

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA) Criminal No. 06 237
)
 v.) (18 U.S.C. §§ 2, 215(a)(1), 371,
) 513(a), 1341, 1344(1), and
 CHRISTOPHER FEKOS) 1957(a))
 JOSEPH HOWCROFT)

INDICTMENT

COUNT ONE

THE CONSPIRACY AND ITS OBJECTS

1. From in or around August 1999, and continuing thereafter until in or around January 2003, in the Western District of Pennsylvania and elsewhere, the defendant, CHRISTOPHER FEKOS, knowingly and willfully did conspire, combine, confederate and agree with persons known to the grand jury, including individuals known to the grand jury and identified as DF and DH, to commit offenses against the United States, that is:

a. Bank Fraud, in violation of Title 18, United States Code, Section 1344(1);

b. Mail Fraud, in violation of Title 18, United States Code, Section 1341; and

c. Wire Fraud, in violation of Title 18, United States Code, Section 1343.

MANNER AND MEANS OF THE CONSPIRACY

2. It was a part of the conspiracy that the defendant, CHRISTOPHER FEKOS, owed and operated several restaurants, most of which were located in the Pittsburgh International Airport, and a painting business.

3. It was further a part of the conspiracy that these businesses failed and the defendant, CHRISTOPHER FEKOS, used proceeds from fraudulent loans and fraud schemes to support his lavish lifestyle.

4. It was further a part of the conspiracy that the defendant, CHRISTOPHER FEKOS, with the knowing assistance of individuals known to the grand jury, engaged in schemes to defraud lending entities, some of which were federally insured financial institutions, by, in connection with loan applications, making misrepresentations and submitting false documents that overstated assets and income, understated liabilities, and were otherwise designed to materially overstate the borrowers' ability to repay the loans.

5. It was further a part of the conspiracy that the defendant, CHRISTOPHER FEKOS, with the knowing assistance of individuals known to the grand jury, participated in other fraudulent schemes to obtain money and property, including, among others, submitting false insurance claims, applying for credit by submitting false documents, and making fraudulent purchases with an American Express Card.

6. It was further a part of the conspiracy that the defendant, CHRISTOPHER P. FEKOS, DF and DH, in connection with the fraudulent loan applications and other fraud schemes, used and caused the use of the mail, interstate commercial carriers, and interstate wires in furtherance of their fraud schemes.

OVERT ACTS

7. In furtherance of the conspiracy, and to effect the objects of the conspiracy, the defendant, CHRISTOPHER FEKOS, and other persons known to the grand jury, did commit and cause to be committed, the following overt acts, among others, in the Western District of Pennsylvania:

a. In or around March 2001, the defendant, CHRISTOPHER FEKOS, obtained a loan from Countrywide Home Loans;

b. In or around April 2001, the defendant, CHRISTOPHER FEKOS, obtained a loan from Household Finance;

c. In or around May 2001, the defendant, CHRISTOPHER FEKOS, obtained a loan from Equity One under the name Fekos Enterprises Real Estate;

d. In or around May 2001, the defendant, CHRISTOPHER FEKOS, obtained loans from Countrywide Home Loans

e. In or around June 2001, the defendant, CHRISTOPHER FEKOS, obtained a loan from Household Finance;

f. In or around September 2001, the defendant, CHRISTOPHER FEKOS, obtained a loan from Fidelity First Lending under the name of Fekos Enterprises Real Estate;

g. In or around September 2001, the defendant, CHRISTOPHER FEKOS, submitted false documents to Bud Smail Motorcars in connection with a lease of an automobile;

h. In or around December 2001, the defendant, CHRISTOPHER FEKOS, assisted his father in applying for and obtaining loans from Alliance Funding;

i. In or around December 2001, the defendant, CHRISTOPHER FEKOS, obtained a loan from Interbay Funding under the name Fekos Enterprises Real Estate;

j. In or around January 2002, DF falsely reported that jewelry had been stolen while she was shopping at the South Hills Village Mall;

k. In or around January 2002, the defendant, CHRISTOPHER FEKOS, submitted a fraudulent insurance claim related to the jewelry referred to above falsely claiming that the jewelry had been stolen and overvaluing the jewelry;

l. In or around March 2002, the defendant, CHRISTOPHER FEKOS, submitted false documents to Bud Smail Motorcars in connection with a lease of an automobile;

m. In or around May 2002, the defendant, CHRISTOPHER FEKOS, obtained a loan from Household Finance;

n. In or around May 2002, the defendant, CHRISTOPHER FEKOS, obtained a loan from CitiFinancial;

o. In or around May 2002, the defendant, CHRISTOPHER FEKOS, and DF, obtained a loan from Aegis Mortgage Corporation;

p. In or around July 2002, the defendant, CHRISTOPHER FEKOS, and DF, obtained a loan from Allied Mortgage Group, Inc.;

q. In or around August 2002, the defendant, CHRISTOPHER FEKOS, obtained a loan from Centex Home Equity;

r. In or around November 2002, the defendant, CHRISTOPHER FEKOS, applied for a loan through Statesman Mortgage, a mortgage broker;

s. In or around December 2002, the defendant, CHRISTOPHER FEKOS, and DF, obtained a loan from Bank Pittsburgh; and

t. In or around January 2003, the defendant, CHRISTOPHER FEKOS, obtained a loan from Bank Pittsburgh under the name Fekos Enterprises Real Estate.

In violation of Title 18, United States Code, Section 371.

COUNT TWO

THE CONSPIRACY AND ITS OBJECTS

8. From in or around March 2002, and continuing thereafter until in or around March 2004, in the Western District of Pennsylvania and elsewhere, the defendants, CHRISTOPHER FEKOS and JOSEPH HOWCROFT, knowingly and willfully did conspire, combine, confederate and agree together and with each other, and with other persons known to the grand jury, including individuals known to the grand jury and identified as JC, LM and CM, to commit offenses against the United States, that is:

a. Bank Fraud, in violation of Title 18, United States Code, Section 1344(1);

b. Mail Fraud, in violation of Title 18, United States Code, Section 1341;

c. Wire Fraud, in violation of Title 18, United States Code, Section 1343; and

d. Money Laundering, in violation of Title 18, United States Code, Section 1957(a).

MANNER AND MEANS OF THE CONSPIRACY

9. It was a part of the conspiracy that the defendant, CHRISTOPHER FEKOS, used fraudulently acquired loan proceeds to support his lavish lifestyle and to invest in various ventures.

10. It was further a part of the conspiracy that the defendant, CHRISTOPHER FEKOS, with the knowing assistance of

defendant JOSEPH HOWCROFT, and other individuals known to the grand jury, engaged in schemes to defraud lending entities, some of which were federally insured financial institutions, by applying for loans using misrepresentations and false documents that overstated assets and income, understated liabilities, and were otherwise designed to materially overstate the borrowers' ability to repay the loans.

11. It was further a part of the conspiracy that the defendants, CHRISTOPHER FEKOS and JOSEPH HOWCROFT, used and caused the use of the mail, interstate carriers, and the interstate wires in connections with their fraud schemes.

12. It was further a part of the conspiracy that the defendant, CHRISTOPHER FEKOS, bribed a Citizens Bank employee known to the grand jury and identified as CM, in order to obtain funds from Citizens Bank, to which the defendant, CHRISTOPHER FEKOS, was not entitled.

13. It was further a part of the conspiracy that the defendants, CHRISTOPHER FEKOS and JOSEPH HOWCROFT, opened bank accounts and transferred funds from accounts to conceal the fact that the funds were derived from the fraud at Citizens Bank.

OVERT ACTS

14. In furtherance of the conspiracy, and to effect the objects of the conspiracy, the defendants, CHRISTOPHER FEKOS and JOSEPH HOWCROFT, and other persons known to the grand jury, did

commit and cause to be committed, the following overt acts, among others, in the Western District of Pennsylvania:

a. In or around May 2003, the defendant, CHRISTOPHER FEKOS, obtained loans from Bank Pittsburgh under his name and under the name Americana Painting Services;

b. In or around April 2002, JC falsely notarized a letter from a non-existent individual who purported to be the cousin of the defendant, CHRISTOPHER FEKOS, representing that a debt owed to American Express was actually the debt of the non-existent cousin;

c. In or around June 2003, the defendant, CHRISTOPHER FEKOS, arranged for the preparation of a fraudulent letter purportedly from a representative of Iron and Glass Bank, in which it was falsely represented that Iron and Glass Bank had an account in the name of the estate of defendant, CHRISTOPHER FEKOS', mother which ran a balance of between \$9,000,000 and \$10,000,000;

d. On or about June 27, 2003, the defendant, CHRISTOPHER FEKOS, obtained from the Washington County Recorder of Deeds a letter that falsely represented that there was only one open mortgage on a property owned by the defendant, CHRISTOPHER FEKOS;

e. On or about June 30, 2003, the defendant CHRISTOPHER FEKOS, along with JC and LM met with representatives of Irwin Bank and Trust regarding a \$1,000,000 loan, and provided

representatives of Irwin Bank and Trust with fraudulent financial documents;

f. On or about July 2, 2003, the defendant, CHRISTOPHER FEKOS, issued a check for \$5,000 payable to CM for services CM rendered in connection with defendant CHRISTOPHER FEKOS' loan application;

g. In or around July 2003, the defendant CHRISTOPHER FEKOS, applied for a loan from Citizens Bank, through then Citizens Bank employee, CM;

h. In or around August 2003, LM, with the assistance of the defendant, CHRISTOPHER FEKOS, applied for a loan through CFS Home Loans, a mortgage broker;

i. In or around August 2003, LM, with the assistance of the defendant, CHRISTOPHER FEKOS, applied for a loan from S&T Bank;

j. In or around September 2003, LM, with the assistance of the defendant, CHRISTOPHER FEKOS, obtained a loan from CitiFinancial;

k. In or around September 2003, the defendant, CHRISTOPHER FEKOS, applied for a loan from S&T Bank;

l. In or around September 2003, LM, with the assistance of the defendant, CHRISTOPHER FEKOS, obtained a loan from Household Finance;

m. In or around September 2003, LM, with the assistance of the defendant, CHRISTOPHER FEKOS, obtained a loan from Beneficial Consumer Discount Company;

n. In or around October 2003, LM with the assistance of the defendant, CHRISTOPHER FEKOS, applied for a loan from People's Choice Home Loan, Inc.;

o. On or about October 16, 2003, CM, at the direction of defendant CHRISTOPHER FEKOS and without the authorization of Citizens Bank, caused approximately \$8,400 of funds under the custody and control of Citizens Bank to be deposited into an account associated with LM;

p. In or around November 2003, CM, at the direction of the defendant, CHRISTOPHER FEKOS, issued checks from Citizens Bank, without the authorization of Citizens Bank, to pay off debts incurred by LM;

q. On or about November 18, 2003, CM, at the direction of the defendant, CHRISTOPHER FEKOS, prepared a fraudulent letter that falsely represented that Citizens Bank had a trust account in the name of defendant CHRISTOPHER FEKOS' mother that had a value of \$9,246,153 as of September 30, 2003;

r. On or about December 1, 2003, CM provided the defendant, JOSEPH HOWCROFT, three checks payable to customers of Citizens Bank who are known to the grand jury, without the authorization of those customers or Citizens Bank; and

s. On or about December 2, 2003, the defendant, JOSEPH HOWCROFT, caused the deposit of forged versions of the three checks referred to above into an account he controlled at Brentwood Bank.

In violation of Title 18, United States Code, Section 371.

COUNT THREE

The grand jury further charges:

15. At all times material to this Indictment, the U.S. Bank was a federally insured financial institution.

16. From in or around May 1999, to in or around November 2000, in the Western District of Pennsylvania, the defendant, CHRISTOPHER FEKOS, and an individual known to the grand jury as DF, did knowingly execute and attempt to execute a scheme and artifice to defraud U.S. Bank.

17. It was part of the scheme and artifice that, in or around August 1999, the defendant, CHRISTOPHER FEKOS, and DF, did provide U.S. Bank with fraudulent tax returns that materially overstated the financial status of various entities and individuals.

18. It was further a part of the scheme and artifice that, in or around August 1999, the defendant, CHRISTOPHER FEKOS, and DF, did provide U.S. Bank with fraudulent financial statements that materially overstated the financial status of various entities and individuals.

19. It was further a part of the scheme and artifice that, in or around June 1999, the defendant, CHRISTOPHER FEKOS, caused the presentment of a letter from the President of the

Pennsylvania AFL-CIO to U.S. Bank that falsely represented the financial status of various entities and individuals.

In violation of Title 18, United States Code, Sections 1344(1) and 2.

COUNT FOUR

The grand jury further charges:

20. At all times material to this Indictment, the Irwin Bank & Trust Co. was a federally insured financial institution.

21. From in or around June 2003, to in or around July 2003, in the Western District of Pennsylvania, the defendant, CHRISTOPHER FEKOS, did knowingly execute and attempt to execute a scheme and artifice to defraud the Irwin Bank & Trust Co.

22. It was part of the scheme and artifice that, in or around June 2003, the defendant, CHRISTOPHER FEKOS, applied for a loan from the Irwin Bank & Trust Co.

23. In was further a part of the scheme and artifice that the defendant, CHRISTOPHER FEKOS, provided the Irwin Bank & Trust Co. with a fraudulent Statement of Assets and Liabilities that materially overstated his financial status.

24. It was further a part of the scheme and artifice that, in or around June 2003 and July 2003, the defendant, CHRISTOPHER FEKOS, did provide the Irwin Bank & Trust Co. with an earnings statement, a W-2 statement, and a loan application that materially overstated defendant CHRISTOPHER FEKOS' true income.

25. It was further a part of the scheme and artifice that, in or around June 2003, the defendant, CHRISTOPHER FEKOS, did provide the Irwin Bank & Trust Co. with a fraudulent letter indicating that a debt owed to American Express by the defendant, CHRISTOPHER FEKOS, was incurred by a fictitious individual when, in

truth and in fact and as the defendant, CHRISTOPHER FEKOS, then knew, the debt owed to American Express was incurred by and owed by the defendant, CHRISTOPHER FEKOS.

26. It was further a part of the scheme and artifice to defraud that, in or around June 2003, the defendant, CHRISTOPHER FEKOS, provided to the Irwin Bank & Trust Co. a letter from the Recorder of Deeds in Washington County indicating that loans related to several properties had been paid off, when in truth and fact, and as the defendant, CHRISTOPHER FEKOS, then well knew, such loans had not been paid off.

27. It was further a part of the scheme and artifice to defraud that, in or around June 2003, the defendant, CHRISTOPHER FEKOS, provided to the Irwin Bank & Trust Co. fraudulent tax returns that materially overstated his income.

In violation of Title 18, United States Code, Section 1344(1).

COUNT FIVE

The grand jury further charges:

INTRODUCTION

THE SCHEME AND ARTIFICE

28. From in or around June 2002, and continuing thereafter to in or around July 2002, in the Western District of Pennsylvania, the defendant, CHRISTOPHER FEKOS, devised and intended to devise a scheme and artifice to defraud and for obtaining money by means of false and fraudulent pretenses, representations and promises, well knowing at the time that the pretenses, representations and promises were false and fraudulent when made.

29. It was part of the scheme and artifice to defraud that the defendant, CHRISTOPHER FEKOS, applied for a loan, through a mortgage broker known to the grand jury as WB, from Allied Mortgage Group.

30. It was further a part of the scheme and artifice to defraud that, on or about July 2, 2002, the defendant, CHRISTOPHER FEKOS, signed a Uniform Residential Loan Application, well knowingly that the Uniform Residential Loan Application materially overstated the amount of income earned by the defendant, CHRISTOPHER FEKOS.

31. It was further a part of the scheme and artifice to defraud that the defendant, CHRISTOPHER FEKOS, provided Allied Mortgage with the following fraudulent documents, among others:

- a. false income tax returns;
- b. false statement of assets and liabilities;
- c. a fraudulent letter indicating that a debt owed to American Express by the defendant, CHRISTOPHER FEKOS, was incurred by a fictitious individual when, in truth and in fact and as the defendant, CHRITOPHER FEKOS, then knew, the debt owed to American Express was incurred and owed by the defendant, CHRISTOPHER FEKOS;
- d. a fictitious letter from a representative of PNC Bank related to the defendant CHRISTOPHER FEKOS' credit report; and
- e. a fictitious Request for Verification of Deposit from PNC Bank.

THE MAILING

32. On or about July 9, 2002, in the Western District of Pennsylvania, the defendant CHRISTOPHER FEKOS, for the purposes of executing the aforesaid scheme and artifice to defraud, and in attempting to do so, did cause to be deposited with Federal Express, a commercial interstate carrier, checks in the approximate amounts of \$402,573.89 and \$108,708.41, sent from Settlement Services, located in the Western District of Pennsylvania, and to

be sent and delivered, according to the directions thereon, to Countrywide Home Loans Servicing LP, 7105 Corporate Drive, Plano, Texas.

In violation of Title 18, United States Code, Section 1341.

COUNT SIX

The grand jury further charges:

33. At all times material to this Indictment, Citizens Bank was a federally insured financial institution.

34. From in or around June 2003, to in or around December 2003, in the Western District of Pennsylvania, the defendants, CHRISTOPHER FEKOS and JOSEPH HOWCROFT, and individuals known to the grand jury and identified as LM and CM, did knowingly execute and attempt to execute a scheme and artifice to defraud Citizens Bank.

35. It was part of the scheme and artifice that, in or around June 2003, the defendant, CHRISTOPHER FEKOS, applied for a loan from the Citizens Bank.

36. In was further a part of the scheme and artifice that the defendant, CHRISTOPHER FEKOS, provided Citizens Bank, in connection with the loan application, with the following fraudulent documents, among others:

a. false individual and corporate tax returns that materially overstated defendant CHRITOPHER FEKOS' financial status as well as the financial status of corporate entities with which he was associated;

b. a Uniform Residential Loan Application that materially overstated defendant CHRISTOPHER FEKOS' income and assets, and materially understated his liabilities;

c. a false earnings statement from ADP that materially overstated defendant CHRISTOPHER FEKOS' income;

d. a personal financial statement that materially overstated defendant CHRISTOPHER FEKOS' assets and net worth, and materially understated his liabilities;

e. income statements from corporate entities associated with defendant CHRISTOPHER FEKOS that materially overstated the income of the corporate entities; and

f. a false W-2 that materially overstated defendant CHRISTOPHER FEKOS' income.

37. It was further a part of the scheme and artifice that an individual known to the grand jury and identified as CM, who was then an employee of Citizens Bank, processed loans and payments for the defendant, CHRISTOPHER FEKOS, and for an individual known to the grand jury and identified as LM, without the authorization or approval of Citizens Bank.

38. It was further a part of the scheme and artifice that the defendant, CHRISTOPHER FEKOS, accepted payments from Citizens Bank and CM, knowing that Citizens Bank had not authorized the payments.

39. It was further a part of the scheme and artifice that the defendant, CHRISTOPHER FEKOS, paid CM money, tickets for entertainment and sporting events, and promised to provide

additional money and other benefits to CM, in exchange for CM processing the loan and the payments referred to above.

40. It was further a part of the scheme and artifice that the defendant, JOSEPH HOWCROFT, obtained from CM three Official Checks from Citizens Bank, totaling approximately \$258,802, made payable to three different individuals known to the grand jury, which Official Checks from Citizens Bank the defendant, JOSEPH HOPWCROFT, then knew contained the forged endorsements of the three payees.

41. It was further a part of the scheme and artifice that the defendant, JOSEPH HOWCROFT, caused the deposit of the three forged Official Checks referred to in paragraph 40 above, into his account at Brentwood Bank.

In violation of Title 18, United States Code, Section 1344(1) and 2.

COUNT SEVEN

42. From in or around June 2003, to in or around December 2003, in the Western District of Pennsylvania, the defendant, CHRISTOPHER FEKOS, corruptly gave, offered, and promised, things of value in excess of \$1,000, with the intent to influence and reward an employee of Citizens Bank, which was then a federally insured financial institution, in connection with business and transactions of Citizens Bank, said employee being known to the grand jury and identified as CM.

In violation of Title 18, United States Code, Sections 215(a)(1) and 2.

COUNT EIGHT - TEN

43. On or about the December 2, 2003, in the Western District of Pennsylvania, the defendant, JOSEPH HOWCROFT, with the intent to deceive another person and organization, did utter and possess the following forged securities of Citizens Bank, an organization involved in interstate commerce, at Brentwood Bank in the Western District of Pennsylvania:

Count	Description of Forged Security
Eight	Citizens Bank Official Check No. 093945365-0 payable to an individual known to the grand jury and identified as MR in the amount of \$100,000
Nine	Citizens Bank Official Check No. 093945362-7 payable to an individual known to the grand jury and identified as AL in the amount of \$109,942.59
Ten	Citizens Bank Official Check No. 093945364-3 payable to an individual known to the grand jury and identified as JP in the amount of \$48,861.70

All in violation of Title 18, United States Code, Section 513(a).

COUNTS ELEVEN - THIRTEEN

44. Paragraphs 33 - 41 of this Indictment are incorporated herein as if set forth in full.

45. On or about the dates set forth below, in the Western District of Pennsylvania and elsewhere, the defendant, CHRISTOPHER FEKOS, did knowingly engage in the following monetary transactions affecting interstate commerce in criminally derived property of a value greater than \$10,000, which property was knowingly derived from the following specified unlawful activity, each such transaction representing a separate count:

Count	Date	Description of Monetary Transaction	Specified Unlawful Activity
Eleven	7/3/2003	Withdrawal of \$50,000 from the account of Fekos Famous Eateries at Bank Pittsburgh	Bank Fraud
Twelve	11/13/2003	Withdrawal of \$50,000 from the account of the defendant, CHRISTOPHER FEKOS, at National City Bank	Bank Fraud
Thirteen	11/14/2003	Withdrawal of \$515,000 from the account of the defendant, CHRISTOPHER FEKOS, at National City Bank	Bank Fraud

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

COUNTS FOURTEEN and FIFTEEN

46. Paragraphs 33 - 41 of this Indictment are incorporated herein as if set forth in full.

47. On or about the dates set forth below, in the Western District of Pennsylvania and elsewhere, the defendant, JOSEPH HOWCROFT, did knowingly engage in the following monetary transactions affecting interstate commerce in criminally derived property of a value greater than \$10,000, which property was knowingly derived from the following specified unlawful activity, each such transaction representing a separate count:


Count	Date	Description of Monetary Transaction	Specified Unlawful Activity
Fourteen	12/2/2003	Deposit of \$754,102.65 into the National City account of the defendant, JOSEPH HOWCROFT	Bank Fraud

Count	Date	Description of Monetary Transaction	Specified Unlawful Activity
Fifteen	12/8/2003	Withdrawal of \$40,000 from the National City account of the defendant, JOSEPH HOWCROFT	Bank Fraud

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

A True Bill,

FOREPERSON



ROBERT S. CESSAR
Acting United States Attorney
PA ID No. 47736