

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BY *[Signature]*
2007 MAY 25 PM 1:09
CENTRAL DISTRICT OF CALIF.
LOS ANGELES

FILED

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,)	No. CR 07-00455
)	
Plaintiff,)	<u>I N F O R M A T I O N</u>
)	
v.)	[18 U.S.C. § 371: Conspiracy;
)	18 U.S.C. § 1344(1): Bank Fraud;
RICHARD A. MAIZE,)	26 U.S.C. § 7206(1): False
)	Statement On Tax Return;
Defendant.)	18 U.S.C. § 2: Aiding And
)	Abetting And Causing An Act To
)	Be Done]
)	

The United States Attorney charges:

TABLE OF CONTENTS

1			
2			PAGE
3	INTRODUCTORY ALLEGATIONS		4
4	I. <u>SUMMARY OF THE FRAUD</u>		4
5	II. <u>THE LENDERS AND THEIR LOAN PRODUCTS</u>		4
6	A. <u>Lehman Brothers Bank, FSB</u>		4
7	B. <u>Pacific Guarantee Mortgage Company</u>		6
8	III. <u>DEFENDANT RICHARD A. MAIZE</u>		
9	<u>AND HIS CO-CONSPIRATORS</u>		6
10	A. <u>Defendant MAIZE: The Mortgage Banker</u>		6
11	B. <u>The Mortgage Brokers, Their Employees,</u>		
12	<u>And Their In-House Escrow Officer</u>		8
13	C. <u>The Appraisers</u>		10
14	IV. <u>OVERVIEW OF THE CRIMINAL CONDUCT</u>		10
15	COUNT ONE [18 U.S.C. § 371]		13
16	I. <u>THE OBJECTS OF THE CONSPIRACY</u>		13
17	II. <u>THE MANNER AND MEANS OF THE CONSPIRACY</u>		14
18	A. <u>The Targeting Of Aurora's Loan Products</u>		14
19	B. <u>The Identification Of Homes</u>		
20	<u>To Obtain Inflated Loans</u>		14
21	C. <u>The Recruitment Of Straw Borrowers</u>		
22	<u>To Obtain Inflated Loans</u>		15
23	D. <u>The Purchases Of The Homes</u>		15
24	E. <u>The Property Flips</u>		16
25	F. <u>The Inflated Appraisals</u>		17
26	G. <u>The False And Fraudulent</u>		
27	<u>Loan Application Packages</u>		18
28	H. <u>The Funding Of The Loans</u>		21
	I. <u>The Profit From The Fraud</u>		23

TABLE OF CONTENTS (continued)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

	PAGE
III. <u>OVERT ACTS</u>	24
A. <u>805 North Alta Drive, Beverly Hills</u>	24
B. <u>9373 Claircrest Drive, Beverly Hills</u>	26
C. <u>2155 Roscomare Road, Los Angeles</u>	27
COUNTS TWO THROUGH FOUR [18 U.S.C. §§ 1344(1), 2]	30
I. <u>THE FRAUDULENT SCHEME</u>	30
II. <u>THE EXECUTION OF THE FRAUDULENT SCHEME</u>	30
COUNT FIVE [26 U.S.C. § 7206(1); 18 U.S.C. § 2]	32

INTRODUCTORY ALLEGATIONS

I. SUMMARY OF THE FRAUD

1. Beginning no later than in or about November 1999, and continuing through at least July 2002, defendant RICHARD A. MAIZE, working with mortgage brokers and their employees, real estate agents, real estate appraisers, and others, perpetrated a scheme to defraud federally-insured lenders out of tens of millions of dollars by obtaining fraudulently inflated loans on expensive homes in exclusive California communities.

II. THE LENDERS AND THEIR LOAN PRODUCTS

A. Lehman Brothers Bank, FSB

2. From no later than 1999 through at least 2003, the accounts and deposits of Lehman Brothers Bank, FSB ("Lehman") were insured by the Federal Deposit Insurance Corporation.

3. From no later than 1999 through at least 2003, Lehman made loans directly to home buyers and also bought home loans from other lenders after the other lenders initially funded them. Lehman had a lending agent called Aurora Loan Services ("Aurora"). As Lehman's lending agent, Aurora established criteria to be applied for Lehman to fund or purchase home loans, and approved or rejected home loan applications.

4. From no later than 1999 through at least 2003, Aurora received loan application packages from correspondents and mortgage brokers, among other sources. Correspondents were generally mortgage bankers who gathered information from prospective borrowers and sent loan application packages to Aurora for review. After Aurora approved the loans and Lehman

1 committed to buy them, the correspondents funded the loans
2 initially and then immediately sold them to Lehman.
3 Mortgage brokers also gathered information from prospective
4 borrowers and sent loan application packages to Aurora for
5 review, through Aurora's mortgage broker division known as Broker
6 Funding Solutions ("BFS"). After Aurora approved loan
7 applications sent by mortgage brokers, Lehman funded the loans
8 and paid commissions to the mortgage brokers.

9 5. From no later than 1999 through at least 2003, Aurora
10 offered no-document home loans up to \$1,500,000. Home buyers
11 applying for no-document home loans generally did not have to
12 disclose their income, employment, assets, or tax returns.
13 Aurora's requirements for no-document home loans varied according
14 to the amount of the loan. For no-document home loans between
15 \$650,000 and \$1,500,000, Aurora set the following general
16 conditions, among others:

17 a. The loan-to-value ratio ("LTV") could not exceed
18 60%. That meant that the amount of the loan could not exceed 60%
19 of the value of the home. Aurora calculated the value of the
20 home as the lesser of the home's purchase price or appraised
21 value.

22 b. Two independent appraisals of the home, completed
23 by state-certified appraisers, had to be sent to Aurora.

24 c. The borrower had to have superior credit and live
25 in the home as the borrower's primary residence.

26 6. From no later than 1999 through at least 2003, Aurora
27 also offered limited-document home loans up to \$4,000,000.

28

1 Home buyers applying for limited-document home loans generally
2 had to disclose their income, employment, and assets, but not
3 their tax returns. Aurora's requirements for limited-document
4 home loans varied according to the amount of the loan. For
5 limited-document home loans between \$1,500,000 and \$4,000,000,
6 Aurora set the following general conditions, among others:

7 a. The LTV could not exceed 65%.

8 b. Two independent appraisals of the home, completed
9 by state-certified appraisers, had to be sent to Aurora.

10 c. The borrower had to have superior credit.

11 **B. Pacific Guarantee Mortgage Company**

12 7. From no later than 1999 through at least 2003, Pacific
13 Guarantee Mortgage Company ("Pacific Guarantee") made loans to
14 home buyers. Pacific Guarantee was a subsidiary of Prism
15 Mortgage Company ("Prism"). In or about April 2002, Prism
16 changed its name to RBC Mortgage Company.

17 **III. DEFENDANT RICHARD A. MAIZE AND HIS CO-CONSPIRATORS**

18 **A. Defendant MAIZE: The Mortgage Banker**

19 8. From 1999 through at least November 2000, ACF Partners
20 was a California general partnership that did business as
21 Americorp Funding ("Americorp"), a mortgage banking company with
22 offices on the Westside of Los Angeles and in Pasadena,
23 California. Americorp originated, brokered, funded, and sold
24 home loans.

25 9. Defendant MAIZE was a co-founder of and original
26 partner in Americorp. From no later than 1999 through at least
27 November 2000, defendant MAIZE held a 45% partnership interest in
28

1 Americorp, through his solely-owned corporation R.A. Maize Corp.
2 Defendant MAIZE was also Americorp's top-producing mortgage
3 banker. He closed more loans and generated more business than
4 any other Americorp loan officer.

5 10. From no later than June 1999 through at least January
6 2001, Americorp was a correspondent that sent loan application
7 packages to Aurora for review. After Aurora approved the loans
8 and Lehman committed to buy them, Americorp funded the loans
9 initially and then immediately sold them to Lehman.

10 11. In or about December 2000 and January 2001, defendant
11 MAIZE and his partners sold Americorp to Prism. Prism made
12 Americorp a new division of its subsidiary Pacific Guarantee.
13 Prism, through Pacific Guarantee, continued to operate Americorp
14 as a mortgage banking company. Even after Prism bought
15 Americorp, Americorp remained a correspondent for Aurora and
16 continued to send loan application packages to Aurora for review.
17 After Aurora approved the loans and Lehman committed to buy them,
18 Prism funded the loans initially and then immediately sold them
19 to Lehman.

20 12. Defendant MAIZE became the President of the new
21 Americorp division of Pacific Guarantee. As President, defendant
22 MAIZE promised to "use his best efforts to fulfill and perform
23 faithfully, responsibly and to the best of his ability his
24 Employment Duties in a timely and complete manner" and to "act in
25 the best interests of [Pacific Guarantee]." Defendant MAIZE also
26 continued to be Americorp's top-producing mortgage banker.
27 He closed more than \$192,000,000 in loans in 2001 and more than
28

1 \$245,000,000 in loans in 2002.

2 **B. The Mortgage Brokers, Their Employees, And**
3 **Their In-House Escrow Officer**

4 13. In or about 1995, co-conspirator Mark Alan Abrams and
5 others started Desert Pacific Financial, Inc. ("DPF"), a mortgage
6 brokering company in Palm Desert, California. Abrams was
7 President of DPF. Abrams moved DPF to Irvine in or about 1996 or
8 1997, and then to Beverly Hills by no later than in or about
9 February or March 2000. DPF sent loan application packages to
10 lenders for review and funding. DPF did not itself fund loans,
11 but received commissions from lenders when loans closed.

12 14. In 1998, defendant MAIZE and Americorp competed with
13 Abrams and DPF for loan brokering business in Beverly Park, an
14 exclusive residential area in the hills of Westside Los Angeles.
15 After competing for some loans, defendant MAIZE and Abrams began
16 working together to send loan application packages to lenders on
17 behalf of prospective borrowers.

18 15. In the 1990s, co-conspirator Charles Elliott
19 Fitzgerald, also known as Elliott Fitzgerald, was a residential
20 real estate developer in Southern California. In late 1999 or
21 early 2000, Fitzgerald became Abrams' business partner in DPF.
22 Together, Fitzgerald and Abrams expanded into residential real
23 estate development and also continued to send loan application
24 packages to lenders. In or about late 2001, Fitzgerald and
25 Abrams began operating their mortgage brokering company under the
26 name Beverly Hills Estates Funding, Inc. ("BHEF").

27 16. Over time, Fitzgerald and Abrams separately or together
28 came to control various trusts, partnerships, and corporations

1 (the "DPF/BHEF-related entities"). One of the main
2 DPF/BHEF-related entities controlled by Fitzgerald and Abrams was
3 PTD Partners, LLC ("PTD Partners"). Fitzgerald was the general
4 partner of PTD Partners. The limited partners were the
5 CTR Irrevocable Trust and the DPF Irrevocable Trust. Fitzgerald
6 controlled the CTR Irrevocable Trust. Abrams controlled the
7 DPF Irrevocable Trust. Beverly Hills Development Corporation
8 ("BHDC") was another DPF/BHEF-related entity controlled by
9 Fitzgerald.

10 17. From no later than 1999 through at least June 2003,
11 co-conspirators Nicole LaViolette and Jamieson Todd Matykowski
12 worked at DPF/BHEF. LaViolette was a loan processor who assisted
13 borrowers in gathering documents and completing forms, sent loan
14 application packages to lenders on behalf of borrowers, and
15 responded to lenders' requests for additional information about
16 proposed home loans. Matykowski's responsibilities included
17 scouting homes for potential purchase and development.
18 LaViolette and Matykowski reported to Fitzgerald and Abrams.

19 18. By early 2000, Fitzgerald and Abrams opened Platinum
20 Escrow, a DPF/BHEF in-house escrow company in Beverly Hills.
21 Fitzgerald and Abrams later opened additional DPF/BHEF in-house
22 escrow companies, including Estates Escrow in Beverly Hills.
23 From no later than 1999 through at least June 2003,
24 co-conspirator Timothy Holland, who had been working for
25 Fitzgerald and Abrams as a loan processor, was the in-house
26 escrow officer for Platinum Escrow, Estates Escrow, and the other
27 DPF/BHEF in-house escrow companies controlled by Fitzgerald and
28

1 Abrams. Holland reported to Fitzgerald and Abrams.

2 **C. The Appraisers**

3 19. From 1999 through 2003, "Appraiser Conspirator 1" and
4 "Appraiser Conspirator 2" were real estate appraisers based in
5 Orange County, California. Appraiser Conspirators 1 and 2 were
6 licensed by the State of California Office of Real Estate
7 Appraisers. To obtain and maintain their licenses, Appraiser
8 Conspirators 1 and 2 each had to pass an examination and meet
9 certain educational, training, and experience requirements
10 established by California law and by the Appraiser Qualifications
11 Board of the Appraisal Foundation.

12 20. Appraiser Conspirator 1 had a Certified Residential
13 License from the State of California, which generally permitted
14 the appraiser to appraise all residential properties from one to
15 four units. Appraiser Conspirator 2, however, had only a
16 Residential License, which generally permitted the appraiser to
17 appraise only non-complex residential properties from one to four
18 units, up to a transaction value of \$1,000,000. For properties
19 with transaction values higher than \$1,000,000, Appraiser
20 Conspirator 2 was required to work with or obtain the concurrence
21 of a Certified Residential Licensed appraiser.

22 **IV. OVERVIEW OF THE CRIMINAL CONDUCT**

23 21. Fitzgerald, Abrams, and Matykowski located homes for
24 sale on which they could obtain inflated loans. They worked with
25 real estate agents and others to locate the homes. Fitzgerald,
26 Abrams, and others working for them also recruited straw
27 borrowers -- people with superior credit to serve as the named
28

1 borrowers to obtain the inflated loans. In many cases,
2 Fitzgerald and Abrams agreed to pay the straw borrowers. The
3 straw borrowers agreed that Fitzgerald and Abrams would take
4 control of the homes, through the DPF/BHEF-related entities.

5 22. Fitzgerald, Abrams, Matykowski, and their
6 co-conspirators made offers to purchase the homes from the
7 original sellers at their true market values. Around the same
8 time, Appraiser Conspirators 1 and 2 provided inflated appraisals
9 of the homes to Fitzgerald, Abrams, and their employees.

10 23. Defendant MAIZE, Fitzgerald, Abrams, LaViolette, and
11 others sent false and fraudulent loan application packages to the
12 victim lenders. The loan application packages included false and
13 inflated purchase contracts and the inflated appraisals.
14 Some loan application packages also included false asset
15 verifications for the straw borrowers. The loan application
16 packages falsely made it appear that individual borrowers with
17 superior credit were buying the homes for millions of dollars
18 more than their true purchase prices. In reality, Fitzgerald and
19 Abrams were buying the homes at their true market values.

20 24. Defendant MAIZE exploited Americorp's correspondent
21 relationship with Aurora to deceive Aurora into approving and
22 committing to buy the inflated loans. After defendant MAIZE and
23 his partners sold Americorp to Prism, defendant MAIZE abused his
24 position as President of Pacific Guarantee's Americorp division
25 and defrauded his employer by deceiving Prism into funding the
26 inflated loans.

1 25. The false and fraudulent loan application packages
2 specified that DPF/BHEF in-house escrow companies would serve as
3 the escrow agents for the home purchases. As the in-house escrow
4 officer, Holland falsified escrow instructions and settlement
5 statements and sent the false escrow documents to the victim
6 lenders.

7 26. Relying on the false information in the loan
8 application packages, the victim lenders funded loans for the
9 inflated purchases. Because the loan application packages
10 contained false and fraudulent information, the victim lenders
11 did not know that the loans were actually far higher than the
12 true purchase prices of the homes.

13 27. After the original sellers and their mortgages were
14 paid off, the conspirators took the millions of dollars of excess
15 loan proceeds as profit. Fitzgerald and Abrams got millions of
16 dollars and control of the homes. Defendant MAIZE got hundreds
17 of thousands of dollars in kickbacks for his assistance in
18 getting the loans approved. Appraiser Conspirators 1 and 2 got
19 hundreds of thousands of dollars in inflated appraisal fees.
20 LaViolette, Matykowski, and Holland got salaries, bonuses,
21 commissions, and other benefits.

1 COUNT ONE

2 [CONSPIRACY TO COMMIT FEDERAL OFFENSES]

3 [18 U.S.C. § 371]

4 28. The United States Attorney hereby repeats and
5 re-alleges paragraphs 1 through 27 of this Information.

6 **I. THE OBJECTS OF THE CONSPIRACY**

7 29. Beginning no later than November 1999, and continuing
8 through at least July 2002, in Los Angeles County, within the
9 Central District of California, and elsewhere, defendant
10 RICHARD A. MAIZE knowingly and unlawfully combined, conspired,
11 and agreed with Charles Elliott Fitzgerald, Mark Alan Abrams,
12 Appraiser Conspirators 1 and 2, Nicole LaViolette,
13 Jamieson Matykowski, Timothy Holland, and others known and
14 unknown to the United States Attorney, to commit the following
15 offenses against the United States:

16 a. To commit bank fraud, in violation of Title 18,
17 United States Code, Section 1344(1), by knowingly and with intent
18 to defraud, executing and participating in a scheme and artifice
19 to defraud Lehman and other federally-insured financial
20 institutions (collectively, "the victim lenders") as to material
21 matters; and

22 b. To commit loan fraud, in violation of Title 18,
23 United States Code, Section 1014, by (i) knowingly making false
24 statements and reports, and (ii) willfully overvaluing land,
25 property, and security, for the purpose of influencing the
26 actions of the victim lenders on applications and loans.

1 **II. THE MANNER AND MEANS OF THE CONSPIRACY**

2 30. The conspirators achieved the objects of the conspiracy
3 in the following manner and by the following means, among others:

4 **A. The Targeting Of Aurora's Loan Products**

5 31. Defendant MAIZE and Abrams discussed the features and
6 requirements of Aurora's no-document and limited-document loan
7 products, as described in paragraphs 5 and 6 of this Information.
8 Defendant MAIZE told Abrams the following, among other things:

9 a. Aurora relied heavily on appraisals submitted by
10 mortgage brokers such as DPF/BHEF and correspondents such as
11 Americorp.

12 b. Through its correspondent relationship with
13 Aurora, Americorp could send to Aurora no-document and
14 limited-document loan application packages compiled by DPF/BHEF.

15 c. Because DPF/BHEF had no correspondent relationship
16 with Aurora, DPF/BHEF would have to send no-document and
17 limited-document loan application packages to Aurora through
18 Americorp.

19 32. Over time, defendant MAIZE and Abrams agreed that
20 Aurora's no-document and limited-document loan products would
21 make good targets for fraudulently inflated loan application
22 packages. Defendant MAIZE and Abrams agreed to send such loan
23 application packages to Aurora through Americorp.

24 **B. The Identification Of Homes To Obtain Inflated Loans**

25 33. Fitzgerald, Abrams, Matykowski, and others located
26 homes for sale on which the conspirators could obtain inflated
27 loans from the victim lenders. From November 1999 through at
28

1 least July 2002, they generally looked for homes with good views
2 in exclusive and expensive neighborhoods throughout Southern
3 California, including Beverly Hills, Bel Air, Holmby Hills,
4 Malibu, and the Westside of Los Angeles.

5 **C. The Recruitment Of Straw Borrowers To Obtain**
6 **Inflated Loans**

7 34. Fitzgerald, Abrams, and others working for them
8 recruited people with superior credit to serve as straw borrowers
9 to obtain inflated loans from the victim lenders. The straw
10 borrowers agreed to allow Fitzgerald, Abrams, and other
11 conspirators to use the straw borrowers' names and credit to
12 apply for loans to buy the homes. The straw borrowers also
13 agreed that the DPF/BHEF-related entities, including
14 PTD Partners, would take control of the homes after the loans
15 closed. In return, Fitzgerald and Abrams (through DPF/BHEF and
16 its related entities, including PTD Partners) paid the straw
17 borrowers and their recruiters, and also agreed to make the loan
18 payments. On some homes, the conspirators misappropriated
19 individuals' names and credit and used the individuals as straw
20 borrowers to apply for loans without the individuals' knowledge
21 or permission.

22 **D. The Purchases Of The Homes**

23 35. Fitzgerald and Abrams bought the homes from the
24 original sellers at the homes' true market values. Once the
25 fraud had been operating long enough to enable Fitzgerald and
26 Abrams to accumulate sufficient excess loan proceeds from earlier
27 inflated loans, Fitzgerald and Abrams were able to, and did, buy
28 the homes from the original sellers in all-cash deals.

1 Fitzgerald and Abrams generally bought each home in one of the
2 following ways:

3 a. Fitzgerald and Abrams bought some homes directly
4 in the names of the straw borrowers ("direct straw borrower
5 purchases").

6 b. Fitzgerald and Abrams bought other homes in the
7 names of a co-conspirator (including Matykowski) or that person's
8 assignee ("assignee purchases"). In the assignee purchases, the
9 assignees eventually became the named purchasers from the
10 original sellers.

11 36. Regardless of the method used, Fitzgerald and Abrams --
12 not the straw borrowers or the assignees -- were the real owners
13 of the homes at the end of the fraudulent process. Fitzgerald
14 and Abrams generally took control of the homes through the
15 DPF/BHEF-related entities, including PTD Partners.

16 **E. The Property Flips**

17 37. In the assignee purchases, Fitzgerald, Abrams,
18 LaViolette, and other conspirators fabricated second sales, known
19 as "property flips." In the property flips, the assignees (in
20 whose names Fitzgerald and Abrams were buying the homes from the
21 original sellers) supposedly sold the homes to straw borrowers,
22 who were recruited as described in paragraph 34 of this
23 Information. Fitzgerald, Abrams, LaViolette, and other
24 conspirators staged the flips for more than double, and sometimes
25 for more than triple, the true purchase prices that they were
26 paying to the original sellers. The conspirators scheduled the
27 property flips to close simultaneously with, or immediately
28

1 after, the assignee purchases.

2 **F. The Inflated Appraisals**

3 38. Appraiser Conspirators 1 and 2 created inflated
4 appraisals for the homes at values far higher than their true
5 market values. In the direct straw borrower purchases, the
6 inflated appraisals matched the inflated purchase prices stated
7 in the false and fraudulent loan application packages that the
8 conspirators sent to the victim lenders, as described in
9 paragraphs 41 through 43 of this Information. In the assignee
10 purchases/property flips, the inflated appraisals matched the
11 inflated purchase prices in the second stage of the flips.
12 Appraiser Conspirators 1 and 2 each generally created one
13 inflated appraisal on each home, in order to satisfy Aurora's
14 two-appraisal criteria for no-document and limited-document home
15 loans.

16 39. Appraiser Conspirators 1 and 2 inflated appraisals on
17 more than 20 homes by, among other ways:

18 a. Using as comparable properties homes that were
19 distant from and dissimilar to the subject homes being appraised;
20 and

21 b. Ignoring and failing to use as comparable
22 properties homes that were closer and more similar to the subject
23 homes being appraised.

24 40. On other homes, Appraiser Conspirators 1 and 2 provided
25 inflated appraisal information to LaViolette, Matykowski, and
26 other conspirators, without signing final appraisals.

27 LaViolette, Matykowski, and other conspirators then used the
28

1 information to create inflated appraisals and forged other
2 appraisers' signatures on the inflated appraisals.

3 **G. The False And Fraudulent Loan Application Packages**

4 41. Defendant MAIZE, Fitzgerald, Abrams, LaViolette, and
5 other conspirators sent false and fraudulent loan application
6 packages to the victim lenders, to make the victim lenders
7 believe that the straw borrowers were buying the homes for
8 millions of dollars more than they really cost. In no-document
9 loan application packages sent to Aurora, the conspirators sought
10 loans just under Aurora's maximum of \$1,500,000. In
11 limited-document loan application packages sent to Aurora, the
12 conspirators sought loans well over \$1,500,000. The conspirators
13 targeted and exploited Aurora's no-document and limited-document
14 loan products in order to avoid providing the straw borrowers'
15 tax returns and (in the no-document packages) information about
16 the straw borrowers' incomes, employment, and assets.

17 42. From in or about November 1999 through in or about
18 July 2002, defendant MAIZE, Fitzgerald, Abrams, LaViolette, and
19 other conspirators sent Aurora false and fraudulent loan
20 application packages generally through Americorp.

21 43. The loan application packages contained false purchase
22 contracts with inflated purchase prices. Defendant MAIZE and
23 other conspirators did not send the victim lenders the true
24 purchase contracts by which Fitzgerald and Abrams bought homes
25 from original sellers at the homes' true market values. Instead,
26 in the direct straw borrower purchases, the conspirators sent
27 false purchase contracts in the names of the original sellers and
28

1 straw borrowers, but showing inflated prices. In the property
2 flips, the conspirators sent the purchase contracts for the
3 inflated, second stage of the flips. The false purchase
4 contracts specified that Platinum Escrow, Estates Escrow, or
5 other DPF/BHEF in-house escrow companies would be the escrow
6 agents for the transactions.

7 44. The loan application packages contained the inflated
8 appraisals created by Appraiser Conspirators 1 and 2, to make the
9 victim lenders believe that:

10 a. The homes were worth the prices stated in the
11 inflated purchase contracts; and

12 b. The LTVs did not exceed 60% for no-document loans
13 or 65% for limited-document loans.

14 45. Some limited-document loan application packages
15 contained false and misleading verifications of deposit ("VODs").
16 In general, VODs were supposed to show the balances in borrowers'
17 bank accounts. On limited-document home loans, Aurora generally
18 required VODs or other forms of asset verification to assess the
19 borrowers' net worth and to decide whether to approve the loans.
20 Fitzgerald, Abrams, other conspirators, and DPF/BHEF employees
21 obtained or created VODs supposedly demonstrating that the straw
22 borrowers held bank accounts with millions of dollars. In fact,
23 Fitzgerald, Abrams, and the DPF/BHEF-related entities -- not the
24 straw borrowers -- controlled the money in the accounts.

25 46. For the purpose of influencing the victim lenders'
26 actions upon the loan applications, defendant MAIZE, Fitzgerald,
27 Abrams, Appraiser Conspirators 1 and 2, LaViolette, Matykowski,
28

1 Holland, and other conspirators willfully, knowingly, and with
2 intent to defraud, overvalued land, property, and security, and
3 made the following material false statements to the victim
4 lenders, among others:

5 a. That the homes were worth more than enough to
6 fully secure the loans. In fact, as defendant MAIZE, Fitzgerald,
7 Abrams, Appraiser Conspirators 1 and 2, LaViolette, Matykowski,
8 Holland, and other conspirators well knew, each home was worth
9 less than the loan that it secured.

10 b. That the straw borrowers named in the loan
11 applications were the true borrowers. In fact, as defendant
12 MAIZE, Fitzgerald, Abrams, LaViolette, Matykowski, Holland, and
13 other conspirators well knew, Fitzgerald, Abrams, and the
14 DPF/BHEF-related entities were the true borrowers.

15 c. That the straw borrowers named in the loan
16 applications would make the down payments and the monthly
17 mortgage payments out of their own assets. In fact, as defendant
18 MAIZE, Fitzgerald, Abrams, LaViolette, Matykowski, Holland, and
19 other conspirators well knew, Fitzgerald, Abrams, and the
20 DPF/BHEF-related entities would make the down payments and the
21 monthly mortgage payments.

22 d. On the no-document home loans, that the straw
23 borrowers named in the loan applications would live in the homes
24 as their primary residences. In fact, as defendant MAIZE,
25 Fitzgerald, Abrams, LaViolette, Matykowski, Holland, and other
26 conspirators well knew, Fitzgerald, Abrams, and the
27 DPF/BHEF-related entities would rent out the homes after the
28

1 loans closed.

2 e. That the purchase contracts contained in the loan
3 application packages were true. In fact, as defendant MAIZE,
4 Fitzgerald, Abrams, Appraiser Conspirators 1 and 2, LaViolette,
5 Matykowski, Holland, and other conspirators well knew, those
6 purchase contracts were false and inflated.

7 f. That the appraisals contained in the loan
8 application packages were true and accurate. In fact, as
9 defendant MAIZE, Fitzgerald, Abrams, Appraiser Conspirators
10 1 and 2, LaViolette, Matykowski, Holland, and other conspirators
11 well knew, those appraisals were false and inflated.

12 g. That the VODs contained in the loan application
13 packages showed funds held by the straw borrowers. In fact, as
14 defendant MAIZE, Fitzgerald, Abrams, LaViolette, and other
15 conspirators well knew, the VODs contained in some loan
16 application packages showed funds held by Fitzgerald, Abrams, and
17 the DPF/BHEF-related entities.

18 **H. The Funding Of The Loans**

19 47. The victim lenders reviewed the loan application
20 packages sent by defendant MAIZE, Fitzgerald, Abrams, LaViolette,
21 and other conspirators. The victim lenders relied on the
22 information in the loan application packages and believed it to
23 be true. Lehman committed to fund or buy loans sent to Aurora
24 because they appeared to meet Aurora's criteria.

25 48. From in or about March 2000 through in or about
26 December 2000, Americorp initially funded the loans. From in or
27 about January 2001 (when Prism bought Americorp) through in or
28

1 about July 2002, Prism initially funded the loans. Americorp and
2 Prism initially funded the loans only after Aurora approved them
3 and Lehman committed to buy them. From in or about March 2000
4 through in or about July 2002, Lehman bought more than 40 loans
5 in total from Americorp and Prism. The principal balances on
6 these loans totaled more than \$72,000,000, which was more than
7 \$28,000,000 higher than what Fitzgerald and Abrams paid for the
8 homes that secured the loans.

9 49. The victim lenders generally wire-transferred the loan
10 proceeds to title companies. The title companies issued
11 preliminary title reports identifying the owners of the homes,
12 their existing mortgages, and whether any other purchases or
13 sales of the homes had closed within the preceding six months.
14 The title companies used part of the loan proceeds to pay off the
15 existing mortgages, and then wire-transferred the remaining loan
16 proceeds to the DPF/BHEF in-house escrow companies specified in
17 the false purchase contracts, including Platinum Escrow and
18 Estates Escrow.

19 50. As the escrow officer for the DPF/BHEF in-house escrow
20 companies, Holland falsified HUD-1 Uniform Settlement Statements
21 and sent them to the victim lenders when the loans closed.
22 These HUD-1 Uniform Settlement Statements supposedly set forth
23 the financial terms of the home purchases, including the purchase
24 prices, down payments, and loan amounts. In the false and
25 fraudulent HUD-1 Uniform Settlement Statements, Holland inflated
26 the purchase prices and misrepresented other material facts about
27 the home purchases.

28

1 **I. The Profit From The Fraud**

2 51. The DPF/BHEF in-house escrow companies received
3 hundreds of thousands of dollars of excess loan proceeds from
4 each loan, because the conspirators had fraudulently obtained
5 loans in amounts far greater than the true purchase prices of the
6 homes. The conspirators profited from these excess loan proceeds
7 in the following ways, among others:

8 a. Fitzgerald and Abrams, through DPF/BHEF and its
9 related entities (including PTD Partners), got millions of
10 dollars of excess loan proceeds and control of the homes.
11 They used excess loan proceeds from earlier loans to pay cash for
12 homes bought later. They used excess loan proceeds from later
13 loans to make monthly mortgage payments on loans obtained
14 earlier. They also rented out the homes for income.

15 b. On loans sent through Americorp, defendant MAIZE
16 got hundreds of thousands of dollars in kickbacks from
17 Fitzgerald, Abrams, and the DPF/BHEF-related entities, for his
18 assistance in getting the loans approved. Defendant MAIZE
19 concealed these kickbacks from Lehman, Aurora, Pacific Guarantee,
20 and Prism/RBC Mortgage Company.

21 c. Appraiser Conspirators 1 and 2 each got more than
22 \$150,000 in appraisal fees from Fitzgerald, Abrams, and the
23 DPF/BHEF-related entities, for the inflated appraisals.
24 These fees were significantly higher than standard appraisal fees
25 ordinarily paid for appraisals of similar homes.

26 d. LaViolette, Matykowski, and Holland got salaries,
27 bonuses, commissions, and other benefits from DPF/BHEF and its
28

1 related entities and in-house escrow companies.

2 **III. OVERT ACTS**

3 52. In furtherance of the conspiracy and to accomplish its
4 objects, the conspirators committed, willfully caused others to
5 commit, and aided and abetted the commission of the following
6 overt acts, among others, in the Central District of California
7 and elsewhere:

8 **A. 805 North Alta Drive, Beverly Hills**

9 Overt Act 1: On or about July 24, 2000, Appraiser
10 Conspirator 2 appraised 805 North Alta Drive, Beverly Hills, at
11 an inflated value of \$4,395,000.

12 Overt Act 2: On or about August 4, 2000, Fitzgerald and
13 Abrams made a direct straw borrower purchase offer to buy
14 805 North Alta Drive for \$2,000,000 in the name of a straw
15 borrower. The \$2,000,000 offer was accepted by the original
16 seller and became the true sales price.

17 Overt Act 3: On or about August 4, 2000, Fitzgerald,
18 Abrams, and LaViolette created a false purchase contract
19 supposedly to buy 805 North Alta Drive for \$4,395,000 in the name
20 of the straw borrower.

21 Overt Act 4: On or about August 16, 2000, Appraiser
22 Conspirator 1 appraised 805 North Alta Drive at an inflated value
23 of \$4,395,000.

24 Overt Act 5: On or about August 29, 2000, Matykowski
25 and LaViolette generated a fraudulent VOD that falsely stated
26 that City National Bank ("CNB") checking account 009-585-451 was
27 in the name of the straw borrower and had a balance of
28

1 \$1,802,053.03. In fact, the account was in the name of the
2 DPF Irrevocable Trust. On August 29, 2000, the account had a
3 balance of \$620,011.19.

4 Overt Act 6: In or about September 2000, defendant
5 MAIZE, Fitzgerald, Abrams, LaViolette, and other conspirators
6 sent a false and fraudulent loan application package to Aurora,
7 including (a) the false purchase contract supposedly to buy
8 805 North Alta Drive for \$4,395,000; (b) the two inflated
9 appraisals from Appraiser Conspirators 1 and 2; and (c) a false
10 and fraudulent Uniform Residential Loan Application in the name
11 of the straw borrower, seeking a loan of \$2,856,750 on a supposed
12 purchase of 805 North Alta Drive for \$4,395,000.

13 Overt Act 7: On or about September 20, 2000, defendant
14 MAIZE, Fitzgerald, Abrams, LaViolette, and other conspirators
15 caused Americorp to wire-transfer approximately \$2,806,593 in
16 loan proceeds to a title company to fund the purchase of
17 805 North Alta Drive.

18 Overt Act 8: On or about September 21, 2000, Holland
19 (acting as in-house escrow officer for Platinum Escrow) generated
20 a fraudulent HUD-1 Uniform Settlement Statement that falsely
21 stated, among other things, that the purchase price for
22 805 North Alta Drive was \$4,395,000.

23 Overt Act 9: On or about September 21, 2000, defendant
24 MAIZE, Fitzgerald, Abrams, LaViolette, and other conspirators
25 caused the title company to wire-transfer approximately
26 \$1,438,155 to Platinum Escrow for the purchase of 805 North Alta
27 Drive.

28

1 Overt Act 10: On or about October 19, 2000, defendant
2 MAIZE, Fitzgerald, Abrams, LaViolette, and other conspirators
3 caused Lehman to wire-transfer approximately \$2,853,450.75 to
4 Americorp to buy the loan on 805 North Alta Drive.

5 **B. 9373 Claircrest Drive, Beverly Hills**

6 Overt Act 11: On or about January 26, 2002, Fitzgerald
7 and Abrams made an assignee purchase offer to buy 9373 Claircrest
8 Drive, Beverly Hills, for \$810,000 in the name of a DPF/BHEF
9 associate or that person's assignee.

10 Overt Act 12: On or about January 30, 2002, Fitzgerald
11 and Abrams made a counteroffer to buy 9373 Claircrest Drive for
12 \$850,000 in the name of an assignee. The \$850,000 counteroffer
13 was accepted by the original seller and became the true sales
14 price.

15 Overt Act 13: On or about February 5, 2002, Fitzgerald,
16 Abrams, and LaViolette flipped 9373 Claircrest Drive by creating
17 a false purchase contract by which the assignee would supposedly
18 sell the home for \$2,430,000 to a straw borrower.

19 Overt Act 14: In or about February 2002, defendant
20 MAIZE, Fitzgerald, Abrams, LaViolette, and other conspirators
21 sent a false and fraudulent loan application package to Aurora,
22 including (a) the false purchase contract supposedly to buy
23 9373 Claircrest Drive for \$2,430,000; (b) two inflated
24 appraisals; and (c) a false and fraudulent Uniform Residential
25 Loan Application in the name of the straw borrower, seeking a
26 loan of \$1,458,000 on a supposed purchase of 9373 Claircrest
27 Drive for \$2,430,000.

1 Overt Act 15: On or about March 7, 2002, defendant
2 MAIZE, Fitzgerald, Abrams, LaViolette, and other conspirators
3 caused Prism to wire-transfer approximately \$1,449,786.10 in loan
4 proceeds to a title company to fund the purchase of
5 9373 Claircrest Drive.

6 Overt Act 16: On or about March 8, 2002, defendant
7 MAIZE, Fitzgerald, Abrams, LaViolette, and other conspirators
8 caused the title company to wire-transfer approximately
9 \$1,431,246.10 to Estates Escrow for the purchase of
10 9373 Claircrest Drive.

11 Overt Act 17: On or about March 8, 2002, Holland
12 (acting as in-house escrow officer for Estates Escrow) generated
13 a fraudulent HUD-1 Uniform Settlement Statement that falsely
14 stated, among other things, that the purchase price for
15 9373 Claircrest Drive was \$2,430,000.

16 Overt Act 18: On or about March 15, 2002, defendant
17 MAIZE collected a \$7,290 kickback from Abrams (acting through a
18 DPF/BHEF-related entity), from the excess loan proceeds on
19 9373 Claircrest Drive.

20 Overt Act 19: On or about March 27, 2002, defendant
21 MAIZE, Fitzgerald, Abrams, LaViolette, and other conspirators
22 caused Lehman to wire-transfer approximately \$1,493,662.33 to
23 Prism to buy the loan on 9373 Claircrest Drive.

24 **C. 2155 Roscomare Road, Los Angeles**

25 Overt Act 20: On or about April 12, 2002, Fitzgerald
26 and Abrams made an assignee purchase offer to buy 2155 Roscomare
27 Road, Los Angeles, for \$705,000 in the name of Matykowski or his
28

1 assignee.

2 Overt Act 21: On or about April 15, 2002, Fitzgerald
3 and Abrams made a counteroffer to buy 2155 Roscomare Road for
4 \$735,000 in the name of Matykowski or his assignee. The \$735,000
5 counteroffer was accepted by the original seller and became the
6 true sales price.

7 Overt Act 22: On or about April 17, 2002, Fitzgerald,
8 Abrams, and LaViolette flipped 2155 Roscomare Road by creating a
9 false purchase contract by which Matykowski's assignee would
10 supposedly sell the home for \$2,370,000 to a straw borrower.

11 Overt Act 23: In or about April 2002, defendant MAIZE,
12 Fitzgerald, Abrams, LaViolette, and other conspirators sent a
13 false and fraudulent loan application package to Aurora,
14 including (a) the false purchase contract supposedly to buy
15 2155 Roscomare Road for \$2,370,000; (b) two inflated appraisals;
16 and (c) a false and fraudulent Uniform Residential Loan
17 Application in the name of the straw borrower, seeking a loan of
18 \$1,422,000 on a supposed purchase of 2155 Roscomare Road for
19 \$2,370,000.

20 Overt Act 24: On or about May 9, 2002, defendant MAIZE,
21 Fitzgerald, Abrams, LaViolette, and other conspirators caused
22 Prism to wire-transfer approximately \$1,414,471.61 in loan
23 proceeds to a title company to fund the purchase of
24 2155 Roscomare Road.

25 Overt Act 25: On or about May 10, 2002, defendant
26 MAIZE, Fitzgerald, Abrams, LaViolette, and other conspirators
27 caused the title company to wire-transfer approximately
28

1 \$1,395,781.61 to Platinum Escrow for the purchase of
2 2155 Roscomare Road.

3 Overt Act 26: On or about May 10, 2002, Holland (acting
4 as in-house escrow officer for Platinum Escrow) generated a
5 fraudulent HUD-1 Uniform Settlement Statement that falsely
6 stated, among other things, that the purchase price for
7 2155 Roscomare Road was \$2,370,000.

8 Overt Act 27: On or about May 13, 2002, defendant MAIZE
9 instructed Abrams to pay a total of \$14,200 in kickbacks from the
10 excess loan proceeds on 2155 Roscomare Road.

11 Overt Act 28: On or about May 15, 2002, Abrams (through
12 PTD Partners) paid a total of \$14,200 in kickbacks from the
13 excess loan proceeds on 2155 Roscomare Road, as instructed by
14 defendant MAIZE.

15 Overt Act 29: On or about May 23, 2002, defendant
16 MAIZE, Fitzgerald, Abrams, LaViolette, and other conspirators
17 caused Lehman to wire-transfer approximately \$1,453,486.49 to
18 Prism to buy the loan on 2155 Roscomare Road.

COUNTS TWO THROUGH FOUR

[BANK FRAUD]

[18 U.S.C. §§ 1344(1), 2]

53. The United States Attorney hereby repeats and re-alleges paragraphs 1 through 51 of this Information.

I. THE FRAUDULENT SCHEME

54. Beginning no later than November 1999, and continuing through at least July 2002, in Los Angeles County, within the Central District of California, and elsewhere, defendant RICHARD A. MAIZE, knowingly and with intent to defraud, executed, aided and abetted the execution of, willfully caused to be executed, and participated in a scheme and artifice to defraud the victim lenders as to material matters.

55. The fraudulent scheme operated as set forth in paragraphs 1 through 51 of this Information.

II. THE EXECUTION OF THE FRAUDULENT SCHEME

56. On or about the following dates, in Los Angeles County, within the Central District of California, defendant MAIZE aided and abetted the commission of and willfully caused to be committed the following acts, each of which constituted an independent execution of the fraudulent scheme:

<u>COUNT</u>	<u>DATE</u>	<u>ACT</u>
TWO	09/20/00	Wire-transfer of approximately \$2,806,593 in loan proceeds from Americorp to a title company in Glendale, California, to fund the purchase of 805 North Alta Drive, Beverly Hills

<u>COUNT</u>	<u>DATE</u>	<u>ACT</u>
THREE	03/07/02	Wire-transfer of approximately \$1,449,786.10 in loan proceeds from Prism to a title company in Sherman Oaks, California, to fund the purchase of 9373 Claircrest Drive, Beverly Hills
FOUR	05/09/02	Wire-transfer of approximately \$1,414,471.61 in loan proceeds from Prism to a title company in Sherman Oaks, California, to fund the purchase of 2155 Roscomare Road, Los Angeles

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

COUNT FIVE

[FALSE STATEMENT ON TAX RETURN]

[26 U.S.C. § 7206(1); 18 U.S.C. § 2]

57. The United States Attorney hereby repeats and re-alleges paragraphs 1 through 51, 54, and 56 of this Information.

58. In 2001, defendant RICHARD A. MAIZE received at least \$175,662.15 in kickbacks from Fitzgerald, Abrams, DPF/BHEF, and DPF/BHEF-related entities. Defendant MAIZE received these kickbacks for his assistance in getting the inflated loans approved. Defendant MAIZE received all but \$15,000 of these kickbacks in checks made payable to him in name. The remaining \$15,000 in kickbacks were paid to an American Express credit account in the name of defendant MAIZE.

59. On or about October 15, 2002, in Los Angeles County, within the Central District of California, defendant MAIZE willfully made, subscribed, and filed with the Internal Revenue Service a U.S. Individual Income Tax Return (Form 1040) for the 2001 tax year ("the 2001 Form 1040"). The 2001 Form 1040 was filed jointly by defendant MAIZE and his wife. By signing the 2001 Form 1040, defendant MAIZE declared in writing and under penalty of perjury that:

a. He had examined the 2001 Form 1040 and its accompanying schedules and statements; and

b. To the best of his knowledge and belief, the 2001 Form 1040 and its accompanying schedules and statements were true, correct, and complete.

1 60. In the 2001 Form 1040, defendant MAIZE reported that he
2 and his wife jointly had \$2,004,912 of taxable income in 2001.
3 In fact, as defendant MAIZE well knew, that statement in the
4 2001 Form 1040 was false. Defendant MAIZE had at least an
5 additional \$175,662.15 in taxable income in 2001, from the
6 kickbacks that he received from Fitzgerald, Abrams, DPF/BHEF, and
7 DPF/BHEF-related entities. When defendant MAIZE willfully made
8 and subscribed the 2001 Form 1040, he knew that it was false and
9 incorrect as to a material matter, namely, the amount of his
10 taxable income in 2001.

11
12 GEORGE S. CARDONA
Acting United States Attorney

13 *Daniel A. Goodman, Deputy Chief,*
14 *Criminal Division, For:*

15 THOMAS P. O'BRIEN
Assistant United States Attorney
16 Chief, Criminal Division

17 CHRISTINE C. EWELL
Assistant United States Attorney
18 Chief, Major Frauds Section

19 DOUGLAS A. AXEL
Assistant United States Attorney
20 Deputy Chief, Major Frauds Section

21 JEREMY D. MATZ
KENDRA S. McNALLY
22 Assistant United States Attorneys
Major Frauds Section
23
24
25
26
27
28