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U.S. DISTRICT COURT  
EASTERN DISTRICT OF LA

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LORETTA G. WHYTE  
CLERK

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF LOUISIANA

**FELONY**

BILL OF INFORMATION FOR CONSPIRACY TO MAKE  
FALSE STATEMENTS IN A HUD TRANSACTION

UNITED STATES OF AMERICA

\*

CRIMINAL DOCKET NO

**07-191**

v.

\*

SECTION:

**SECT. J MAG. 1**

MICHELLE COCHRANE  
a/k/a MICHELLE CARVER

\*

VIOLATION: 18 U.S.C. § 371

\*

\* \* \*

The United States Attorney Charges:

GENERAL ALLEGATIONS

At all times relevant to this Bill of Information:

A. THE DEFENDANT

1. DEFENDANT MICHELLE COCHRANE a/k/a/ MICHELLE CARVER,

was employed by Citywide Mortgage Company (hereinafter "CWM") from 1991 until July 2003.

She held positions as loan processor and loan underwriter.

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**B. CITYWIDE MORTGAGE AND THE HUD INSURANCE PROGRAM**

2. In order to encourage home ownership by low income home buyers who could not afford the required down payment ordinarily required by lending institutions for a conventional mortgage, the federal government enacted a Department of Housing and Urban Development (hereinafter "HUD") loan program which guarantees home loans for qualified buyers. Under this HUD loan program, HUD insures 97% of the loan and is responsible for paying the outstanding loan amount to the institution holding the mortgage loan if the mortgagee defaults on the loan.

3. Citywide Mortgage Company was founded in 1991 and was located at 3625 Canal, New Orleans, Louisiana from its inception until Hurricane Katrina in August 2005. It is a Louisiana Corporation and its primary purpose is to make mortgage loans. CWM provided conventional loans as well as federally insured mortgage financing (hereinafter "HUD loans") between 1991 and 2003. CWM was approved by HUD as a Direct Endorser ("DE") entitling CWM to submit home purchasing applications for HUD mortgage insurance to the Federal Housing Administration ("FHA").

4. HUD based their decision to insure mortgage loans submitted by CWM on the approval of a CWM underwriter and the financial information contained in the mortgage file, which included, among other things, the mortgage application known as a HUD Form 1003-Uniform Residential Loan Application (hereinafter the "mortgage application").

5. The business of CWM was conducted by loan officers, loan processors and loan underwriters. Loan officers originated loans by recruiting mortgage applicants and securing the

necessary asset, income and employment information. CWM paid its loan officers commissions on the loans they generated, if the loans closed. Loan processors verified the accuracy of the information contained in the mortgage application and the supporting documentation (collectively, the "mortgage file"). The loan processors then submitted the mortgage file to the loan underwriter for review. Loan underwriters were responsible for independently verifying the accuracy of the information contained in the mortgage file, including, but not limited to, information regarding property values, and the credit history, assets, employment and income of the buyer. Loan underwriters were also responsible for determining whether to approve the loan for funding by CWM and submission to FHA for insurance by HUD. The loan underwriters were required to certify to HUD that the loan was qualified for insurance by signing a certification affirming the truth of the information contained in the mortgage file.

6. HUD regulations prohibited an individual acting as an underwriter and receiving commissions as a loan originator. The purpose of these regulations was to ensure that all mortgage files were subject to an independent review.

## **COUNT ONE**

### **A. GENERAL ALLEGATIONS**

7. The allegations contained in paragraphs 1 through 6 of this Bill of Information are realleged and incorporated in this count as if fully set forth.

**B. THE CONSPIRACY**

From in or about February 2001 to in or about May 2003, said dates being approximate, in the Eastern District of Louisiana and elsewhere, **DEFENDANT MICHELLE COCHRANE, a/k/a MICHELLE CARVER**, did knowingly combine, conspire, confederate and agree with others, both known and unknown, to make, pass, utter and publish statements, more specifically; HUD Settlement Statements (“HUD1”), documents contained in the mortgage files including the loan applications, and credit history, assets, employment and income of the named mortgagee, and representations that the mortgage files were certified as accurate by CWM underwriters, knowing said statements to be false for the purpose of obtaining loans and advances of credit from Citywide Mortgage, Inc., a Louisiana Corporation with the intent that such loans and advances of credit be offered to and accepted by the United States Department of Housing and Urban Development for insurance in violation of Title 18, United States Code, Section 1010.

**C. MANNERS AND MEANS**

The following manners and means were used to accomplish the unlawful conspiracy:

8. A co-conspirator, (hereinafter “C.D.”) purchased houses and real property in New Orleans, Louisiana. C.D. then obtained appraisals which inflated the value of the property.

9. Beginning in at least January 2001, C.D. recruited mortgage applicants to purchase these properties at the inflated price and to submit mortgage applications to CWM for HUD-insured mortgages, when as **DEFENDANT MICHELLE COCHRANE a/k/a MICHELLE CARVER** and her co-conspirators then and there knew and believed, the mortgage applicants did not qualify

for HUD-insured mortgages. C.D. paid “straw buyers” varying amounts to apply for the HUD-insured mortgages even though they did not have sufficient income or an intention of moving into property they had nominally purchased. C.D. paid closing costs and provided the necessary down payment.

10. Starting in or about February 2001, **DEFENDANT MICHELLE COCHRANE, a/k/a MICHELLE CARVER** certified mortgage files containing falsified financial information as qualified for HUD insurance. In order to qualify the applicants for HUD-insured mortgages, **DEFENDANT MICHELLE COCHRANE, a/k/a MICHELLE CARVER** together with her co-conspirators, prepared materially false and fraudulent mortgage applications. These mortgage applications were materially false in that they contained overstatements of the applicants’ true income; false salary and employment information; false credit information and references; false tax returns; false information regarding “gift letters” and other sources of funds to be used for down payments and closing costs; and false occupancy statements. This was done to create the appearance that the mortgage applicants had sufficient income and assets to qualify for HUD-insured loans. C.D. paid **DEFENDANT MICHELLE COCHRANE, a/k/a MICHELLE CARVER** to process “straw buyers” loans based on the falsified financial information.

11. **DEFENDANT MICHELLE COCHRANE, a/k/a MICHELLE CARVER** functioned as both a loan officer and a loan underwriter for numerous applications, in violation of HUD regulations, thus preventing an independent review of the fraudulent financial information that was included in the mortgage files, as required by HUD.

12. The fraudulent mortgage files were sent by commercial interstate carrier to FHA in Denver, Colorado for the purpose of obtaining HUD insurance. After the fraudulent mortgage files were submitted to FHA and the loans approved for HUD insurance, CWM sold the HUD-insured loans to other financial institutions, which purchased the loans unaware that they were based on false documentation, and that the mortgage applicants were not qualified for HUD-insured loans.

**D. OVERT ACTS**

In furtherance of the conspiracy and to effectuate the unlawful objects thereof, **DEFENDANT MICHELLE COCHRANE, a/k/a MICHELLE CARVER** and her co-conspirators, committed the following overt acts, among others:

13. In or about April 2001, **DEFENDANT MICHELLE COCHRANE, a/k/a MICHELLE CARVER** approved a loan application from D.L., a strawbuyer.

14. In or about November 2001, **DEFENDANT MICHELLE COCHRANE, a/k/a MICHELLE CARVER** approved a loan application from D.A., a strawbuyer.

15. On or about May 8, 2002, **DEFENDANT MICHELLE COCHRANE, a/k/a MICHELLE CARVER** approved a loan application from Q.P., a strawbuyer.

16. On or about May 8, 2002, **DEFENDANT MICHELLE COCHRANE, a/k/a MICHELLE CARVER**, caused the mortgage file of Q.P. to be mailed to the HUD Denver Home Ownership Center in Denver, Colorado.


17. On or about July 8, 2002, **DEFENDANT MICHELLE COCHRANE, a/k/a MICHELLE CARVER** told C.D. to make certain HUD insured loans current.

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



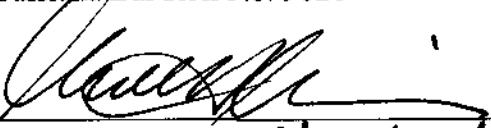
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First Assistant United States Attorney  
Louisiana Bar Roll No. 9020



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MARK A. MILLER, *Lead attorney*  
Chief, Organized Crime Strike Force Unit



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ABRAM MCGULL, II  
Assistant United States Attorney

New Orleans, Louisiana  
May 22, 2007

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

**United States District Court**

FOR THE

EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA

vs.

MICHELLE COCHRANE  
a/k/a MICHELLE CARVER

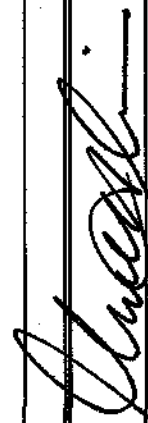
BILL OF INFORMATION FOR CONSPIRACY TO  
MAKE FALSE STATEMENTS IN A DEPARTMENT  
OF HOUSING AND URBAN DEVELOPMENT  
TRANSACTION

Violation: 18 U.S.C. § 371

Filed \_\_\_\_\_, 20 07

\_\_\_\_\_, Clerk.

By \_\_\_\_\_, Deputy



MARK A. MILLER, Assistant United States Attorney