

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MISSOURI  
EASTERN DIVISION

**FILED**

MAR 17 2003

U. S. DISTRICT COURT  
E. DISTRICT OF MO

UNITED STATES OF AMERICA, )  
 )  
 Plaintiff, )  
 )  
 v. ) No. S1-4:03CR00707 ERW  
 )  
 ROBERT C. SCHULTE, )  
 )  
 Defendant. )

INFORMATION

Count 1

The United States attorney charges:

1. Beginning in or about sometime in 1998, with the exact date unknown to the United States Attorney, and continuing until in or about sometime in June, 2000, with the exact date unknown to the United States Attorney, in the Eastern District of Missouri and elsewhere,

ROBERT C. SCHULTE,

the defendant herein, and other persons known and unknown to the United States Attorney, devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of material false and fraudulent pretenses, representations and promises from mortgage lending institutions which were induced to make loans for the purchase of residential real estate acquired for investment purposes through the use of false and fraudulent statements and documents.

2. Defendant Robert C. Schulte worked as a real estate agent for The Buyers Rep Realty, LLC (Buyers Rep Realty), a real estate company located in St. Louis County, Missouri, which

represented persons interested in purchasing residential real estate primarily for investment purposes. Defendant Robert C. Schulte also purchased and sold residential real estate for his personal benefit.

3. Green Valley Mortgage, LLC (Green Valley Mortgage) was a corporation which was engaged in the loan brokerage business and was located in St. Louis County, Missouri. Green Valley Mortgage was affiliated with Buyers Rep Realty.

4. This scheme and artifice to defraud and to obtain money and property by means of material false and fraudulent pretenses, representations and promises was carried out in the following manner:

a. Charles R. Hamilton, not named as a defendant in this Information, purchased parcels of residential rental real estate located in the City of St. Louis, Missouri, for prices which were close to their fair market values. Within a short period of time after these purchases, Charles R. Hamilton sold these properties for prices which were significantly in excess of their fair market values to persons who were unable to afford the minimum down payments necessary to obtain financing to purchase these properties at these inflated prices. Defendant Robert C. Schulte acted as the buyer's real estate agent in some of these purchases. The persons to whom Charles R. Hamilton sold these properties and for whom defendant Robert C. Schulte acted as the buyer's real estate agent will hereinafter be referred to as the "purchasers."

b. Shortly after these contracts for sale were negotiated, persons affiliated with Buyers Rep Realty and Green Valley Mortgage, known and unknown to the United States Attorney, obtained appraisals for the real estate parcels to be sold which significantly overstated their fair market values.

c. These contracts provided for real estate commissions payable to Buyers Rep Realty for its participation in these transactions which were to be paid from the purchase prices of the contracts. These real estate commissions were substantially in excess of the standard real estate commission in the City of St. Louis, Missouri, of six (6) to seven (7) percent of the purchase price and typically ranged from fifteen (15) to twenty-five (25) percent of the purchase prices. These contracts also provided for the payment of bonuses to Buyers Rep Realty, and in most instances, repair allowances to the buyers through Buyers Rep Realty, which were to be paid from the purchase prices of the contracts, in addition to the real estate commissions.

d. Persons who were affiliated with Buyers Rep Realty and Green Valley Mortgage, known and unknown to the United States Attorney, caused documents to be submitted to mortgage lending institutions which contained numerous material false statements so that the purchasers could obtain financing to complete their purchases.

e. These documents which were submitted to mortgage lending institutions included false lease agreements, false settlement statements and altered bank statements. These false documents were material to these mortgage lending institutions' analysis of the credit-worthiness of the purchasers and to the ultimate decisions of these mortgage lending institutions to provide financing to such persons. Defendant prepared some of the false lease agreements which were submitted to the mortgage lending institutions.

f. Persons who were affiliated with Buyers Rep Realty and Green Valley Mortgage, known and unknown to the United States Attorney, caused loan applications to be submitted to mortgage lending institutions to obtain financing for such purchasers which contained material false information as to the monthly income and assets of the purchasers and that the source of the

down payments for these real estate purchases was assets held by the purchasers.

g. The false information as to the monthly income and assets of the purchasers was material to the mortgage lending institutions' analysis of the credit-worthiness of the purchasers and to the ultimate decisions of the mortgage lending institutions to provide financing.

h. The false information as to the source of the down payments was material to the mortgage lending institutions' decisions as to whether or not to provide financing because the mortgage lending institutions required that a borrower make a minimum down payment from personal assets so that the borrower will have a substantial equity ownership in the real estate to be purchased.

i. The inflated real estate commissions, bonuses, and repair allowances which were to be paid from the purchase prices to Buyers Rep Realty had the effect of reducing the actual purchase prices of these properties to amounts close to their fair market values. However, the amounts of the loans provided by these mortgage lending institutions were based upon the inflated purchase prices contained in the contracts. As a result, the loan to value ratios of these properties were substantially in excess of the maximum loan to value ratios established by the mortgage lending institutions.

n. The purchasers did not furnish any portion of the down payments required by the mortgage lending institutions from their own assets, as was required by the mortgage lending institutions. The inflated purchase prices and inflated commissions, bonuses, and repair allowances were used as a source of funds for the purchasers' down payments. The ultimate effect of these inflated purchase prices and inflated commissions, bonuses and repair allowances was that the money which was used for the purchasers' down payments came from the mortgage

lending institutions which provided financing for these transactions and not from the purchasers' assets.

o. In order to close these transactions, persons who were affiliated with Buyers Rep Realty and Green Valley Mortgage, known and unknown to the United States Attorney, caused the title company which acted as the escrow agent for these real estate transactions to issue checks payable to Buyers Rep Realty in the amounts of the down payments to be provided by the purchasers in accordance with the real estate contracts. These checks were converted into cashier's checks in the amounts of the down payments payable to the title company which acted as the escrow agent for these transactions. The names of the purchasers were identified on these cashier's checks as the remitters. These cashier's checks were used as the down payments of the purchasers in order to complete these transactions, notwithstanding the fact that the purchasers had not provided any of the funds represented by these cashier's checks from their own assets as had been represented to the mortgage lending institutions in order to induce them to provide financing for these transactions. The title company then divided the money which remained after the purchases were completed between Buyers Rep Realty for payment of commissions, bonuses and repair allowances and Charles R. Hamilton. After the purchases were complete, Buyers Rep Realty distributed part of its share of the sale proceeds to defendant Robert C. Schulte for his participation as a real estate agent and to Charles R. Hamilton.

5. It was further a part of the scheme and artifice to defraud and to obtain money and property by means of material false and fraudulent pretenses, representations and promises that defendant Robert C. Schulte did directly and indirectly make and cause to be made the following material false and fraudulent representations:

a. That the prices for the real estate to be purchased by persons to whom defendant Robert C. Schulte acted as a real estate agent represented the fair market values of such properties, whereas, in truth and fact, as defendant Robert C. Schulte well knew, these purchase prices were substantially in excess of the fair market values of such properties in order to provide funds for the purchasers' down payments.

b. That all of the loan applications and other documents which persons who were affiliated with Buyers Rep Realty and Green Valley Mortgage, known and unknown to the United States Attorney, caused to be submitted to mortgage lending institutions were truthful and genuine, whereas in truth and fact, as defendant Robert C. Schulte well knew, many of such loan applications and other documents contained material misrepresentations and fraudulent alterations.

c. That all of the down payments for the real estate to be purchased by persons to whom defendant Robert C. Schulte sold real estate were derived from personal assets belonging to the purchasers, whereas, in truth and fact, as defendant Robert C. Schulte well knew, these down payments came from the mortgage lending institutions which provided financing for these transactions because the source of these down payments was the increase in the amounts financed caused by the inflated purchase prices and the inflated real estate commissions, bonuses, and repair allowances which were to be paid to Buyers Rep Realty.

6. On or about November 23, 1999, in the Eastern District of Missouri and elsewhere,

ROBERT C. SCHULTE,

the defendant herein, and other persons known and unknown to the United States Attorney, for the purpose of executing this scheme and artifice to defraud, and in attempting to do so, and to

obtain money and property by means of material false and fraudulent pretenses, representations and promises, did knowingly and willfully transmit and cause to be transmitted in interstate commerce, certain signs, signals and sounds by means of a wire communication, that is, a wire transfer of funds in the amount of \$46,875.00 from Cincinnati, Ohio, to St. Louis, Missouri, in order to purchase residential real estate located at 2644 Tennessee, St. Louis, Missouri.

In violation of Title 18, United States Code, Section 1343.

Respectfully submitted,

RAYMOND W. GRUENDER  
United States Attorney



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STEVEN A. MUCHNICK #3905  
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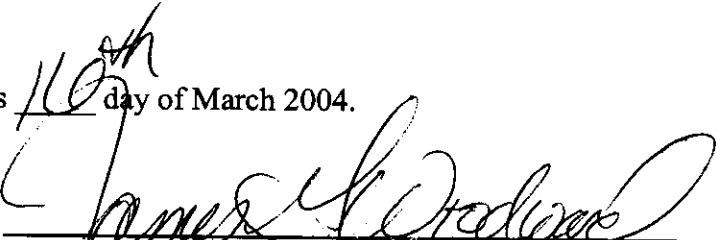
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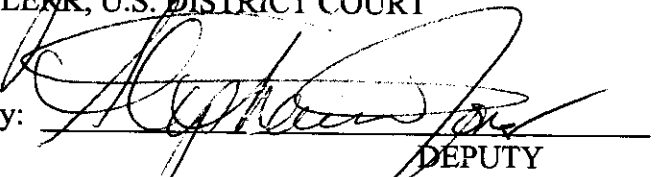
UNITED STATES OF AMERICA )  
EASTERN DIVISION ) ss.  
EASTERN DISTRICT OF MISSOURI )

I, Steven A. Muchnick, Assistant United States Attorney for the Eastern District of Missouri, being duly sworn, do say that the foregoing information is true as I verily believe.

  
\_\_\_\_\_  
STEVEN A. MUCHNICK #3905

Subscribed and sworn to before me this 10<sup>th</sup> day of March 2004.

  
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CLERK, U.S. DISTRICT COURT

By:   
\_\_\_\_\_  
DEPUTY  
CLERK