrow Authority in connection with the
4 purchase of 2616 South 15th Street, Tacoma, Washington.

5 c. 8501 71st Street, Mercer Island, Washington. WILLIAM
6 ANDERSON caused KRISTYN JUPITER MOSS to: (1) write a letter on or about June
7 16, 2004 falsely certifying that SFN, LLC had sufficient funds to cover a check of
8 \$550,000 in support of the purchase of 8501 71st Street, Mercer Island, Washington; (2)
9 and on or about September 2, 2004, to create a fictitious Viking Bank "Official Check" in
10 the amount of \$5,000 in support of the flip transaction for 8501 71st Street, Mercer
11 Island, Washington.

12 **38. Fraudulent Closing of Transaction to Hide True Nature of the**
13 **Transaction from the Lender.** It was further part of the scheme and artifice to defraud
14 that the purchases and flips of the selected properties closed via Escrow Authority.
15 WILLIAM ANDERSON and ROBERT ERNEST BRANDT would create, and/or cause
16 to be created and submitted to the financial institutions and mortgage companies, HUD-1
17 Settlement Statement Forms ("HUD-1s"), that contained materially false information, and
18 also failed to disclose material information that would have alerted the lender that the
19 transaction was a "flip." In return for this service and others, WILLIAM ANDERSON
20 and ROBERT ERNEST BRANDT would collect a fee of approximately \$10,000 per
21 transaction, over and above any normal escrow fees.

22 a. 7133 45th Avenue South, Seattle, Washington. On or about April
23 27, 2004, ROBERT ERNEST BRANDT certified and signed a final HUD-1 form falsely
24 showing that straw buyer R.W. purchased the property directly from the original seller,
25 concealing Williams and WILLIAM ANDERSON/SFN's involvement in the transaction;
26 and falsely showing that R.W. contributed approximately \$13,000 in closing costs to
27 escrow.
28

1 b. 1309 6th Place SE, Burien, Washington: On or about March 30,
2 2004, ROBERT ERNEST BRANDT certified and signed a final HUD-1 form falsely
3 showing that P.W. received \$67,255.14 in proceeds on the sale of 1309 6th Place SE,
4 Burien, Washington to R.R., concealing disbursements to GMI Construction/ISAAC
5 PALMER on the transaction.

6 c. 3513 SW Webster, Seattle, Washington: On or about June 4, 2004,
7 ROBERT ERNEST BRANDT certified and signed a final HUD-1 form fraudulently
8 certifying that D.A. had deposited \$28,101.62 into escrow; and falsely hiding the
9 involvement of other entities in the transaction. In addition, the HUD-1 failed to disclose
10 that Escrow Authority had collected closing costs and fees in excess of the amounts set
11 forth on the HUD-1.

12 d. 2616 South 15th Street, Tacoma, Washington: On or about July 27,
13 2004, ROBERT ERNEST BRANDT certified and signed a final HUD-1 form falsely
14 concealing SFN's role in the purchase of 2616 South 15th Street, Tacoma, Washington;
15 falsely indicating that D.F.H. had deposited \$14,489.34 in escrow; and falsely concealing
16 the true closing costs from the lender.

17 39. **Diversion and Disbursement of Fraudulently Obtained Loan Proceeds.**

18 It was further part of the scheme and artifice to defraud that once the mortgage
19 applications were approved, the fraudulently obtained loan proceeds from the lending
20 institutions would be wired in interstate commerce to Escrow Authority's trust account at
21 Viking Bank. Escrow Authority would then typically, but not always, pay any underlying
22 loans and lien holders, and then distribute the excess amounts to members of the
23 conspiracy. Representative examples include, but are not limited to, the following:

24 a. 7133 45th Avenue South, Seattle, Washington: On or about April
25 27, 2004, Escrow Authority disbursed: (1) \$4,672 to itself, contrary to the amount shown
26 on the fraudulently prepared HUD-1; (2) \$6,436 to Mortgage Avenue, ZACHARY
27 JOSEPH NAMIE's employer; and \$56,928.94 to SFN, all in connection with the closing
28 of the flip of 7133 45th Avenue South in Seattle, Washington, to R.W.

1 b. 1309 6th Place SE, Burien Washington: On or about March 30,
2 2004, ISAAC PALMER received, via GMI, \$50,340.38 from the closing of the sale of
3 1309 6th Place SE, Burien, Washington, a disbursement concealed from the lender.
4 WILLIAM ANDERSON received, via SFN \$30,000 in proceeds from the same
5 transaction, on the same day.

6 c. 3513 SW Webster, Seattle, Washington: On or about June 4, 2004,
7 Escrow Authority disbursed \$389,899.58 to SFN; and approximately \$8,515 to companies
8 controlled by MUSTAFA "MARC" KHOSRAW in connection with the flip to D.A. SFN
9 in turn disbursed funds to other co-conspirators, including but not limited to a \$77,205.15
10 payment to GMI, and a \$5,000 payment to ROBERT ERNEST BRANDT's personal
11 account. GMI in turn paid D.A. \$20,000 on that same date.

12 d. 2616 South 15th Street, Tacoma, Washington: On or about July 27,
13 2004, Escrow Authority disbursed the following funds in connection with the closing on
14 the flip of 2616 South 15th Street, Tacoma, Washington to D.F.H.: \$57,237.85 to SFN;
15 \$3,686 to Mortgage Avenue, ZACHARY JOSEPH NAMIE's employer; and \$1,800 in
16 excess closing costs to Escrow Authority not disclosed to the lender.

17 e. 8501 SE 71st Street, Mercer Island, Washington: On or about
18 September 15, 2004, Escrow Authority disbursed the following funds in connection with
19 the closing on the flip of 8501 71st Street, Mercer Island, Washington to S.L.:
20 \$666,559.74 to SFN: \$13,650 to MLS for MUSTAFA "MARC" KHOSRAW's benefit.
21 SFN in turn disbursed \$75,000 to GMI for ISAAC PALMER's benefit, and \$5,600 to
22 MLS for MUSTAFA "MARC" KHOSRAW's benefit. ISAAC PALMER in turn
23 disbursed \$15,000 to S.L. the following day.

24 40. It was further part of the scheme and artifice to defraud that Defendants
25 would often make, or cause others to make, the payments on the mortgage loans obtained
26 as part of the conspiracy, in an attempt to maintain the loans until the properties could be
27 sold again, oftentimes in another flip to another straw buyer. However, in the
28 conspirators would ultimately fail to make payments on the loans, and some properties

1 | would go into foreclosure, causing the financial institutions and mortgage lenders to
2 | suffer substantial losses.

3 | 41. The Grand Jury further alleges that the conspiracy affected one or more
4 | federally insured financial institutions, as defined in Title 18, United States Code, Section
5 | 20, including but not limited to Viking Bank.

6 | **C. Execution of the Scheme and Artifice.**

7 | 42. As to Counts Two through Six, and on each of the dates listed below, at
8 | Kirkland, within the Western District of Washington, for the purpose of executing and
9 | attempting to execute this scheme and artifice to defraud, Defendants did knowingly
10 | cause the following mortgage lenders to transmit the total loan funds specified as to each
11 | Count in that paragraph, in interstate commerce by means of one or more wires, with the
12 | ultimate destination being Escrow Authority's trust account at Viking Bank located in the
13 | Western District of Washington.

14 | a. Count Two: On or about April 27, 2004, Aegis Funding Corporation
15 | made two wire transfers, one in the amount of \$300,581.20 via Deutsche Bank Americas,
16 | New York, New York, and one in the amount of \$66,591.25 via Bank One National
17 | Association in Chicago, Illinois, to Escrow Authority's trust account at Viking Bank in
18 | the Western District of Washington, in connection with the flip of 7133 45th Avenue
19 | South in Seattle, Washington to R.W.

20 | b. Count Three: On or about March 18, 2004, Argent Mortgage, d/b/a
21 | Ameriquest, wired \$284,401.35, via Deutsche Bank in New York, New York, to Escrow
22 | Authority's trust account in the Western District of Washington in connection with the
23 | flip of 13039 6th Place SE, in Burien, Washington to R.R.

24 | c. Count Four: On or about June 5, 2004, Argent Mortgage d/b/a
25 | Ameriquest wired \$405,461.81 via Deutsche Bank in New York, New York, to Escrow
26 | Authority's trust account in the Western District of Washington in connection with the
27 | flip of 3513 SW Webster in Seattle, Washington to D.A.

1 f. Count Five: On or about July 26, 2004, Argent Mortgage Company
2 caused Deutsche Bank Americas in New York, New York, to wire \$171,842.10 to
3 Escrow Authority's trust account at Viking Bank in the Western District of Washington,
4 in connection with the flip of 2616 15th Street in Tacoma, Washington.

5 g. Count Six: On or about September 15, 2004, Ownit Mortgage
6 Solutions caused J.P. Morgan, in Houston to make two wire transfers, one in the amount
7 of \$563,058.76 and one in the amount of \$139,128.40 to Escrow Authority's trust account
8 at Viking Bank in the Western District of Washington, in connection with the flip of 8501
9 71st Street, Mercer Island, Washington.

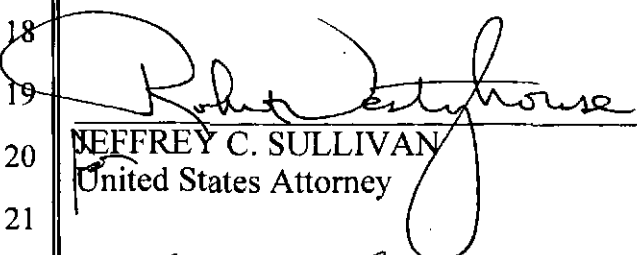
10 All in violation of Title 18, United States Code, Sections 1343 and 2.

11
12 A TRUE BILL:

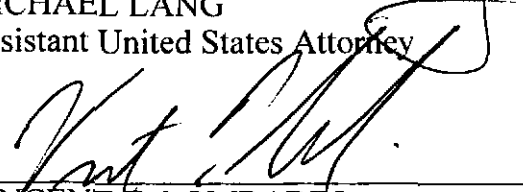
13
14 DATED: 6/18/2008

15 *Signature of Foreperson Redacted*
16 *Per Policy of Judicial Conference*

17
18 _____
19 FOREPERSON

18 
19 _____
20 JEFFREY C. SULLIVAN
21 United States Attorney

22 
23 _____
24 MICHAEL LANG
25 Assistant United States Attorney

26 
27 _____
28 VINCENT T. LOMBARDI
Assistant United States Attorney