

4. Defendant fully understands the nature and elements of the crimes with which she has been charged.

Charge to Which Defendant is Pleading Guilty

5. By this Plea Agreement, defendant agrees to enter a voluntary plea of guilty to Count One of the indictment. Count One charges defendant with conspiring to defraud the United States, in violation of Title 18, United States Code, Section 371.

Factual Basis

6. Defendant will plead guilty because she is in fact guilty of the charge contained in Count One of the indictment. In pleading guilty, defendant admits the following facts and that those facts establish her guilt beyond a reasonable doubt:

(a) With respect to Count One of the indictment, defendant admits that from at least February 2001, through approximately November 2003, at Rockford, Illinois, and elsewhere, she conspired with the defendants named in the indictment and other individuals to defraud the United States by causing the Department of Housing and Urban Development (“HUD”) to insure loans through the Federal Housing Administration (“FHA”) for unqualified applicants.

(b) Specifically, defendant admits that during the time period covered by the indictment, she was employed at Prism Mortgage/RBC Mortgage Company (“Prism/RBC”), located at 4960 East State Street in Rockford, Illinois. Prism/RBC was a mortgage lender and mortgage brokerage company owned by RBC Financial Group.

While she was employed at Prism/RBC, defendant worked as a loan officer. From approximately May 2001, through approximately February 2003, defendant Nancy C. Rodriguez worked as an assistant to defendant.

Defendant frequently obtained loan customers who were referred to her by defendant Cesar O. Arenas. Arenas was a real estate agent who worked for a realty company in Rockford. Defendant obtained financing for the customers referred by Arenas. Usually, Torossian obtained FHA-insured loans for Arenas' customers.

Under federal law, an applicant must possess a valid social security number in order to qualify for an FHA-insured loan. Some of the customers referred to Torossian by Arenas did not possess valid social security numbers. In order to evade the FHA regulations, Arenas instructed his customers to obtain a valid social security numbers from relatives or other persons, and then provide those valid social security numbers to defendant. Defendant was aware that the social security numbers provided by some of Arenas' customers were not valid or did not belong to the customers. Defendant and Rodriguez placed these false social security numbers on documents that were placed into the customers' loan files.

Federal law also required that applicants for FHA-insured loans establish that they had made a minimum equity investment of at least 3% of the cost of the home. Most of the customers referred to defendant by Arenas did not have the funds necessary to make the minimum 3% equity investment in homes they were seeking to purchase. For many of these customers, defendant directed Rodriguez to create fraudulent official bank checks. Copies

of these fraudulent checks were then placed in the customers' loan files. These fraudulent checks were intended to create the false impression that the customers had the necessary funds to invest 3% in equity into their home purchases. Rodriguez created these fraudulent checks by "whiting out" the payees and amounts on real official checks, typing in false payees and amounts, and then photo-copying these checks. The false official bank checks were created for many of defendant's loan customers and were placed in the customers' loan files.

Federal law also required that applicants for FHA insured loans have income that was sufficient to meet their mortgage payments. Many of the customers referred to defendant by Arenas did not have sufficient income to qualify for FHA insured loans. Over time, defendant became aware that Arenas often solicited small business owners and other individuals he knew, including defendants Raul Raygoza and Israel Quintero, to sign and provide fraudulent "Verification of Employment" forms and other fake documents which falsely stated that the customers were employed at the businesses. These false employment documents were placed in the customers' loan files.

Federal law further required that applicants for FHA insured loans establish that they had satisfactory credit standing. Satisfactory credit standing could be established through a traditional credit report. If buyers did not yet have established credit histories or sufficient entries in their credit reports, HUD allowed these buyers to establish their satisfactory credit standing through alternative sources. These alternative sources often consisted of letters or

other verifications from the buyers' creditors stating that the buyers had made timely payments on their debts.

Many of the customers referred to defendant by Arenas did not have satisfactory credit standing. Over time, defendant became aware that Arenas often solicited small business owners and other individuals he knew, including defendants Raul Raygoza and Israel Quintero, to sign and provide fraudulent credit letters which falsely stated that the customers had purchased items on credit from the businesses and had made their payments in a timely fashion. These false credit letters were placed in the customers' loan files.

All of the false and fraudulent documents described in the preceding paragraphs were placed in the customers' loan files for the purpose of causing Prism/RBC's underwriting department to approve the loans for FHA-insurance. In addition, the false and fraudulent documents were placed in the customers' loan files for the purpose of deceiving HUD into concluding that the requirements for the issuance of FHA-insurance certificates had been met.

On September 9, 2001, at Rockford, in the Northern District of Illinois, Western Division, in furtherance of the conspiracy and to accomplish its objectives, defendant created and caused to be submitted to HUD a materially false document, namely a fraudulent official check number 5344288647, drawn on National City Bank, that was purportedly payable to an individual referred to herein as "Buyer B", in the amount of \$2,500.

7. Defendant also acknowledges that for the purpose of computing her sentence under the Sentencing Guidelines, the following conduct, to which she stipulates, constitutes relevant conduct under Guideline §1B1.3: During the time period covered by the indictment, defendant created, and caused to be created, fraudulent cashier's checks and documents containing false social security numbers, which fraudulent documents were placed in FHA loan files for customers that were not referred to her by defendant Cesar O. Arenas. These fraudulent documents caused HUD to issue FHA-insurance certificates for unqualified applicants.

Maximum Statutory Penalties

8. Defendant understands that the charge to which she is pleading guilty carries the following statutory penalties:

a. A maximum sentence of 5 years' imprisonment. This offense also carries a maximum fine of \$250,000, or twice the gross gain or gross loss resulting from that offense, whichever is greater. Defendant further understands that the judge also may impose a term of supervised release of at least two years but not more than three years.

b. Defendant further understands that the Court must order restitution to HUD in an amount determined by the Court.

c. In accord with Title 18, United States Code, Section 3013, defendant will be assessed \$100 on the charge to which she has pled guilty, in addition to any other penalty or restitution imposed.

Sentencing Guidelines Calculations

9. Defendant understands that in imposing sentence the Court will be guided by the United States Sentencing Guidelines. Defendant understands that the Sentencing Guidelines are advisory, not mandatory, but that the Court must consider the Guidelines in determining a reasonable sentence.

10. For purposes of calculating the Sentencing Guidelines, the parties agree on the following points, except as specified below:

a. **Applicable Guidelines.** The Sentencing Guidelines to be applied in this case are those in effect at the time of sentencing. The following statements regarding the calculation of the Sentencing Guidelines are based on the Guidelines Manual currently in effect, namely the November 2006 Guideline Manual.

b. **Offense Level Calculations.**

i. The base offense level for the charge in Count One of the indictment is 6, pursuant to Guideline §2B1.1(a)(2).

ii. It is the government's position that the offense level must be increased by 14 levels, pursuant to Guideline §2B1.1(b)(1)(H), because the estimated anticipated loss caused to HUD by defendant's offense exceeds \$400,000. Defendant reserves the right to object to the government's loss calculation.

iii. It is the government's position that the offense level must be increased by 2 levels, pursuant to Guideline §2B1.1(b)(10)(C)(ii), because defendant's

offense involved the possession of 5 or more means of identification that unlawfully were produced from, or obtained by the use of, another means of identification. Defendant reserves the right to challenge this enhancement.

iv. The offense level must be increased by 2 levels, pursuant to Guideline §3B1.1(c), because the defendant was a leader of the criminal activity charged in the indictment.

v. Defendant has clearly demonstrated a recognition and affirmative acceptance of personal responsibility for her criminal conduct. If the government does not receive additional evidence in conflict with this provision, and if defendant continues to accept responsibility for her actions within the meaning of Guideline §3E1.1(a), including by furnishing the U.S. Attorney's Office and the Probation Office with all requested financial information relevant to her ability to satisfy any fine or restitution that may be imposed in this case, a two-level reduction in the offense level is appropriate. Defendant acknowledges that if she falsely denies or frivolously contests any of the facts underlying this offense or any relevant conduct that the court determines to be true, such a denial would be inconsistent with acceptance of responsibility, and the government's position as to acceptance of responsibility may change.

vi. In accord with Guideline §3E1.1(b), defendant has timely notified the government of her intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the Court to allocate its resources efficiently.

Therefore, as provided by Guideline §3E1.1(b), if the Court determines the offense level to be 16 or greater prior to determining that defendant is entitled to a two-level reduction for acceptance of responsibility, the government will move for an additional one-level reduction in the offense level.

c. **Criminal History Category.** With regard to determining defendant's criminal history points and criminal history category, based on the facts known to the government, defendant's criminal history points equal zero and defendant's criminal history category is I.

d. **Anticipated Advisory Sentencing Guidelines Range.** Therefore, based on the facts now known to the government, if the court accepts the government's positions regarding the Sentencing Guidelines, the anticipated offense level is 21, which, when combined with the anticipated criminal history category of I, results in an anticipated advisory Sentencing Guidelines range of 37 to 46 months' imprisonment, in addition to any supervised release, fine, and restitution the Court may impose.

e. Defendant and her attorney and the government acknowledge that the above Guideline calculations are preliminary in nature, and are non-binding predictions upon which neither party is entitled to rely. Defendant understands that further review of the facts or applicable legal principles may lead the government to conclude that different or additional Guideline provisions apply in this case. Defendant understands that the Probation Office will conduct its own investigation and that the Court ultimately determines the facts

and law relevant to sentencing, and that the Court's determinations govern the final Guideline calculation. Accordingly, the validity of this Agreement is not contingent upon the probation officer's or the Court's concurrence with the above calculations, and defendant shall not have a right to withdraw her plea on the basis of the Court's rejection of these calculations.

f. Both parties expressly acknowledge that this plea agreement is not governed by Fed.R.Crim.P. 11(c)(1)(B), and that errors in applying or interpreting any of the Sentencing Guidelines may be corrected by either party prior to sentencing. The parties may correct these errors either by stipulation or by a statement to the Probation Office or the Court, setting forth the disagreement regarding the applicable provisions of the Guidelines. The validity of this Plea Agreement will not be affected by such corrections, and defendant shall not have a right to withdraw her plea, nor the government the right to vacate this Plea Agreement, on the basis of such corrections.

Agreements Relating to Sentencing

11. The government agrees to recommend that sentence be imposed within the applicable guidelines range and to make no further recommendation concerning at what point within the range sentence should be imposed.

12. Regarding restitution, the parties acknowledge that pursuant to Title 18, United States Code, § 3663A, the court must order defendant, together with any jointly liable co-defendants, to make full restitution to HUD in an amount to be determined by the Court at sentencing, which amount shall reflect credit for any funds repaid prior to sentencing.

Restitution shall be due immediately, and paid pursuant to a schedule to be set by the Court at sentencing.

13. Defendant agrees to pay the special assessment of \$100 at the time of sentencing with a check or money order payable to the Clerk of the U.S. District Court.

14. After sentence has been imposed on the counts to which defendant pleads guilty as agreed herein, the government will move to dismiss the remaining counts of the indictment as to this defendant.

Presentence Investigation Report/Post-Sentence Supervision

15. Defendant understands that the United States Attorney's Office in its submission to the Probation Department as part of the Pre-Sentence Report and at sentencing shall fully apprise the District Court and the United States Probation Office of the nature, scope and extent of defendant's conduct regarding the charges against her, and related matters. The government will make known all matters in aggravation and mitigation relevant to the issue of sentencing.

16. Defendant agrees to truthfully and completely execute a Financial Statement (with supporting documentation) prior to sentencing, to be provided to and shared among the Court, the United States Probation Office, and the United States Attorney's Office regarding all details of her financial circumstances, including her recent income tax returns as specified by the Probation Officer. Defendant understands that providing false or incomplete information, or refusing to provide this information, may be used as a basis for denial of a

reduction for acceptance of responsibility pursuant to Guideline §3E1.1 and enhancement of her sentence for obstruction of justice under Guideline §3C1.1, and may be prosecuted as a violation of Title 18, United States Code, Section 1001 or as a contempt of the Court.

17. For the purpose of monitoring defendant's compliance with her obligations to pay a fine and restitution during any term of supervised release or probation to which defendant is sentenced, defendant further consents to the disclosure by the IRS to the United States Probation Office and the United States Attorney's Office of defendant's individual income tax returns (together with extensions, correspondence, and other tax information) filed subsequent to defendant's sentencing, to and including the final year of any period of supervised release or probation to which defendant is sentenced. Defendant also agrees that a certified copy of this Plea Agreement shall be sufficient evidence of defendant's request to the IRS to disclose the returns and return information, as provided for in Title 26, United States Code, Section 6103(b).

Acknowledgments and Waivers Regarding Plea of Guilty

Nature of Plea Agreement

18. This Plea Agreement is entirely voluntary and represents the entire agreement between the United States Attorney and defendant regarding defendant's criminal liability in case 06 CR 50049-01.

19. This Plea Agreement concerns criminal liability only. Except as expressly set forth in this Agreement, nothing herein shall constitute a limitation, waiver or release by the

United States or any of its agencies of any administrative or judicial civil claim, demand or cause of action it may have against defendant or any other person or entity. The obligations of this Agreement are limited to the United States Attorney's Office for the Northern District of Illinois and cannot bind any other federal, state or local prosecuting, administrative or regulatory authorities, except as expressly set forth in this Agreement. Defendant understands that nothing in this Plea Agreement shall limit the Internal Revenue Service (IRS) in its collection of any taxes, interest or penalties from defendant and her spouse.

Waiver of Rights

20. Defendant understands that by pleading guilty she surrenders certain rights, including the following:

a. **Trial rights.** Defendant has the right to persist in a plea of not guilty to the charges against her, and if she does, she would have the right to a public and speedy trial.

i. The trial could be either a jury trial or a trial by the judge sitting without a jury. Defendant has a right to a jury trial. However, in order that the trial be conducted by the judge sitting without a jury, defendant, the government, and the judge all must agree that the trial be conducted by the judge without a jury.

ii. If the trial is a jury trial, the jury would be composed of twelve citizens from the district, selected at random. Defendant and her attorney would participate in choosing the jury by requesting that the Court remove prospective jurors for cause where

actual bias or other disqualification is shown, or by removing prospective jurors without cause by exercising peremptory challenges.

iii. If the trial is a jury trial, the jury would be instructed that defendant is presumed innocent, that the government has the burden of proving defendant guilty beyond a reasonable doubt, and that the jury could not convict her unless, after hearing all the evidence, it was persuaded of her guilt beyond a reasonable doubt and that it was to consider each count of the indictment separately. The jury would have to agree unanimously as to each count before it could return a verdict of guilty or not guilty as to that count.

iv. If the trial is held by the judge without a jury, the judge would find the facts and determine, after hearing all the evidence, and considering each count separately, whether or not the judge was persuaded that the government had established defendant's guilt beyond a reasonable doubt.

v. At a trial, whether by a jury or a judge, the government would be required to present its witnesses and other evidence against defendant. Defendant would be able to confront those government witnesses and her attorney would be able to cross-examine them.

vi. At a trial, defendant could present witnesses and other evidence in her own behalf. If the witnesses for defendant would not appear voluntarily, she could require their attendance through the subpoena power of the Court. A defendant is not required to present any evidence.

vii. At a trial, defendant would have a privilege against self-incrimination so that she could decline to testify, and no inference of guilt could be drawn from her refusal to testify. If defendant desired to do so, she could testify in her own behalf.

b. **Waiver of appellate and collateral rights.** Defendant further understands she is waiving all appellate issues that might have been available if she had exercised her right to trial. Defendant is aware that Title 18, United States Code, Section 3742 affords a defendant the right to appeal her conviction and the sentence imposed. Acknowledging this, defendant knowingly waives the right to appeal her conviction and any part of the sentence, including any term of imprisonment and fine within the maximums provided by law, and including any order of restitution or forfeiture (or the manner in which that sentence was determined), in exchange for the concessions made by the United States in this Plea Agreement. In addition, defendant also waives her right to challenge her conviction and sentence, or the manner in which the sentence was determined, in any collateral attack or future challenge, including but not limited to a motion brought under Title 28, United States Code, Section 2255. The waiver in this paragraph does not apply to a claim of involuntariness, or ineffective assistance of counsel, which relates directly to this waiver or to its negotiation.

c. Defendant understands that by pleading guilty she is waiving all the rights set forth in the prior paragraphs. Defendant's attorney has explained those rights to her, and the consequences of her waiver of those rights. Defendant understands that she has

the right to have the criminal charges in the indictment brought within five years of the last of the alleged acts constituting the specified violations. By signing this document, defendant knowingly waives any right to have the charges in the indictment brought against her within the period established by the statute of limitations. Defendant also knowingly waives any defense or claim based upon the statute of limitations or upon the timeliness with which the charges in the indictment were brought.

21. By entering this plea of guilty, defendant also waives any and all right the defendant may have, pursuant to 18 U.S.C. §3600, to require DNA testing of any physical evidence in the possession of the Government. Defendant fully understands that, as a result of this waiver, any physical evidence in this case will not be preserved by the Government and will therefore not be available for DNA testing in the future.

Other Terms

22. Defendant agrees to cooperate with the United States Attorney's Office in collecting any unpaid fine and restitution for which defendant is liable, including providing financial statements and supporting records as requested by the United States Attorney's Office.

23. Defendant understands that the government has the right to seek defendant's truthful testimony before a grand jury or a district court.

Conclusion

24. Defendant understands that this Plea Agreement will be filed with the Court, will become a matter of public record and may be disclosed to any person.


25. Defendant understands that her compliance with each part of this Plea Agreement extends throughout the period of her sentence, and failure to abide by any term of the Agreement is a violation of the Agreement. Defendant further understands that in the event she violates this Agreement, the government, at its option, may move to vacate the Agreement, rendering it null and void, and thereafter prosecute defendant not subject to any of the limits set forth in this Agreement, or may move to resentence defendant or require defendant's specific performance of this Agreement. Defendant understands and agrees that in the event that the Court permits defendant to withdraw from this Agreement, or defendant breaches any of its terms and the government elects to void the Agreement and prosecute defendant, any prosecutions that are not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against defendant in accordance with this paragraph, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of such prosecutions.

26. Should the judge refuse to accept defendant's plea of guilty, this Plea Agreement shall become null and void and neither party will be bound thereto.

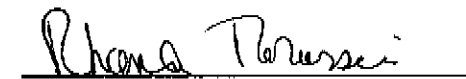
27. Defendant and her attorney acknowledge that no threats, promises, or representations have been made, nor agreements reached, other than those set forth in this Plea Agreement to cause defendant to plead guilty.

28. Defendant acknowledges that she has read this Plea Agreement and carefully reviewed each provision with her attorney. Defendant further acknowledges that she understands and voluntarily accepts each and every term and condition of this Agreement.


AGREED THIS DATE: September 4, 2007




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