

**UNDER
SEAL**

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON

UNITED STATES OF AMERICA	)	No. CR <u>06-272 BR</u>	
)		
- v -	)	<u>INDICTMENT</u>	
)		
CLIFFORD J. BRIGHAM	)	18 U.S.C. § 2	(Aiding and Abetting)
a/k/a "C.J. Brigham,"	)	18 U.S.C. § 1341	(Mail Fraud)
"Cleburne Jr. Brigham"	)	18 U.S.C. § 1343	(Wire Fraud)
and	)	18 U.S.C. § 1957	(Money Laundering)
	)	18 U.S.C. § 3147	(Crime Committed
MELODIE MACDUFFEE,	)		While Released on
	)		Bail)
Defendants.	)	42 U.S.C. § 408	(Social Security Fraud)

THE GRAND JURY CHARGES:

I. INTRODUCTION AND OVERVIEW TO ALL COUNTS

1. Between October 2004 and August 2005, the defendants **CLIFFORD J. BRIGHAM** and **MELODIE MACDUFFEE** defrauded mortgage lenders out of millions of dollars. Specifically, **BRIGHAM** and **MACDUFFEE** obtained loans under materially false pretenses for the purchase of properties in Oregon and Washington. With the money obtained by materially false pretenses, **BRIGHAM** and **MACDUFFEE** structured real estate sales to divert hundreds of thousands of dollars to themselves and companies they controlled.

2. The defendants **BRIGHAM** and **MACDUFFEE** used various material false

pretenses to obtain the loans. First of all, the defendants did not obtain the loans in their own names. Rather, the defendants used “straw purchasers” to obtain nearly all of the loans. Specifically, **BRIGHAM** and **MACDUFFEE** paid people who had good credit ratings to apply for home loans, but told these people they did not have to repay the loans. The defendants **BRIGHAM** and **MACDUFFEE** paid straw purchasers thousands of dollars for each loan application submitted. In effect, **BRIGHAM** and **MACDUFFEE** bought credit histories from people with good credit ratings.

3. **BRIGHAM** and **MACDUFFEE** also materially falsified loan applications submitted in the names of straw purchasers. The falsifications included the following examples:

- (a) inflated statements of income earned by loan applicants;
- (b) inflated statements of assets owned by loan applicants;
- (c) false declarations of intent of loan applicant to occupy the property; and
- (d) false declarations that the loan applicant would contribute to the downpayment for the loan.

4. After securing loans for straw purchasers, **BRIGHAM** and **MACDUFFEE** structured the property transactions to divert hundreds of thousands of dollars from the fraudulently-obtained loans to themselves. **BRIGHAM** also took up residence in a million dollar home purchased with fraudulently-obtained loans.

5. **BRIGHAM** and **MACDUFFEE** obtained over 25 home loans, totaling over five million dollars. In the seven months between January through August of 2005, **BRIGHAM** and **MACDUFFEE** diverted hundreds of thousands of dollars of the loaned money to themselves.

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II. THE DEFENDANTS

6. **BRIGHAM** was until recently a resident of Washington, and prior to that, a resident of Oregon. **BRIGHAM** has used a number of other names in the past, including “Cleburne JR. Brigham,” “C. J. Brigham,” “C. J. McKinney,” “Cleveland Brigham,” “Clifford Williams,” “C. J. Williams,” and “Clifford Chin.”

7. **MACDUFFEE** is a resident of Oregon. **MACDUFFEE** has also used the name Melodie McKinney. **MACDUFFEE** began working with **BRIGHAM** by approximately June 2003.

8. **BRIGHAM** and **MACDUFFEE** have operated and/or been affiliated with a number of different businesses in the last five years, including (but not limited to) Nationwide Investments and Leasing, Global Property and Investments, GP Group LLC, Global Properties Investment Group LLC, Global Investments, Inc., Cascadia Leasing & Investments, Real Estate Investment Pros (“REIP”), Global Mortgage Inc. (also known as “No Credit Check Home Loans”), America One Finance, C & M Enterprises, Property Freedom Management (also known as “PFM”), Prestige Mortgage, and Note Buyers USA.

III. THE FRAUDULENT LOANS AND PROPERTY SALES

9. The scheme to defraud undertaken by defendants **BRIGHAM** and **MACDUFFEE** included purchases of property in Washougal, Washington, and Beaverton, Redmond and Portland, Oregon.

A. The Washougal, Washington Property

10. Beginning in approximately March 2005, defendants **BRIGHAM** and **MACDUFFEE** began working to arrange for the purchase of a million dollar home in

Washougal, Washington. The Washougal property had been featured in a "Parade of Homes" in Washington and included a view of the Columbia River Gorge.

11. **BRIGHAM** and **MACDUFFEE** used a straw purchaser named Heather Bekish to obtain loans to purchase the Washougal property.

12. The defendants promised to pay Bekish \$12,000 to act as the purchaser for the Washougal property. The defendants also promised Bekish that she would not have to make any payments on the loans obtained for the purchase.

13. The defendants arranged for the completion of loan applications for Bekish and submitted the applications to a lender. The lender required the defendants to submit additional documentation to support the application, including verifications of deposit and employment regarding Bekish. The loan application and supporting documentation included materially false pretenses and multiple material false statements, including the following:

(i) the defendants did not disclose that Bekish was a straw purchaser;

(ii) the defendants falsified Bekish's income, claiming that she earned \$25,000 monthly, when in fact Bekish was unemployed, as the defendants knew;

(iii) the defendants submitted a Verification of Deposit which stated that Bekish owned a specified bank account with a balance of over \$400,000, when in fact Bekish did not have any ownership of the specified account, as defendants knew;

(iv) the defendants claimed that Bekish had been employed for over two years by one of their companies, when in fact Bekish was unemployed and had never been employed by any company controlled by the defendants; and

(v) the defendants claimed that Bekish intended to occupy the property as her primary residence, when in fact they knew she did not.

14. The defendants obtained two loans for the Washougal property using Bekish as a straw purchaser (a first mortgage and a second mortgage). The loans totaled \$1 million.

15. The purchase of the Washougal property was completed on May 17, 2005.

16. **BRIGHAM** had moved into the Washougal property and began living there even before the deal closed. **BRIGHAM** continued living in the property until his bail was revoked and he was arrested in August 2005.

17. In addition to taking possession of the property, the defendants also structured the sale to divert tens of thousands of dollars of the fraudulently-obtained money to themselves. Specifically, at closing of the sale, \$63,000 of the loan funds were paid to Nationwide Investment, a company controlled by the defendants.

B. *The Beaverton, Oregon Properties*

18. Beginning in approximately May 2005, **BRIGHAM** and **MACDUFFEE** began working to arrange for the purchase of properties in Beaverton, Oregon from a builder known as Buena Vista Custom Homes ("BVCH"). **BRIGHAM** and **MACDUFFEE** ultimately arranged for the purchase of five homes from BVCH.

19. **BRIGHAM** and **MACDUFFEE** used two straw purchasers, Michael McKinney and Brian Lee, to obtain loans to finance the purchases. The defendants promised to pay McKinney and Lee thousands of dollars per house to act as the purchasers on these properties. The defendants also promised McKinney and Lee that they would not have to make any payments on the loans obtained for the purchases.

20. McKinney is **MACDUFFEE**'s brother. Lee is married to **MACDUFFEE**'s step-sister.

21. The defendants completed loan applications for McKinney and Lee and submitted the applications to lenders. The loan applications included materially false pretenses and

multiple material false statements, including the following:

(i) the defendants did not disclose that McKinney and Lee were straw purchasers;

(ii) the defendants inflated McKinney's monthly income by thousands of dollars on each of the McKinney applications;

(iii) the defendants claimed that the money for the downpayment for the purchases would come from McKinney and Lee's assets, when in fact defendants knew that neither McKinney nor Lee would pay any part of the downpayment toward the purchase of any of the five properties;

(iv) the defendants claimed that McKinney would occupy one of the properties as his primary residence, when defendants knew that he would not; and

(v) the defendants claimed that Lee would occupy one of the properties as his primary residence, when defendants knew that he would not

22. The defendants obtained a total of approximately ten loans using McKinney and Lee (a first and second mortgage for each of the five properties). The approximately ten loans totaled over \$1.6 million.

23. The five purchases were completed between June and August of 2005.

24. The defendants structured the property transactions so that they would be paid tens of thousands of dollars of the fraudulently-obtained loan money. Specifically, at the closings of the five properties, a total of over \$150,000 was paid to defendants or companies they controlled.

C. The Redmond, Oregon Properties

25. Beginning in the winter of 2004 - 2005, defendants **BRIGHAM** and **MACDUFFEE** began working to arrange for the purchase of properties located in Redmond, Oregon.

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26 **BRIGHAM** and **MACDUFFEE** used seven straw purchasers to obtain loans to finance the purchase of eight properties in Redmond.

27. The defendants promised to pay the Redmond straw purchasers thousands of dollars per house to act as the purchasers on these properties. The defendants also promised the straw purchasers that they would not have to make any payments on the loans obtained for the purchases.

28. The defendants arranged for the completion of loan applications for the seven straw purchasers and submitted the applications to lenders. The loan applications included materially false pretenses and multiple material false statements, including the following:

(i) the defendants did not disclose that the loan applicants were straw purchasers;

(ii) the defendants falsified income of the straw purchaser in some instances, including one application on which the defendants claimed that the purchaser earned over \$8,000 monthly, when in fact, as the defendants knew, she was unemployed.

29. The defendants obtained a total of approximately fourteen loans using the Redmond straw purchasers (some required a second mortgage). The approximately fourteen loans totaled over \$2 million.

30. The purchases were completed in February and March of 2005

31. The defendants structured the property transactions so that they would be paid tens of thousands of dollars of the fraudulently-obtained loan money. Specifically, at the closings of the properties, over \$175,000 was paid to defendants or companies they controlled.

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D. *The Portland, Oregon Properties From The Robert Shepard Trust*

32. Beginning in the fall of 2004, defendants **BRIGHAM** and **MACDUFFEE** began working to arrange for the purchase of properties located in Portland, Oregon from a private trust known as the Robert Shepard Trust.

33. **BRIGHAM** and **MACDUFFEE** used **MACDUFFEE**'s father, Floyd McKinney, to obtain loans to purchase two Portland properties. The defendants promised McKinney he would be paid thousands of dollars and would not have to make any payments on the loans obtained for the purchases.

34. The defendants completed loan applications for Floyd McKinney for the properties, and submitted the applications to lenders. The loan applications included materially false pretenses and multiple material false statements, including the following:

(i) the defendants did not disclose that Floyd McKinney was a straw purchaser;

(ii) the defendants falsified Floyd McKinney's income on all four applications, claiming on one application that he earned \$102,000 annually; and on a second that he earned \$66,000 annually;

(iii) the defendants claimed on the loan applications for each of the two properties that McKinney intended to use that particular property as his primary residence;

(iv) the defendants provided a false address for McKinney, listing **MACDUFFEE**'s address rather than McKinney's.

35. The defendants obtained a total of approximately four loans using Floyd McKinney (a first and second mortgage for each property). The four loans totaled over \$395,000.

36. The purchases were completed in late January 2005.

37. The defendants structured the property transactions so that they would be paid

tens of thousands of dollars of the fraudulently-obtained loan money. Specifically, at the closings of the two sales, over \$80,000 was paid to defendants or companies they controlled.

38. In August 2005, the defendants **BRIGHAM** and **MACDUFFEE** attempted to use straw purchasers to purchase five more properties from the Robert Shepard Trust. Specifically, **BRIGHAM** and **MACDUFFEE** submitted loan applications to a mortgage lender using several straw purchasers they had used in other transactions discussed above. The loan applications contained multiple material false statements, including falsified incomes, false statements regarding the source of downpayment funds, and the failure to disclose that the applicants were in fact straw purchasers.

COUNTS ONE THROUGH FOURTEEN: WIRE FRAUD
(18 U.S.C. §§ 2 and 1343)

39. Scheme and Artifice to Defraud. Paragraphs 1 - 38 of this Indictment are hereby realleged as describing the material scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and are incorporated as though set forth in full herein.

40. On or about the dates listed below, in the District of Oregon and elsewhere, the defendants **CLIFFORD J. BRIGHAM** and **MELODIE MACDUFFEE**, together with others, aided and abetted by each other, having knowingly and intentionally devised the scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting to do so, caused to be transmitted in interstate and or foreign commerce by means of wire communications, writings, signals, and sounds, to the recipients and at the locations shown below, each interstate communication or communication in foreign commerce

being a separate count of the Indictment:

<u>Count</u>	<u>Date (on or about)</u>	<u>From</u>	<u>To</u>	<u>Use of Interstate Wire Communication</u>
1	May 31, 2005	WA	OR	Request for appraisal Beaverton property showing sender as "Melodie MacDuffie" faxed from to appraiser
2	May 31, 2005	OR	WA	Proposed contract for appraisals of Beaverton properties faxed from appraiser to "CJ or Melodie"
3	May 31, 2005	WA	OR	Appraisal contract signed "Melodie MacDuffee," for appraisals of Beaverton properties, faxed to appraiser
4	June 16, 2005	WA	OR	Escrow document related to Beaverton properties faxed from "Global Properties Investment Group LLC" to First American Title Co.
5	June 8, 2005	WA	OR	Escrow document related to Beaverton properties faxed to First American Title Co.
6	June 27, 2005	WA	OR	Request for changes for appraisals for Beaverton properties, showing sender as "Melodie," faxed to appraiser
7	July 12, 2005	WA	OR	Document regarding Beaverton properties escrow fees faxed from "AMERICA ONE FINANCE" to First American Title
8	July 18, 2005	OR	WA	Escrow document related to Beaverton properties faxed from Buena Vista Custom Homes to "CJ Brigham"
9	July 29, 2005	WA	OR	Escrow document related to Beaverton properties, showing sender as "Cliff," faxed to First American Title Co.
10	February 25, 2005	WA	OR	Escrow instructions regarding Redmond properties faxed from "Global Investments" to title company
11	February 28, 2005	WA	OR	Escrow instructions regarding Redmond properties faxed from "Global Investments" to title company
12	April 25, 2005	WA	OR	Letter to City of Redmond regarding transfer of Redmond properties to Global Investments
13	December 28, 2004	WA	OR	Purchase Agreement for Robert Shepard Trust property faxed to title company

<u>Count</u>	<u>Date</u> <u>(on or about)</u>	<u>From</u>	<u>To</u>	<u>Use of Interstate Wire Communication</u>
14	August 1, 2005	WA	OR	Purchase Agreement for five Robert Shepard Trust properties faxed to lender Smith Jordan

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

COUNTS 15 THROUGH 20: MAIL FRAUD
(18 U.S.C. §§ 2 and 1341)

41. Scheme and Artifice to Defraud. Paragraphs 1 - 38 of this Indictment are hereby realleged as describing the material scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and are incorporated as though set forth in full herein.

42. On or about the dates listed below, in the District of Oregon and elsewhere, the defendants **CLIFFORD J. BRIGHAM** and **MELODIE MACDUFFEE**, together with others, aided and abetted by each other, having knowingly and intentionally devised the scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting to do so, caused to be delivered by the United States Postal Service or commercial interstate carrier to the recipients and at the locations shown below, each such use of the mails being a separate count of the Indictment:

<u>Count</u>	<u>Date:</u> <u>(on or about)</u>	<u>From</u>	<u>To</u>	<u>Use of the Mail/Item Mailed</u>
15	April 15, 2005	First American Title	Heather Bekish	Escrow documents related to Washougal property sent by United States mail

<u>Count</u>	<u>Date: (on or about)</u>	<u>From</u>	<u>To</u>	<u>Use of the Mail/Item Mailed</u>
16	February 28, 2005	First American Title	Global Investments	Letter check for proceeds of sale of a Redmond property sent by United States mail
17	February 24, 2005	First American Title	Brad Smith	Closing documents related to Redmond property sent by commercial delivery service
18	February 25, 2005	Brad Smith	First American Title	Closing documents related to Redmond property sent by commercial delivery service
19	December 21, 2004	State of Oregon	Melodie MacDuffee	Letter mailed to acknowledge filing of Articles of Incorporation
20	January 31, 2005	Chicago Title	Trustee for Robert Shepard Trust	Letter enclosing proceeds check from sale of Robert Shepard Trust property at 1255 N. Kilpatrick, Portland, OR sent by United States mail

all in violation of Title 18, United States Code, Sections 2 and 1341.

COUNTS 21 THROUGH 23: MONEY LAUNDERING

(18 U.S.C. §§ 2, 1956(i)(A) and 1957)

43. Paragraphs 1 - 42 of this Indictment are hereby realleged and are incorporated as though set forth in full herein.

44. On June 17, 2005, defendant **MELODIE MACDUFFEE** picked up a check for \$46,950, drawn on an account at US Bank, from a First American Title Co. office in Portland, Oregon. This money represented a portion of the defendants' proceeds mail and wire fraud, namely, from the sale of one of the Beaverton properties. **MACDUFFEE** took this check to a US Bank branch in the District of Washington, where she purchased a US Bank cashier's check numbered 504104323, in the amount \$43,944, made payable to Nationwide Investments (a

company controlled by defendants).

45. On June 20, 2005, defendant **MACDUFFEE** took the check for \$43,944 to a US Bank branch in the District of Washington and purchased a US Bank check numbered 504104330, in the amount \$31,194 made payable to defendant **BRIGHAM**.

46. On June 23, 2005, defendant **BRIGHAM** took the check for \$31,194 to a US Bank branch in the District of Washington and purchased another US Bank cashier's check number 504113797 for \$26,794, made payable to himself.

47. Defendants **BRIGHAM** and **MACDUFFEE** each participated in the transfer of the proceeds from the District of Oregon to the District of Washington, establishing venue in the District of Oregon pursuant to Title 18, United States Code, Section 1956(i)(A).

48. On or about the dates set forth below, in the District of Oregon and elsewhere, the defendants **CLIFFORD J. BRIGHAM** and **MELODIE MACDUFFEE** did knowingly engage and attempt to engage in monetary transactions in criminally-derived property of a value greater than \$10,000 which was derived from a specified unlawful activity, that is, mail fraud, in violation of Title 18, United States Codes, Section 1341, and wire fraud, in violation of Title 18, United States Codes, Section 1343, in that the defendants caused the purchase of the three cashiers identified below from US Bank NA, a financial institution affecting interstate commerce, each such purchase of a cashier check being a separate count of the Indictment:

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<u>Count</u>	<u>Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Amount</u>
21	June 17, 2005	US Bank check number 504104323	Nationwide Investments	\$43,944.00
22	June 20, 2005	US Bank check number 504104330	Clifford Brigham	\$31,194.00
23	June 23, 2005	US Bank check number 504113797	Clifford Brigham	\$26,794.00

all in violation of Title 18, United States Code, Sections 2, 1956(i)(A) and 1957.

COUNT 24: SOCIAL SECURITY FRAUD
(42 U.S.C. § 408(a)(7)(B))

49. On or about June 24, 2004, within the District of Oregon, the defendant **CLIFFORD J. BRIGHAM**, for the purpose of obtaining any benefit, value, or for any other purpose, did knowingly, while having the intent to deceive, falsely represent a Social Security account number to be the number assigned by the Commissioner of Social Security to him when it was not; to wit, **CLIFFORD J. BRIGHAM**, for the purpose of obtaining a loan, knowingly represented social security number XXX-XX-6418, assigned by the Commissioner of Social Security to someone other than **BRIGHAM**, to be his own on a loan application; all in violation of Title 42, United States Code, Section 408(a)(7)(B).

SENTENCING ENHANCEMENT ALLEGATION AND NOTICE:
COMMITTING A CRIME WHILE RELEASED ON BAIL PENDING APPEAL

50. In August 2003, defendant **CLIFFORD J. BRIGHAM** was convicted of six counts of loan-related fraud in United States District Court for Oregon.

51. From August 11, 2003, through approximately August 26, 2005, defendant **BRIGHAM** was released on bail pending appeal of his sentence from the above-referenced fraud convictions, pursuant to the provisions of Chapter 207 of Title 18 of the United States Code.

52. On or about and between October 2004 and August 2005, both dates being approximate and inclusive, within the District of Oregon and elsewhere, the defendant **CLIFFORD J. BRIGHAM** committed offenses while released under Chapter 207 of Title 18 of the United States Code, to wit, the crimes charged in counts 1 to 24 above, all in violation of Title 18, United States Code, Section 3147.

53. The United States hereby gives notice of its intent to seek an enhanced sentence, pursuant to Title 18, United States Code, Section 3147, based on the crimes alleged in counts 1 through 24 above.

FORFEITURE ALLEGATION

54. Upon conviction of one or more of the offenses alleged in Counts 1 through 20 of this Indictment, defendants **CLIFFORD J. BRIGHAM** and **MELODIE MACDUFFEE** shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c) any property constituting or derived from proceeds obtained directly or indirectly as a result of the said violations.

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FORFEITURE ALLEGATION

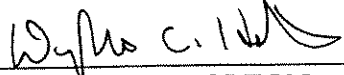
55. Upon conviction of one or more of the offenses alleged in Counts 21 through 23 of this Indictment, defendants **CLIFFORD J. BRIGHAM** and **MELODIE MACDUFFEE** shall forfeit to the United States pursuant to 18 U.S.C. § 982(a)(1), all property, real and personal, involved in the money laundering offense(s) and all property traceable to such property.

DATED this 28 day of June, 2006.

A TRUE BILL

PRESIDING GRAND JUROR

KARIN J. IMMERGUT
United States Attorney



DWIGHT C. HOLTON
Assistant United States Attorney