

FILED

Jeffrey A. Apperson, Clerk

JUL 09 2007

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF KENTUCKY
AT LOUISVILLE

U.S. DISTRICT COURT
WESTN. DIST. KENTUCKY

UNITED STATES OF AMERICA

v.

INDICTMENT

NO.

3:07CR-78-H

18 U.S.C. § 1343

NANCY NETHERTON

The Grand Jury charges:

COUNTS 1-7
(WIRE FRAUD)

On or about and between August 1, 2002 and August 1, 2004, in the Western District of Kentucky, Jefferson County, Kentucky, and elsewhere, the defendant, **NANCY NETHERTON**, having devised a scheme to defraud, did knowingly transmit or cause to be transmitted by means of wire transfers and facsimiles, in interstate commerce, writings, signs, signals, pictures or sounds, for the purpose of executing such scheme, to wit:

NETHERTON served as the president of Preferred Title Inc. (Preferred). Preferred served as the agent for Commonwealth Land Title Insurance Company (Commonwealth) for the purpose of issuing title insurance commitments, policies, and endorsements related to real estate located in the Commonwealth of Kentucky and elsewhere. As part of its duties, Preferred acted as a closing agent on real estate transactions. To facilitate this part of its business, Preferred utilized an escrow account to collect funds from buyers and lenders and disburse these funds to sellers, lienholders, and

others in connection with real estate closings.

NETHERTON diverted funds belonging to customers of Commonwealth that were wired to Preferred's escrow account and intended for use in real estate closings with Commonwealth. **NETHERTON** diverted such funds into bank accounts over which she had control and then used these diverted funds for her personal benefit and for purposes other than the closing for which the funds were wired to Preferred's escrow account.

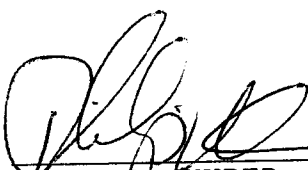
To further this scheme and for the execution thereof, **NETHERTON** transmitted or caused to be transmitted the following fraudulent HUD-1 statements set out below that falsely reported that the proceeds of real estate closings had been used to satisfy various lien holder's interests, when, in fact, such proceeds had been used for personal purposes or to pay off overdue mortgage liens that were delinquent as a consequence of **NETHERTON's** fraudulent scheme:

| Count | Loan Number | Closing Date | Buyer Funds Deposited | Date HUD-1 Faxed | Location of HUD-1 Recipient |
|-------|-------------|--------------|-----------------------------|------------------|-----------------------------|
| 1 | 6891 | 5/28/04 | \$184,456.04 | 5/24/04 | Ohio |
| 2 | 6763 | 5/28/04 | 71,671.88 | 5/24/04 | Ohio |
| 3 | 6897 | 7/1/04 | 76,520.51 | 7/1/04 | Tennessee |
| 4 | 6911 | 7/13/04 | \$207,859.90 \$57,981.17 | 7/13/04 | Texas |
| 5 | 6907 | 7/14/04 | \$143,419.08 | 7/9/04 | Ohio |
| 6 | 6837 | 7/15/04 | \$32,941.00 | 6/11/04 | Ohio |
| 7 | 6838 | 7/15/04 | \$52,883.40 | 6/11/04 | Ohio |

All in violation of Title 18, United States Code, Section 1343.

A TRUE BILL.

7/9/07


 DAVID L. HUBER
 UNITED STATES ATTORNEY

DLH:ACP:06/13/07

UNITED STATES OF AMERICA v. NANCY NETHERTON

P E N A L T I E S

Counts 1-7: NM 20 yrs./\$250,000/both/NM 3 yrs. Supervised Release (each count)

N O T I C E

ANY PERSON CONVICTED OF AN OFFENSE AGAINST THE UNITED STATES SHALL BE SUBJECT TO SPECIAL ASSESSMENTS, FINES, RESTITUTION & COSTS.

SPECIAL ASSESSMENTS

18 U.S.C. § 3013 requires that a special assessment shall be imposed for each count of a conviction of offenses committed after November 11, 1984, as follows:

| | | | |
|--------------|----------------------------|---------|----------------------------|
| Misdemeanor: | \$ 25 per count/individual | Felony: | \$100 per count/individual |
| | \$125 per count/other | | \$400 per count/other |

FINES

In addition to any of the above assessments, you may also be sentenced to pay a fine. Such fine is due immediately unless the court issues an order requiring payment by a date certain or sets out an installment schedule. You shall provide the United States Attorney's Office with a current mailing address for the entire period that any part of the fine remains unpaid, or you may be held in contempt of court. 18 U.S.C. § 3571, 3572, 3611, 3612

Failure to pay fine as ordered may subject you to the following:

1. **INTEREST** and **PENALTIES** as applicable by law according to last date of offense.

For offenses occurring after December 12, 1987:

No **INTEREST** will accrue on fines under \$2,500.00.

INTEREST will accrue according to the Federal Civil Post-Judgment Interest Rate in effect at the time of sentencing. This rate changes monthly. Interest accrues from the first business day following the two week period after the date a fine is imposed.

PENALTIES of:

10% of fine balance if payment more than 30 days late.

15% of fine balance if payment more than 90 days late.

2. Recordation of a **LIEN** shall have the same force and effect as a tax lien.
3. Continuous **GARNISHMENT** may apply until your fine is paid.

18 U.S.C. §§ 3612, 3613

If you **WILLFULLY** refuse to pay your fine, you shall be subject to an **ADDITIONAL FINE** of not more than the greater of \$10,000 or twice the

unpaid balance of the fine; or **IMPRISONMENT** for not more than 1 year
or both. 18 U.S.C. § 3615

RESTITUTION

If you are convicted of an offense under Title 18, U.S.C., or under certain air piracy offenses, you may also be ordered to make restitution to any victim of the offense, in addition to, or in lieu of any other penalty authorized by law. 18 U.S.C. § 3663

APPEAL

If you appeal your conviction and the sentence to pay your fine is stayed pending appeal, the court shall require:

1. That you deposit the entire fine amount (or the amount due under an installment schedule during the time of your appeal) in an escrow account with the U.S. District Court Clerk, or
2. Give bond for payment thereof.

18 U.S.C. § 3572(g)

PAYMENTS

If you are ordered to make payments to the U.S. District Court Clerk's Office, certified checks or money orders should be made payable to the Clerk, U.S. District Court and delivered to the appropriate division office listed below:

LOUISVILLE: Clerk, U.S. District Court
106 Gene Snyder U.S. Courthouse
601 West Broadway
Louisville, KY 40202
502/625-3500

BOWLING GREEN: Clerk, U.S. District Court
120 Federal Building
241 East Main Street
Bowling Green, KY 42101
270/393-2500

OWENSBORO: Clerk, U.S. District Court
126 Federal Building
423 Frederica
Owensboro, KY 42301
270/689-4400

PADUCAH: Clerk, U.S. District Court
127 Federal Building
501 Broadway
Paducah, KY 42001
270/415-6400

If the court finds that you have the present ability to pay, an order may direct imprisonment until payment is made.

No. _____

UNITED STATES DISTRICT COURT
Western District of Kentucky
Louisville Division

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Jeffrey A. Apperson, Clerk

JUL 09 2007

THE UNITED STATES OF AMERICA
vs.
NANCY NETHERTON

U.S. DISTRICT COURT
WEST'N. DIST. KENTUCKY

INDICTMENT

**Title 18, U.S.C. § 1343:
Wire Fraud.**

A true bill.

7/19/07
Foreman

*Filed in open court this 9th day,
of July A.D. 2007.*

Clerk

Bail, \$