

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF OHIO  
WESTERN DIVISION

**1:05CR--148**

UNITED STATES OF AMERICA,  
Plaintiff,

Criminal No. \_\_\_\_\_

INDICTMENT

v.

18 U.S.C. § 2

18 U.S.C. § 1341

TROY SCOTT CLEMENTS (1) (All  
Counts) and

18 U.S.C. § 1344

18 U.S.C. § 1349

RALPH EDWARD MITCHELL (2)  
(Counts 1, 3-6, and 21).

18 U.S.C. § 1956(a)(1)(A)(i)

CHIEF JUDGE BECKWITH

Defendants

The Grand Jury Charges that:

COUNT 1

CONSPIRACY

A. GENERAL ALLEGATIONS

1. Airline Union's Mortgage Company ("Airline") was a mortgage brokerage in Southwest Ohio, with its principal location at 1313 East Kemper Road in Cincinnati, Ohio. Airline's primary business was to obtain mortgage loans from financial institutions for its clients, who were generally the purchasers of residential property.
2. American Funding ("American"), T.C.T. Contracting, and Troy Clements, Trustee, are all trade names that were used by defendant, TROY S. CLEMENTS as he operated as a private mortgage lender in Southwest Ohio. American Funding's offices were co-located with Airline's offices on Kemper Road in the Greater Cincinnati, Ohio area.

3. Defendant, **RALPH EDWARD MITCHELL**, was a loan officer at Airline during 2001, 2002 and 2003.
4. The victims include ABN AMRO Mortgage Group, Inc. (a/k/a "Interfirst"), which is a wholly owned operating subsidiary of Standard Federal Bank (hereinafter collectively "ABN AMRO"); Washington Mutual Bank; and Chase Manhattan Bank, which has since become part of J.P. Morgan Chase Bank of Columbus, Ohio (hereinafter "J.P. Morgan Chase Bank"). Each of these institutions had its deposits insured by the Federal Deposit Insurance Corporation at the time it was defrauded.
5. The victims also include Southstar Funding L.L.C. and Ashore Funding, Inc., each a private mortgage lender.
6. The victims also include the homebuyers of the various properties. The homebuyers believed, based upon representations of the defendants and their coconspirators, that the loans were legitimate no money down, 100% financing loans.

**B. SCHEME TO DEFRAUD**

Beginning on a date before April 20, 2001, and continuing up until the date of this Indictment, within the Southern District of Ohio and elsewhere, **TROYS S. CLEMENTS, R. EDWARD MITCHELL**, and other persons known and unknown to the Grand Jury knowingly devised and intended to devise a scheme to obtain monies, funds, and other property under the custody and control of ABN AMRO, Washington Mutual Bank, and J.P. Morgan Chase Bank, among others, by means of false and fraudulent pretenses, representations, and promises more fully described below.

- a. The defendants and their coconspirators would recruit home buyers via, among other means, newspaper solicitations or bulk mailing advertisements which advertised the purchaser could finance 100% of the sales price of a house with no money down;
- b. Generally, **TROY S. CLEMENTS** would allow buyers to locate a property that he would review for potential value. **CLEMENTS** would then purchase the property as **TROY CLEMENTS, TRUSTEE** if he determined that he could ensure it would be refinanced for the final buyer. After his purchase, **CLEMENTS** would resell the property to the client borrower, and have the client sign a note and mortgage due to **AMERICAN FUNDING**. The note and mortgage included an additional amount over what **CLEMENTS** had paid for the property, referred to as an "investor fee."
- c. To pay off the note and mortgage, **CLEMENTS** directed employees of Airline Union's Mortgage Company to arrange for refinance loans to be obtained by the borrower, from legitimate mortgage lenders. In order to obtain these loans, false documents were created and false information was supplied to lenders on loan applications. False documents include:
  - i. False retirement statements showing balances the borrowers did not possess;
  - ii. Verifications of Deposit (VOD's) showing funds on deposit which had been loaned to the borrower by **CLEMENTS** or another individual, and which was not disclosed as a loan on the loan application;
  - iii. Verifications of Rent or Mortgage (VOM's) showing an outstanding loan to American Funding prior to the date such a note could have existed because, for example, the buyer did not own the property at that time.

- iv. Documentation of borrower's debts purportedly being paid, which in fact were still owed by the borrower;
  - v. Appraisals showing property values far in excess of recent purchase amounts and containing other false information;
  - vi. Verifications of Employment (VOE's) showing false information, such as inflated salary amounts.
- d. Upon receiving the fraudulently obtained funds from the refinance loans, **CLEMENTS, MITCHELL**, and their coconspirators would use the funds to further the fraud scheme, by applying the funds to the business activity of Airline, American, and/or use the funds for personal uses.
- e. During the course of the Conspiracy, **CLEMENTS, MITCHELL**, and their coconspirators conspired to defraud various financial institutions of over \$2.3 million. In addition, during the course of the conspiracy and to further the conspiracy, **CLEMENTS, MITCHELL**, and their coconspirators laundered over \$1.5 million.

**C. THE CHARGE**

Beginning from on or about sometime before April 20, 2001, and continuing thereafter up to and including the date of this indictment, in the Southern District of Ohio, and elsewhere, the defendants, **TROY CLEMENTS** and **EDWARD MITCHELL**, unlawfully, knowingly, and willfully did combine, conspire, confederate, and agree with others known and unknown to the Grand Jury, to commit certain offenses against the United States, that is:

- a. The defendant and his coconspirators devised a scheme and artifice to defraud ABN AMRO, Washington Mutual Bank, and J.P. Morgan Chase Bank, (as described above

in Section B), and obtain money, funds, and property by false and fraudulent pretenses, representations, and promises by falsifying loan paperwork, including loan applications, also known as a Form 1003, and United States Housing and Urban Development Settlement Statements, also known as a Form HUD-1, in violation of Title 18, United States Code, Sections 1344 and 2;

- b. In furtherance of the scheme and artifice described above in Section B, the defendants and their coconspirators knowingly and unlawfully, deposited and caused others to deposit letters, correspondence, and other matter to be sent and delivered via United States mail and private and commercial interstate carrier, and took and received there from letters, correspondence, and other matter in violation of Title 18, United States Code, Sections 1341 and 2.

#### **D. OVERT ACTS**

In furtherance of such conspiracy and to effect the objects of the conspiracy, the defendants and their coconspirators committed the following overt acts, among others, in the Southern District of Ohio and elsewhere:

1. Before July 2, 2001, **TROY CLEMENTS** and his coconspirators sent advertisements through the U.S. Mails to entice potential victims to contact Airline Union's Mortgage Company. As an example, one of the fliers included such statements as "Own A Home, No money down, no out of pocket expenses, fast appraisals, excellent rates," "100% Financing," and "No money out of pocket, Including all closing costs, 24 hour pre-approval, Now you can buy the home of your dreams" and requested the potential client to contact Jay or Troy at the telephone number for Airline Union's Mortgage Company.

2. Between January 1, 2001, and May 15, 2001, **CLEMENTS, MITCHELL**, and their coconspirators sent at least 133,557 such fliers and similar post cards through the U.S. Mails in order to promote that carrying on of the fraud scheme. Such advertisements were sent as bulk mail to residents within the greater Cincinnati, Ohio, area.

**322 Millville Avenue, Hamilton, Ohio**

3. Sometime before July 2, 2001, a person known to the Grand Jury, Buyer 1, received the mail flier described in Paragraph 1. Thereafter, Buyer 1 contacted Airline Union and spoke with **TROY CLEMENTS** regarding obtaining a loan. **CLEMENTS** then put Buyer 1 in touch with a co-conspirator loan officer, who arranged for the creation of a loan application on Fannie Mae Form 1003.
4. Subsequently the loan officer prepared and submitted the false loan application to J.P. Morgan Chase. The loan application stated, among other things, that Buyer 1 was refinancing a mortgage held by American Funding. This mortgage dated July 2, 2001, stated that Buyer 1 held legal title to the property being refinanced. At the time this document was created, **CLEMENTS** had yet to purchase the property from its then owners, and also had yet to sell it to Buyer 1. The loan application was delivered to the lender before July 13, 2001. Also on July 2, 2001, a VOM was created by the loan processor at Airline Union's Mortgage Company and completed by Joanna Slaughter, purportedly an employee of American Funding stating that a mortgage had existed for the property since June, 2001 in the amount of \$91,000 payable from Buyer 1 to American Funding.
5. On or about July 12, 2001, **CLEMENTS** purchased a cashier's check from North Side Bank and Trust Company (#22508) in the amount of \$85,233.25. Then on July 12, 2001,

**CLEMENTS** purchased 322 Millville Avenue, Hamilton, Ohio, for \$86,000 in the name of Troy Clements, Trustee using the cashier's check.

6. On July 13, 2001, Buyer 1's purported refinance loan was closed through First Service Title Agency located in Cincinnati, Ohio. **CLEMENTS** had transferred title in the property to Buyer 1 on the same day for \$91,000.
7. On July 18, 2001 **CLEMENTS** received a check from First Service Title Agency in the amount of \$91,000. This check was deposited into the T.C.T. Contracting account at North Side Bank and Trust Company on July 18, 2001.
8. On February 8, 2002, Buyer 1 refinanced his loan with Washington Mutual Bank. The refinance application was again prepared at Airline Union. The refinance application falsely stated, among other things, that the property was worth \$150,000. In addition, a false gift letter was attached to the application indicating that Buyer 1 had received a \$3,000 gift. In reality, **CLEMENTS** provided Buyer 1 the \$3,000, so he could deposit it in his account and obtain a VOD indicating that he had \$3,600 in his account. Upon obtaining the VOD, Buyer 1 returned the \$3,000 to **CLEMENTS'** coconspirator. This sham transaction was never disclosed to the lender.

**5956 Flaig Drive, Fairfield, Ohio**

9. Sometime before March 29, 2002, two individuals known to the Grand Jury, collectively Buyer 2, were advised by their realtor to contact Airline Union's Mortgage Company to obtain financing for their upcoming home purchase.
10. Buyer 2 contacted Airline Union's Mortgage Company and spoke with **R. EDWARD MITCHELL**. Buyer 2 provided information to **MITCHELL**, who informed them that

they had been declined for a loan. After paying off some of their debt, approximately one month later Buyer 2 again contacted **MITCHELL**, who arranged for a loan application to be completed.

11. Shortly before March 29, 2002, **MITCHELL** prepared the loan application that falsely stated, among other things, that Buyer 2 had lived at the property for one year; that Buyer 2 had \$40,000 vested in a retirement account; and that the property was worth \$160,000, (\$23,700, more than the amount **CLEMENTS** had paid for the property on March 29<sup>th</sup> of that year). The application also omitted a number of debts that Buyer 2 owed.
12. **MITCHELL** also prepared a false Thrift Savings Plan (government retirement plan) account statement showing \$42,253.34 in retirement savings held by Buyer 2. Buyer 2 had no such account. **MITCHELL** also created numerous fraudulent Firststar money orders that were from Buyer 2 to numerous creditors.
13. On March 29, 2002, **TROY CLEMENTS** purchased 5956 Flaig Drive in Fairfield, Ohio, from its then current owners for \$136,300 in the name Troy Clements, Trustee.
14. On the same day, March 29, 2002, **CLEMENTS** transferred the property to Buyer 2 and had Buyer 2 execute a mortgage for \$141,300 to American Funding for 5956 Flaig Drive.
15. Then, also on March 29, 2002, Buyer 2 closed on a refinance mortgage, which paid off the note owed to American Funding. The lender on the refinance was ABN AMRO Mortgage Group.
16. On March 29, 2002, Buyer 2 provided **CLEMENTS**/American Funding a check for \$2,800. On that same day, **CLEMENTS** had Buyer 2 execute a second mortgage with

"Troy Clements, Trustee" for \$5,000. At some point before closing, Buyer 2 also provided CLEMENTS with \$500 in "earnest money."

17. On April 2, 2002, Buyer 2 provided American Funding with four checks totaling \$20,000, which were deposited into the account of T.C.T. Contracting at North Side Bank and Trust Company.
18. On April 3, 2002, the title company, American Security Title Company, issued check #1656 to American Funding in the amount of \$113,000, which American Funding deposited the next day.

**5417 French Court, Cleves, Ohio**

19. Sometime before June 26, 2002, a person known to the Grand Jury, Buyer 3, contacted Airline Union's Mortgage and spoke with loan officer **R. EDWARD MITCHELL** about obtaining financing for a home purchase. **MITCHELL** arranged for **CLEMENTS** to take part in the transaction.
20. **MITCHELL** arranged for the creation of a loan application for Buyer 3, which included statements such as: Buyer 3 has resided at the property for one year; that he was an employee of the Cincinnati Enquirer for two years where he earned \$2,500 per month; that 5417 French Avenue is worth \$85,000; and that all of this information was provided to obtain a refinance loan for the property.
21. **MITCHELL** also included in the loan package a VOM dated June 13, 2002, which stated that Buyer 3 had a mortgage with American Funding in the amount of \$55,000, which was executed in June, 2002. On June 13, 2002, however, **CLEMENTS** had yet to

transfer the property to Buyer 3. Indeed, Buyer 3 did not even sign a "mortgage" with American Funding until June 26, 2002.

22. **MITCHELL** also included in the loan package a false Verification of Employment, which indicated that Buyer 3 was a route driver for Cincinnati Enquirer and made \$2,500 a month. Buyer 3 did not work at the Cincinnati Enquirer.
23. **MITCHELL** also included a false retirement account statement from First American Funds, which stated that Buyer 3 had \$15,562.35 in retirement savings.
24. On June 6, 2002, **CLEMENTS** used check number 1528 (drawn on the T.C.T. Contracting account at North Side Bank and Trust Company) to purchase a cashier's check in the amount of \$44,414.01. **CLEMENTS** then used this cashier's check to purchase 5417 French Avenue for \$45,000.
25. On June 26, 2002, **CLEMENTS** transferred the property to Buyer 3 and had Buyer 3 execute a mortgage for \$55,000 to American Funding for 5417 French Avenue.
26. On June 26, 2002 Buyer 3 closed on a refinance loan for 5417 French Avenue. The refinance was in the amount of \$63,200. This amount included a payoff to American in the amount of \$57,850.
27. On July 2, 2002, **CLEMENTS** deposited this check to the account of T.C.T. Contracting at North Side Bank and Trust.

**9895 Arborwood, Cincinnati, Ohio**

28. Sometime before July 8, 2002, a person known to the Grand Jury, Buyer 4, spoke with **R. EDWARD MITCHELL** regarding obtaining a loan. Thereafter, Buyer 4 provided

information to **MITCHELL** for use in preparing a loan application for the purchase of a residence, which was owned by **MITCHELL**.

29. **MITCHELL** prepared a loan application on July 8, 2002, and submitted the application to Washington Mutual Bank, F.A. The application falsely stated, among other things, that Buyer 4 was refinancing a mortgage held by American Funding; that Buyer 4 receives rental payments for 989 Kemper Meadows in the amount of \$1,500 per month; and that 989 Kemper Meadows is valued at \$200,000 (Buyer 4 did not even own 989 Kemper Meadows). A lease in support of the information provided on the loan application was also included which stated Buyer 4 was the landlord of 989 Kemper Meadows, Cincinnati, Ohio.
30. **MITCHELL** also included in the loan package a VOM prepared by Airline Union's Mortgage Company and completed by an employee of American Funding with the title of Account Executive. This document states that Buyer 4 has an outstanding mortgage with American in the amount of \$125,000, which was originated on May 1, 2002. This document was dated July 1, 2002.
31. On July 15, 2002, **CLEMENTS** drew a check (#1573) drawn on the account of T.C.T. Contracting in the amount of \$124,353.94 to purchase a cashier's check at North Side Bank and Trust Company in the same amount.
32. On July 15, 2002, **CLEMENTS** purchased 9895 Arborwood Drive from **MITCHELL** for \$125,000. **CLEMENTS** paid \$124,353.94 at closing.
33. On July 15, 2002, Buyer 4 closed on a refinance loan for 9895 Arborwood Drive. Buyer 4 used this "refinance loan" to pay **CLEMENTS**/American Funding \$125,357.73.

34. On July 19, 2001, American Funding deposited a check in the amount of \$125,357.73 to the account of T.C.T. Contracting at North Side Bank and Trust Company.

**5337 Globe Avenue, Cincinnati, Ohio**

35. Sometime before August 13, 2002, two persons known to the Grand Jury, collectively Buyer 5, spoke with **R. EDWARD MITCHELL** regarding obtaining a mortgage loan to purchase 5337 Globe Avenue. Thereafter, Buyer 5 provided information to **MITCHELL** for use in preparing a loan application. **MITCHELL** prepared a loan application on Fannie Mae Form 1003.

36. **MITCHELL** submitted the loan application to Washington Mutual Bank, F.A. The application falsely stated, among other things, that Buyer 5 was refinancing a mortgage held by American Funding; that Buyer 5 was using 423 Pike Street as a rental property and was receiving \$1,150 per month gross rental proceeds; and that 5337 Globe Avenue was worth \$195,000. Documents in support of these statements included a false lease dated July 1, 2002, for 423 Pike Street with an illegible signature as the landlord.

37. A VOM, created by Airline Union's Mortgage company and completed by an Account Executive with American Funding, stated that Buyer 5 had entered into a mortgage with American Funding in July, 2002 in the amount of \$134,000. This document was dated August 13, 2002. As of the date of this document, **CLEMENTS** did not own and had not purchased 5337 Globe, and thus, had not yet sold it to Buyer 5. A false appraisal dated August 8, 2002, was also provided that indicated, among other things, that Buyer 5 owned 5337 Globe Avenue and that property had not listed or sold within the last twelve months. This appraisal provided that the property was valued at \$196,000.

38. On September 3, 2002, **CLEMENTS** used check number 1632 from the account of T.C.T. Contracting at North Side Bank and Trust Company to purchase a North Side Bank and Trust Company Cashier's Check (#34311) in the amount of \$126,117.24.
39. On that same day, September 3, 2002, **CLEMENTS** purchased 5337 Globe Avenue from its previous owners for \$128,000, using that Cashier's Check.
40. On September 3, 2002, **CLEMENTS** then transferred the property to Buyer 5 and had Buyer 5 execute a mortgage for \$134,000 to American Funding.
41. Also, on September 3, 2002, Buyer 5 obtained a "refinance loan" from Washington Mutual Bank on the 5337 Globe Avenue and used it to pay off **CLEMENTS**/American Funding.
42. On September 9, 2002, American Security Title Company issued check #5620 in the amount of \$134,000 to American Funding.

**7421 Bernard Avenue, Cincinnati, Ohio**

43. Sometime before November 28, 2002, a person known to the Grand Jury, Buyer 6, spoke with a coconspirator regarding obtaining a loan for the purchase of a residence. Thereafter, Buyer 6 provided information for use in the creation of a loan application. Subsequently the coconspirator prepared a loan application for Fannie Mae Form 1003.
44. The loan application stated among other things that Buyer 6 was refinancing a mortgage held by American Funding in the amount of \$90,000 and that the property was worth \$132,000. This application was submitted to Southstar Funding, L.L.C.
45. Southstar Funding L.L.C., the lender, requested evidence of assets in Buyer 6's accounts totaling \$2,337. Buyer 6 did not have these funds. Thus, **CLEMENTS** provided Buyer 6

with approximately \$2,500 in cash to place into his account in order to obtain a Verification of Deposit showing a current balance of \$2,511.06. This sham transaction was done to satisfy the lender, and the VOD was submitted with the final loan application package via commercial carrier to the lender.

46. On November 27, 2002, **CLEMENTS** used check #1725 (drawn on the account of T.C.T. Contracting at North Side Bank and Trust Company) to purchase North Side Cashier's check #36757 in the amount of \$83,268.05.
47. On November 27, 2002, **CLEMENTS** purchased 7421 Bernard Avenue for \$85,000, using the cashier's check.
48. On November 28, 2002, **CLEMENTS** transferred the property to Buyer 6 and had Buyer 6 execute a mortgage for \$90,000 to American Funding for 7421 Bernard Avenue.
49. On December 18, 2002, Buyer 6 closed on a "refinance loan" for \$96,200 for 7421 Bernard Avenue. On December 23, 2002, First Service Title issued check #435182 in the amount of \$89,263.52 to American Funding.
50. On December 24, 2002, **CLEMENTS** deposited this check to the account of T.C.T. Contracting.

**2486 Schon Drive, Cincinnati, Ohio**

51. Sometime before February 5, 2003, a person known to the Grand Jury, Buyer 7, spoke to **MITCHELL** regarding obtaining a loan for the purchase of a residence. Thereafter, Buyer 7 provided information that **MITCHELL** used to prepare a loan application on Fannie Mae Form 1003.

52. **MITCHELL** submitted the loan application to National City Mortgage along with supporting documentation including a false bank statement from Hebron Deposit Bank indicating a balance of \$11,301.57 and a false Thrift Savings Plan Statement showing a balance of \$3,253.34. Buyer 7 has never held a deposit account at Hebron Deposit Bank and does not have a Thrift Savings Plan account.
53. On February 5, 2003, **CLEMENTS** used check number 1810 drawn on the account of T.C.T. Contracting at North Side Bank and Trust Company to purchase cashier's check number 38545 in the amount of \$57,708.80. Then, on that same day, **CLEMENTS** purchased 2486 Schon Drive for \$59,000 using the cashier's check in the amount of \$57,708.80.
54. A mortgage dated February 6, 2003 stated that as of that date, Buyer 7 held legal title to 2486 Schon Drive. This mortgage secured a note in the amount of \$66,000 payable to American Funding.
55. On March 10, 2003, Buyer 7 closed on a "refinance loan" at American Security Title Company, and the proceeds were used to pay off the mortgage held by American Funding. On March 14, 2003, American Security Title Company issued check #11592 to American Funding in the amount of \$66,000.
56. On March 14, 2003, **CLEMENTS** deposited this check to the account of T.C.T. Contracting at North Side Bank and Trust.
- 3918 South Fordham Place, Hamilton, Ohio**
57. Sometime before May 29, 2003, a person known to the Grand Jury, Buyer 8, spoke with Loan Officer Fritz Glaser, an employee of Airline Union's Mortgage Company, regarding

obtaining a mortgage loan. Buyer 8 provided information, which was used by Glaser to create a loan application on Fannie Mae Form 1003.

58. The loan application falsely stated, among other things, that Buyer 8 had received a gift of \$2,500 from his brother-in-law and that the property at 3918 South Fordham Place was worth \$122,000.

59. On May 28, 2003, **CLEMENTS** used check #2023 drawn on the account of T.C.T. Contracting at North Side Bank and Trust to purchase a North Side Cashier's Check #41367 in the amount of \$68,228.81.

60. On May 28, 2003, **CLEMENTS** then purchased 3918 South Fordham for \$70,000 using that cashier's check.

61. On May 29, 2003, **CLEMENTS** transferred the property to Buyer 8 and had Buyer 8 execute a mortgage for \$75,000 with American Funding for 3918 South Fordham.

62. On July 22, 2003 Buyer 8 closed a "refinance loan" at Royal Land Title Agency. Buyer 8 used the proceeds to pay **CLEMENTS**/American Funding. Thereafter, on July 28, 2003, Royal Land Title Agency issued a check to American Funding in the amount of \$75,150.

#### **Various Properties**

63. On April 20, 2001, an Account Executive with American Funding completed and signed a false Verification of Rent or Mortgage stating that a person known to the Grand Jury, Buyer 9, had an outstanding mortgage with American Funding in the amount of \$113,500 for a property at 19 Eland Court, Fairfield, Ohio. On April 27, 2001, **CLEMENTS** purchased this property from its then current owner, and on the same date **CLEMENTS** sold the property to Buyer 9.

64. On April 20, 2001, an Account Executive with American Funding completed and signed a false Verification of Rent or Mortgage stating that a person known to the Grand Jury, Buyer 10, had an outstanding mortgage with American Funding in the amount of \$81,500 for a property at 3956 Trevor, Cincinnati, Ohio. On April 20, 2001, **CLEMENTS** purchased this property from its then current owner, and on April 25, 2001, **CLEMENTS** sold the property to Buyer 10.
65. On June 19, 2001, an Account Executive with American Funding completed and signed a false Verification of Rent or Mortgage stating that a person known to the Grand Jury, Buyer 11, had an outstanding mortgage with American Funding in the amount of \$106,500 for a property at 2871 St. Rt. 132, New Richmond, Ohio. On July 6, 2001, **CLEMENTS** purchased this property from its then current owner, and on July 11, 2001, **CLEMENTS** sold the property to Buyer 11.
66. On June 14, 2001, an Account Executive with American Funding completed and signed a false Verification of Rent or Mortgage stating that a person known to the Grand Jury, Buyer 12, had an outstanding mortgage with American Funding in the amount of \$90,900 for a property at 3426 Miami Court, Cincinnati, Ohio. On July 2, 2001, **CLEMENTS** purchased this property from its then current owner, and on July 3, 2001, **CLEMENTS** sold the property to Buyer 12.
67. On July 27, 2001, an Account Executive with American Funding completed and signed a false Verification of Rent or Mortgage stating that a person known to the Grand Jury, Buyer 13, had an outstanding mortgage with American Funding in the amount of \$168,500 for a property at 7942 Albritton Place, West Chester, Ohio. On July 31, 2001,

CLEMENTS purchased this property from its then current owner, and on August 1, 2001, CLEMENTS sold the property to Buyer 13.

68. On July 27, 2001, an Account Executive with American Funding completed and signed a false Verification of Rent or Mortgage stating that a person known to the Grand Jury, Buyer 14, had an outstanding mortgage with American Funding in the amount of \$85,900 for a property at 6747 Plum Street, Goshen, Ohio. On August 15, 2001, CLEMENTS purchased this property from its then current owner, and on the same date CLEMENTS sold the property to Buyer 14.

69. On August 6, 2001, an Account Executive with American Funding completed and signed a false Verification of Rent or Mortgage stating that a person known to the Grand Jury, Buyer 15, had an outstanding mortgage with American Funding in the amount of \$105,750 for a property at 160 Arlington Drive, Franklin, Ohio. On August 10, 2001, CLEMENTS purchased this property from its then current owner, and on August 13, 2001, CLEMENTS sold the property to Buyer 15.

70. On March 21, 2002, an Account Executive with American Funding completed and signed a false Verification of Rent or Mortgage stating that a person known to the Grand Jury, Buyer 16, had an outstanding mortgage with American Funding in the amount of \$54,000 for a property at 819 Central Avenue, Newport, Kentucky. On April 09, 2002, CLEMENTS purchased this property from its then current owner, and on the same date CLEMENTS sold the property to Buyer 16.

71. On April 24, 2002, an Account Executive with American Funding completed and signed a false Verification of Rent or Mortgage stating that a person known to the Grand Jury,

Buyer 17, had an outstanding mortgage with American Funding in the amount of \$72,500 for a property at 2182 Harrison Avenue, Cincinnati, Ohio. On May 8, 2002,

**CLEMENTS** purchased this property from its then current owner, and on the same date

**CLEMENTS** sold the property to Buyer 17.

72. On October 9, 2002, **CLEMENTS** completed and signed a false Verification of Rent or Mortgage stating that a person known to the Grand Jury, Buyer 18, had an outstanding mortgage with American Funding in the amount of \$88,450 for a property at 6925 Buckingham Place, Cincinnati, Ohio. **CLEMENTS**, however, did not sell this property to Buyer 18 until October 17, 2002.

**All in violation of 18 U.S.C. § 1349.**

**COUNTS 2 – 6**  
**BANK FRAUD**

1. The Grand Jury realleges and incorporates by reference Part B (and all subparagraphs: (a) through (e)) of Count 1 of the Indictment as though set forth in full herein as a description of the scheme and artifice to defraud.
  
2. On or about the dates set forth in the chart below, in counts 2 through 6, inclusive, defendant, **TROY CLEMENTS**, and in counts 3 through 6, inclusive, defendant, **R. EDWARD MITCHELL** in the Southern District of Ohio and elsewhere, knowingly and willfully executed and attempted to execute a scheme and artifice to defraud and aided and abetted others in executing and attempting to execute such scheme and artifice to defraud and to obtain by means of false and fraudulent pretenses, representations, and promises the moneys, funds, credits, assets, securities, and other property owned by and under the control of (count 2) Chase Manhattan Bank of New York, New York, currently operating as J.P. Morgan Chase Bank, N.A. of Columbus, Ohio; (count 3) Standard Federal Bank N.A. a subsidiary of ABN AMRO Mortgage Group; and (counts 4 through 6) Washington Mutual Bank, N.A. the deposits of each of which were at all relevant times insured by the Federal Deposit Insurance Corporation. Each count in the chart lists the count number, the date of the bank fraud, the property address for the loan, and the overt acts in Count 1 where the fraud is described in detail (which the Grand Jury hereby incorporates as if they were set forth in full herein):

Count	Date	Property Address	Incorporated Overt Acts as Description of Fraud
2	July 13, 2001	322 Millville, Hamilton, Ohio	Paragraphs 2 through 8
3	March 29, 2002	5956 Flaig Drive, Fairfield, Ohio	Paragraphs 9 through 17
4	June 26, 2002	5417 French Avenue, Cleves, Ohio	Paragraphs 18 through 26
5	July 15, 2002	9895 Arborwood Drive, Cincinnati, Ohio	Paragraphs 27 through 33
6	September 3, 2002	5337 Globe Avenue, Cincinnati, Ohio	Paragraphs 34 through 40

All in violation of 18 U.S.C. §§ 1344 and 2.

#### COUNTS 7 -20

#### MONEY LAUNDERING

On or about the dates set forth in the chart below, in counts 7- 20, inclusive, in the Southern District of Ohio, defendant, **TROY CLEMENTS**, did knowingly and willfully conduct and attempt to conduct financial transactions affecting interstate and foreign commerce, to wit **CLEMENTS** performed a financial transaction (as described in chart below), which he knew involved the proceeds of an unlawful activity, that is bank fraud in violation of Title 18, United States Code, Section 1344 and mail fraud in violation of Title 18, United States Code, Section 1341, for the purpose of promoting the carrying on of specified unlawful activities. Specifically, **CLEMENTS** received proceeds of fraudulently obtained mortgage loans, deposited these proceeds into an account at a financial institution, wrote checks from this account for the purchase of bank Cashier's Checks, and used these Cashier's Checks to purchase further properties, in order to promote the carrying on of the fraud scheme. **CLEMENTS** did these acts with the knowledge that such property was

derived from a specified unlawful activity, that is, bank fraud in violation of Title 18, United States Code, Section 1344 and mail fraud in violation of Title 18, United States Code, Section 1341.

Count	Date	Check Number	Amount	Transaction
7	July 18, 2001	413532	\$91,000	Deposit to Account
8	April 4, 2002	1656	\$113,000	Deposit to Account
9	June 6, 2002	1528	\$44,414.01	Purchase of Cashier's Check
10	June 6, 2002	31649	\$44,414.01	Purchase of Property
11	July 2, 2002	3547	\$57,850	Deposit to Account
12	July 15, 2002	1573	\$124,353.94	Purchase of Cashier's Check
13	September 3, 2002	1632	\$126,117.24	Purchase of Cashier's Check
14	September 3, 2002	34311	\$126,117.24	Purchase of Property
15	November 27, 2002	1725	\$83,268.05	Purchase of Cashier's Check
16	November 27, 2002	36757	\$83,268.05	Purchase of Property
17	December 24, 2002	435182	\$89,263.52	Deposit to Account
18	February 5, 2003	1810	\$57,708.80	Purchase of Cashier's Check
19	February 5, 2003	38545	\$57,708.80	Purchase of Property
20	March 14, 2003	11592	\$66,000	Deposit to Account

**All in violation of Title 18, United States Codes, Sections 1956(a)(1)(A)(i) and 2.**

**COUNT 21**

**MAIL FRAUD**

1. The Grand Jury realleges and incorporates by reference Part B (and all subparagraphs: (a) through (e)) of Count 1 of the Indictment as though set forth in full herein as a description of the scheme and artifice to defraud.
2. On or about January 2001 through on or about October 2003, in the Southern District of Ohio, the defendants, **TROY S. CLEMENTS** and **R. EDWARD MITCHELL**, for the purpose of executing and attempting to execute the scheme and artifice as set forth above, did knowingly cause others to deposit letters, correspondence, and other matter to be sent and delivered by U. S. Mails and/or private, commercial interstate carrier. The bulk mailings/advertisements were utilized to attract naïve buyers to their schemes. At the direction of **CLEMENTS, MITCHELL**, and their coconspirators, First Choice quality Mailers used their permit, #00967 to send fliers and postcards through the U.S. Mails. The final loan packages were sent to out-of-state lenders utilizing Airborne Express through customer number 112049, which belonged to Airline Union's Mortgage Company.

**In violation of Title 18 United States Code, Sections 1341 and 2.**

**FORFEITURE ALLEGATION**

1. The allegations in Counts 1 through 21 of this Indictment are realleged as if fully set forth here, for the purpose of alleging forfeiture.
2. Pursuant to Title 18, United States Code, Section 982(a)(1), if convicted of one or more of the offenses set forth in Counts 7 through 20, **TROY S. CLEMENTS** shall forfeit to the United States the following property:
  - a. All right, title, and interest in any and all property involved in each offense in violation of Title 18, United States Code, Section 1956, or conspiracy to commit such offense, for which the defendant is convicted, and all property traceable to such property, including the following: 1) all money or other property that was the subject of each transaction, transportation, transmission or transfer in violation of Section 1956; 2) all commissions, fees and other property constituting proceeds obtained as a result of those violations; and 3) all property used in any manner or part to commit or to facilitate the commission of those violations.
  - b. All that lot or parcel of land, together with its buildings, appurtenances, improvements, fixtures, attachments, and easements, located at 4544 Messmore Lane, Lawrenceburg, Dearborn County, Indiana, more particularly described in Exhibit "A".
  - c. A sum of money equal to the total amount of money involved in each offense, or conspiracy to commit such offense, for which the defendant is convicted.
3. Pursuant to Title 18, United States Code, Section 982(a)(2), upon conviction of one or more of the offenses alleged in Counts 1 through 6 and Count 21 of this Indictment, the defendants shall forfeit to the United States:

- a. Any property, real or personal, constituting or derived from proceeds the defendants obtained directly or indirectly as the result of the offenses set forth in Counts 1 through 6 and Count 21.
  - b. All that lot or parcel of land, together with its buildings, appurtenances, improvements, fixtures, attachments, and easements, located at 4544 Messmore Lane, Lawrenceburg, Dearborn County, Indiana, more particularly described in Exhibit "A".
  - c. A sum of money equal to the total amount of money, representing the amount of proceeds obtained as a result of the offenses, bank fraud and mail fraud, for which the defendants are jointly and severally liable.
4. Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b), the defendants shall forfeit substitute property, up to the value of the amount described in paragraphs 2 and 3, if, by any act or omission of the defendants, the property described in paragraphs 2 and 3, or any portion thereof:
- a. cannot be located upon the exercise of due diligence;
  - b. has been transferred, sold to or deposited with a third party;
  - c. has been placed beyond the jurisdiction of the court;
  - d. has been substantially diminished in value; or
  - e. has been commingled with other property which cannot be divided without difficulty.

Specific substitute property:

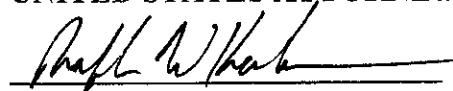
- a. Contents of Northside Bank and Trust Company account #90247250 in the name of Troy Clements, Trustee.

- b. Contents of Northside Bank and Trust Company account #90043750 in the name of Troy Clements, Trustee.
- c. Contents of Northside Bank and Trust Company account #4999229 in the name of Troy Clements, Trustee.

**A TRUE BILL.**

15  
**GRAND JURY FOREPERSON**

**GREGORY G. LOCKHART  
UNITED STATES ATTORNEY**



**RALPH W. KOHNEN  
Deputy Criminal Chief**