

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON TEXAS

UNITED STATES COURTS
SOUTHERN DISTRICT OF TEXAS
FILED

FEB 21 2008

MICHAEL N. MILBY, CLERK OF COURT

UNITED STATES OF AMERICA

V.

CARLOS PAUL GONZALEZ
KEN RUSSELL BROWDER
JANNICE BONNER
MACHELL HALSTEAD

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§

CRIMINAL NO.

H 08 76

UN 3/3/08
SEALED

INDICTMENT

COUNT ONE

(Conspiracy - Title 18, U.S.C. §1349)

At all times material to this Indictment:

A. Defendants

1. CARLOS PAUL GONZALEZ and KEN RUSSELL BROWDER operated in the Houston, Texas area under many business names including but not limited to Advantage C& R Funding Group, GP, LLC, First Advantage Funding Group, CG Funding Group, LLC and Home Consultants, Inc. (HCI) among others.

2. JANNICE BONNER worked at Fidelity National Title Insurance Company and American Title Company in Houston, Texas closing real estate transactions involving residential properties and acting as an Escrow officer.

3. MACHELL HALSTEAD worked at StarTex Title Company in Houston, Texas closing real estate transactions involving residential properties and acting as an Escrow

Officer.

B. Residential Real Estate Closings

4. The Transaction that is the subject of a residential real estate closing (“Closing”) involves the purchase and sale of real property between two parties, the “Buyer” and the “Seller”. The Buyer is an individual or entity who, in a “Cash Transaction,” provides his own funds to pay 100% of the sales price, or, in a “Loan Transaction,” obtains the funding from a lending institution (the “Lender”), to purchase the real estate, which has approved the Buyer/Borrower (hereinafter “Borrower”) for a residential mortgage loan for up to 100% of the sales price. The Seller is an individual or entity who owns the property that is the subject of the transaction.

5. The documents used to apply for a real estate mortgage loan are collected by loan officers and loan processors at the mortgage broker’s office and transmitted to the Lender by United States mail and/or by commercial interstate carrier such as Airborne Express. These documents include, but are not limited to:

- a. The Uniform Loan Application executed by the Borrower
- b. Borrower’s credit report
- c. Verification of Employment
- d. Verification of Rent or Mortgage
- e. Lease agreements
- f. Verification of Deposit

6. The Title Companies’ Escrow Officers are also responsible for depositing the monetary instruments and funds provided by the Borrower and funds wire transferred by the Lender or on its behalf to the Title Companies’ bank account (the “Escrow Account”),

and, when authorized by the parties to the transaction and the Lender, for disbursing the funds from the Escrow Account to various individuals and entities as detailed on the U.S. Department of Housing and Urban Development Settlement Statement (hereinafter HUD-1 Settlement Statement).

C. The Conspiracy

7. From in or about January 2002 and continuing through, on or about November 1, 2005 in the Southern District of Texas, and elsewhere, the defendants,

CARLOS PAUL GONZALEZ
KEN RUSSELL BROWDER
JANNICE BONNER
and
MACHELL HALSTEAD

did knowingly conspire and agree with at least one other person to commit the following offenses against the United States:

- a. To knowingly devise and intend to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, and to knowingly use and cause to be used the United States mails and private and commercial interstate carriers for the purpose of executing the scheme and artifice to defraud, in violation of Title 18, United States Code, Section 1341;
- b. To knowingly devise and intend to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and

fraudulent pretenses, representations, and promises, and to knowingly use and cause to be used interstate wire communications facilities in carrying out the scheme to defraud, in violation of Title 18, United States Code, Section 1343;

D. Manner and Means of the Scheme

It was a part of the conspiracy that:

8. CARLOS PAUL GONZALEZ and KEN RUSSELL BROWDER, and their coconspirators and agents would and did locate real estate (the "Properties") in the Houston, Texas area, frequently Properties for sale by new home builders.

9. CARLOS PAUL GONZALEZ and KEN RUSSELL BROWDER would and did recruit, solicit and compensate individuals with good credit to act as Borrowers in applications for residential mortgage loans to purchase one or more of the Properties.

10. CARLOS PAUL GONZALEZ and KEN RUSSELL BROWDER, and their coconspirators and agents knew and intended that each Borrower would and did use and allow his or her name and other personal and financial information to be used and submitted to a Lender for the purpose of pretending and falsely representing that the Borrower was able to meet the financial obligations of the loan and had the incentive to do so.

11. CARLOS PAUL GONZALEZ and KEN RUSSELL BROWDER, and their coconspirators and agents would and did act as mortgage loan officers assisting

Borrowers in applying for residential mortgage loans.

12. CARLOS PAUL GONZALEZ and KEN RUSSELL BROWDER, and their coconspirators and agents would and did cause to be completed Uniform Residential Loan Applications in the names of the Borrowers in an attempt to obtain financing of the Property's sales price which applications included false representations including the Borrower's plan to occupy the Property as their primary residence, a pretense and false representation that CARLOS PAUL GONZALEZ, KEN RUSSELL BROWDER and their coconspirators knew was material to the Lenders' decisions to grant and fund the loans.

13. CARLOS PAUL GONZALEZ and KEN RUSSELL BROWDER, and their coconspirators and agents would and did prepare, authorize, disseminate, transmit and cause to be transmitted through the United States mail and commercial interstate carriers, such as Airborne Express, and through interstate wire communications, to individuals and entities, including Lenders and their agents, false and fraudulent statements and other information, including but not limited to the value and ownership of the Properties, the ability and incentive of each Borrower to repay the loan, including the pretense that the Borrower intended to occupy the Property as his or her principle residence, all of which the Defendants and their coconspirators knew and had reason to believe would be material to the Lender's decisions to fund the mortgage loan and under what conditions.

14. JANNICE BONNER and MACHELL HALSTEAD prepared Closing

documents, in particular, HUD-1 Settlement Statements, for the closing of real estate transactions.

15. JANNICE BONNER and MACHELL HALSTEAD would and did prepare two HUD-1 Settlement Statements for certain real estate transactions. One HUD-1 Settlement Statement would and did reflect the Seller was selling the property to CARLOS PAUL GONZALEZ or KEN RUSSELL BROWDER under the name Advantage CR Funding Group LLC or CG Funding Group LLC in a cash transaction for a specific price. The second HUD-1 Settlement Statement would and did reflect the Seller was selling the Property to the Borrower in a loan transaction at a higher price.

16. JANNICE BONNER and MACHELL HALSTEAD would and did cause the first HUD-1 Settlement Statement to be provided to the Seller and the second HUD-1 Settlement Statement to be sent to the Lender as part the documentation required by the Lender before funding the residential mortgage loan.

17. CARLOS PAUL GONZALEZ and KEN RUSSELL BROWDER would and did sign real estate contracts as the buyer in Cash Transactions to purchase residential property from the Seller at an agreed price.

18. CARLOS PAUL GONZALEZ and KEN RUSSELL BROWDER would and did cause Family Residential Resale Contracts for loan transactions to purchase the same residential Property as in the Cash Transaction, to be prepared in the name of the Seller and the Borrower for a significantly higher sales prices and caused that contract to be signed and presented to the Lender as part of the documentation to obtain a residential mortgage loan.

19. CARLOS PAUL GONZALEZ, KEN RUSSELL BROWDER, JANNICE BONNER and MACHELL HALSTEAD would and did cause Lenders to wire loan proceeds to the Escrow Account of the Title Company representing proceeds of fraudulently induced loans in the names of Borrowers from the Lender's bank accounts to the bank accounts of the Title Company.

20. JANNICE BONNER and MACHELL HALSTEAD would and did disburse fraudulently-induced loan proceeds from the Escrow Accounts of the Title Companies to various individuals and entities.

21. CARLOS PAUL GONZALEZ and KEN RUSSELL BROWDER would and did cause bank accounts to be opened in the Houston, Texas area under various business names, including CG Funding Group, LLC and Advantage C&R Funding Group, GP, LLC for purposes including the deposit and transfer of proceeds of fraudulently-induced loans and to pay individuals who provided services necessary to promote and perpetuate the scheme.

22. JANNICE BONNER and MACHELL HALSTEAD would and did cause Warranty Deeds to be filed in records of the County Clerk's Office and did cause to be provided to the Lender, a copy of a Warranty Deed which purported to be a true and correct copy of the Warranty Deed.

23. CARLOS PAUL GONZALEZ would and did attempt to prolong and protect the scheme by causing certain Properties purchased in Loan Transactions to be placed in Trusts over which CARLOS PAUL GONZALEZ exercised control and through which he filed for bankruptcy.

24. CARLOS GONZALEZ, KEN RUSSELL BROWDER and the other coconspirators would and did induce Lenders to fund fraudulently obtained residential mortgage loans in the total amount of more than Fifteen Million Dollars (\$15,000,000.00).

OVERT ACTS

In furtherance of the conspiracy described in Count One and to effect the objects thereof, the defendants named therein and other persons both known and unknown to the grand jury, performed or caused the performance of one or more of the following Overt Acts, among others not described herein, in the Southern District of Texas and elsewhere on or about the following dates:

1. November 5, 2002, CARLOS PAUL GONZALEZ signed the signature card for a business account opened at SouthTrust Bank, account XXXX5636, in the name First Advantage Funding Group, 777 Post Oak Blvd, Suite 150, Houston, Texas.

5602 D Feagan, Houston, Texas

2. January 29, 2003, CARLOS PAUL GONZALEZ signed a New Home Contract on behalf of Advantage CR Funding Group to purchase from Kensington Development LLC the Property located at 5602 D Feagan, Houston, Texas for \$300,000.

3. February 7, 2003, KEN RUSSELL BROWDER signed a Family Residential Resale Contract on behalf of Kensington Development/CGFG to sell 5602 D Feagan, Houston, Texas to the Borrower for \$379,900 in a Loan Transaction.

4. March 7, 2003, JANNICE BONNER notarized the signature on a Warranty Deed with Vendors Lien which purports to transfer title of 5602 D Feagan, Houston,

Texas from Kensington Development LLC to the Borrower.

5. March 11, 2003, JANNICE BONNER caused a copy of a Warranty Deed with Vendor's Lien purporting to transfer title of 5602 D Feagan, Houston, Texas from Kensington Development to the Borrower to be sent by a commercial interstate carrier, Airborne Express from Fidelity National Title to Countrywide Home Loans.

6. September 1, 2003 CARLOS PAUL GONZALEZ executed and caused the Borrower to execute a Revocable Living Trust, known as "The Feagan Trust", for the property located at 5602 D Feagan, Houston, Texas and naming CARLOS GONZALEZ as the Trustee.

7. April 1, 2004, CARLOS PAUL GONZALEZ, caused The Feagan Trust to file for bankruptcy in the Southern District of Texas.

34 North Bantam Woods Circle, The Woodlands, Texas

8. January 29, 2003, CARLOS PAUL GONZALEZ signed a Real Estate Sales Agreement on behalf of Advantage CR Funding Group to purchase 34 North Bantam Woods Circle, The Woodlands, Texas from Darling Homes of Houston, Ltd for \$381,425.

9. February 5, 2003, KEN RUSSELL BROWDER signed a Family Residential Resale Contract as the seller, Darling Homes/CGFG, selling 34 North Bantam Woods Circle, The Woodlands, Texas to the Borrower for \$513,795.00 in a Loan Transaction.

10. February 11, 2003, KEN RUSSELL BROWDER signed as the loan officer for HCI Mortgage on a Uniform Loan Application in the name of the Borrower to purchase 34 North Bantam Woods Circle, The Woodlands, Texas.

11. March 24, 2003, CARLOS PAUL GONZALEZ, as the Buyer, and JANNICE BONNER, as the Settlement Agent, each signed a HUD-1 Settlement Statement for the closing of the Cash Transaction between Darling Homes of Houston, LTD, Seller, and Advantage CR Funding Group on the property located at 34 North Bantam Woods Circle, The Woodlands, Texas.

12. March 24, 2003, JANNICE BONNER, notarized what is purported to be the signature of a Darling Homes of Houston, LTD representative on a Warranty Deed with Vendor's Lien in which title of 34 North Bantam Woods Circle, The Woodlands, Texas is transferred from Darling Homes of Houston, LTD to the Borrower.

13. August 1, 2003, CARLOS PAUL GONZALEZ executed and caused to be executed by the Borrower, a Revocable Living Trust for 34 North Bantam Woods Circle, The Woodlands, Texas, known as "The Bantam Trust" and naming CARLOS GONZALEZ as the Trustee.

14. January 28, 2004, CARLOS PAUL GONZALEZ caused The Bantam Trust to file for Bankruptcy in the Southern District of Texas.

203 Detering, Houston, Texas

15. February 3, 2003, KEN RUSSELL BROWDER signed a New Home Contract on behalf of Advantage CR Funding to purchase 203 Detering, Houston, Texas from Kensington Development LLC for \$350,000.

16. February 7, 2003, KEN RUSSELL BROWDER signed a Family Residential Resale Contract as the representative of Kensington Development/CGFG selling 203 Detering, Houston, Texas to the Borrower for \$420,000 in a Loan Transaction

17. March 25, 2003, JANNICE BONNER, as the Settlement Agent, and CARLOS PAUL GONZALEZ as the representative of Advantage CR Funding LLC, the Buyer, each signed a HUD-1 Settlement Statement in the Cash Transaction for the purchase of 203 Detering, Houston, Texas from Kensington Development LLC for \$350,000.

18. March 25 2003 JANNICE BONNER signed a HUD-1 Settlement Statement as the Settlement Agent for the closing of 203 Detering, Houston, Texas in the Loan Transaction between Kennington Development/CGFG, Seller, and the Borrower.

19. March 25, 2003, JANNICE BONNER notarized a Warranty Deed with Vendor's Lien purporting to transfer title of 203 Detering, Houston, Texas from Kensington Development, LLC to the Borrower.

20. March 26, 2003, JANNICE BONNER notarized a General Warranty Deed which purports to transfer title of 203 Detering, Houston, Texas from Kensington Development, LLC to CG Funding Group, G.P., LLC.

21. March 27, 2003, JANNICE BONNER, CARLOS PAUL GONZALEZ, and KEN RUSSELL BROWDER caused the wire transfer of approximately \$70,947.16 of fraudulently-induced loan proceeds from the Fidelity National Title Escrow Account to the account of First Advantage Funding Group at SouthTrust Bank, account XXXX5636.

22. September 1, 2003, CARLOS PAUL GONZALEZ executed and caused the Borrower to execute a Revocable Living Trust, known as "The Detering Trust" for the property located at 203 Detering, Houston, Texas and naming CARLOS GONZALEZ as the Trustee.

23. April 1, 2004, CARLOS PAUL GONZALEZ caused The Detering Trust to

file bankruptcy in the Southern District of Texas.

30 Glowing Star, The Woodlands, Texas

24. January 29, 2003, CARLOS PAUL GONZALEZ signed a Real Estate Sales Agreement as the representative of Advantage CR Funding Group, Buyer to purchase 30 Glowing Star, The Woodlands, Texas from Darling Homes of Houston, Ltd., Seller, for \$376,850.

25. February 12, 2003, KEN RUSSELL BROWDER signed a Family Residential Resale Contract as the Seller, Darling Homes/CGFG, agreeing to sell 30 Glowing Star, The Woodlands, Texas to the Borrower for \$515,795.00

26. March 26, 2003, KEN RUSSELL BROWDER signed a Uniform Loan Application as a loan officer for HCI Mortgage as the Borrower's application for a loan to purchase 30 Glowing Star, The Woodlands, Texas.

27. April 1, 2003, JANNICE BONNER caused a copy of a Warranty Deed with Vendor's Lien purporting to transfer title of 30 Glowing Star, The Woodlands, Texas from Darling Homes of Houston, Ltd to the Borrower to be sent to the Lender by Airborne Express.

28. April 1, 2003, JANNICE BONNER, CARLOS PAUL GONZALEZ, and KEN RUSSELL BROWDER caused approximately \$136,729.27 of fraudulently-induced loan proceeds to be transferred from the Escrow Account of Fidelity National Title Company to the First Advantage Funding Group bank account at SouthTrust Bank, account number XXXX5636.

207 Detering, Houston, Texas

29. February 3, 2003 KEN RUSSELL BROWDER, signed a New Home Contract agreeing, on behalf of Advantage CR Funding LLC, to purchase 207 Detering, Houston, Texas from Kensington Development LLC for \$350,000.

30. February 7, 2003, KEN RUSSELL BROWDER, signed a Family Residential Resale Contract agreeing, on behalf of Kensington Development/CGFG, to sell 207 Detering, Houston, Texas to the Borrower for \$420,000.

31. April 22, 2003 CARLOS PAUL GONZALEZ, as the representative of CG Funding Group, LLC , Buyer, and JANNICE BONNER, as the Settlement Agent, signed a HUD-1 Settlement Statement for the closing of a Cash Transaction for the purchase 207 Detering, Houston, Texas from Kensington Development LLC for \$350,000.

32. April 22, 2003, JANNICE BONNER, as the Settlement Agent, signed a HUD-1 Settlement Statement for the closing of a Loan Transaction for the purchase of 207 Detering, Houston, Texas by the Borrower from Kensington Development LLC for \$420,000.

33. April 23, 2003, JANNICE BONNER, CARLOS PAUL GONZALEZ and KEN RUSSELL BROWDER caused approximately \$56,660.69 in fraudulently-induced loan proceeds to be wire transferred from the Escrow Account of StarTex Title to the bank account of First Advantage Funding Group at SouthTrust Bank, account number XXXX5636.

22111 Blacksburg Court, Katy, Texas

34. March 17, 2003, CARLOS PAUL GONZALEZ signed a Residential Earnest Money Contract on behalf of CG Funding Group agreeing to purchase 22111 Blacksburg

Court, Katy, Texas from MHI Partnership, LTD for \$412,993 in a Cash Transaction.

35. March 27, 2003, CARLOS PAUL BROWDER and KEN RUSSELL

BROWDER caused account number XXXX1631 to be opened at SouthTrust Bank in the name CG Funding Group, LLP.

36. April 30, 2003, KEN RUSSELL BROWDER signed a Family Residential Resale Contract on behalf of MHI Partners, Limited agreeing to sell 22111 Blacksburg Court, Katy, Texas to Robert White for \$460,000 in a Loan Transaction.

37. June 11, 2003, MACHELL HALSTEAD notarized a Warranty Deed with Vendor's Lien purporting to transfer title of 22111 Blacksburg Court, Katy, Texas from MHI Partnership, Ltd to the Borrower.

38. June 12, 2003, MACHELL HALSTEAD, CARLOS GONZALEZ and KEN RUSSELL BROWDER caused approximately \$30,000 of fraudulently-induced loan proceeds from the Loan Transaction of 22111 Blacksburg Court, Katy, Texas to be wire transferred from the StarTex Title Escrow Account to the CG Funding Group, LLC account at SouthTrust Bank, account number XXXX1631.

39. June 13, 2003, MACHELL HALSTEAD, CARLOS GONZALEZ and KEN RUSSELL BROWDER caused approximately \$11,589.30 of fraudulently-induced loan proceeds from the Loan Transaction of 22111 Blacksburg Court, Katy, Texas to be wire transferred from the StarTex Title Escrow Account to the CG Funding Group, LLC account at SouthTrust Bank, account number XXXX1631.

40. June 13, 2003, MACHELL HALSTEAD caused \$2,000 of fraudulently-induced loan proceeds from the Loan Transaction of 22111 Blacksburg Court, Katy,

Texas to be wire transferred from the StarTex Title Escrow Account to her personal bank account at Woodforest Bank.

41. July 30, 2003, MACHELL HALSTEAD caused a General Warranty Deed transferring title of 22111 Blacksburg Court, Katy, Texas from MHI Partnership, Ltd to CG Funding Group, GP, LLC and a Warranty Deed with Vendor's Lien transferring title of 22111 Blacksburg Court, Katy, Texas from CG Funding Group to the Borrower to be filed in the records of the of Fort Bend County Clerk's Office.

42. January 29, 2004, CARLOS PAUL GONZALEZ caused The Blacksburg Trust to file for bankruptcy in the Southern District of Texas.

23 Dresden Place, The Woodlands, Texas

43. March 24, 2003, CARLOS PAUL GONZALEZ signed a Residential Sales Contract on behalf of CG Funding Group to purchase 23 Dresden Place, The Woodlands, Texas from MHI Partnership, Ltd for \$206,000.

44. May 22, 2003, KEN RUSSELL BROWDER signed a Residential Earnest Money Contract as the seller, MHI Partners Limited agreeing to sell 23 Dresden Place, The Woodlands, Texas for \$265,000.

45. June 18, 2003 , MACHELL HALSTEAD caused two HUD-1 Settlement Statements, one numbered GF 0803025170 and the other GF 0803025170b, to be created for the Closing of 23 Dresden Place, The Woodlands, Texas.

46. June 19, 2003, MACHELL HALSTEAD notarized a Warranty Deed with Vendor's Lien which purported to transfer title of 23 Dresden Place, The Woodlands, Texas from MHI Partnership, Ltd to the Borrower.

47. June, 19, 2003, MACHELL HALSTEAD, CARLOS PAUL GONZALEZ and KEN RUSSELL BROWDER caused \$29,000.00 and \$26,341.73 of fraudulently-induced loan proceeds from the sale of 23 Dresden Place, The Woodlands, Texas to be wire transferred in two separate transactions from the Escrow Account of StarTex Title to the bank account of CG Funding Group, LLC at SouthTrust Bank, account number XXXX1631.

48. June 23, 2003, MACHELL HALSTEAD caused \$1,000 of fraudulently-induced loan proceeds from the sale of 23 Dresden Place, The Woodlands, Texas to be wire transferred from the Escrow Account of StarTex Title to her personal bank account at Woodforest Bank.

4235 Shady River, Missouri City, Texas

49. May 6, 2003, CARLOS PAUL GONZALEZ signed a Residential Earnest Money Contract agreeing to purchase 4235 Shady River, Missouri City, Texas in the name of CG Funding Group from MHI Partnership, Ltd. for \$282,474 in a Cash Transaction.

50. June 6, 2003, KEN RUSSELL BROWDER signed a Family Residential Resale Contract as the Seller, MHI Partners, Limited, agreeing to sell 4235 Shady River, Missouri City, Texas to the Borrower for \$362,146 in a Loan Transaction.

51. June 30, 2003 , MACHELL HALSTEAD caused to be prepared two HUD-1 Settlement Statements one numbered GF 0803027853b which was provided to the Seller, MHI Partnership Ltd for the closing of 4235 Shady River, Missouri City, Texas and another numbered GF 0803027853 which was provided to the Lender to fund the loans

for the Borrower to purchase 4235 Shady River, Missouri City, Texas.

52. June 30, 2003, KEN RUSSELL BROWDER signed the HUD-1 Settlement Statement numbered GF 0803027853b on behalf of CG Funding Group, GP, LLC to purchase 4235 Shady River, Missouri City, Texas from MHI Partnership, LTD for \$282,474.00 and the HUD-1 Settlement Statement numbered GF 0803027853 as the Seller, MHI Partnership, LTD selling 4235 Shady River, Missouri City, Texas to the Borrower for \$362,146.00.

53. June 30, 2003, MACHELL HALSTEAD notarized a Warranty Deed with Vendor's Lien purporting to transfer title of 4235 Shady River, Missouri City, Texas from MHI Partnership, Ltd. to the Borrower.

54. July 28, 2003, MACHELL HALSTEAD caused a Warranty Deed purporting to transfer title of 4235 Shady River, Missouri City, Texas from MHI Partnership Ltd to CG Funding Group and a Warranty Deed with Vendor's Lien purporting to transfer title of 4235 Shady River, Missouri City, Texas from CG Funding Group, GP, LLC to the Borrower to be filed in the records of the Fort Bend County Clerk's Office.

55. July 1, 2003, MACHELL HALSTEAD caused \$1,000 of fraudulently-induced loan proceeds from the Loan Transaction of 4235 Shady River, Missouri City, Texas to be wire transferred from the StarTex Title Escrow Account to her personal bank account at Woodforest Bank.

18103 Dove Field Lane, Cypress, Texas

56. May 6, 2003, CARLOS PAUL GONZALEZ signed a Residential Earnest Money Contract as the Buyer, CG Funding Group, GP, LLC agreeing to purchase 18103

Dove Field Lane, Cypress, Texas from MHI Partnership, Ltd for \$209,000 in a Cash Transaction.

57. June 2, 2003, KEN RUSSELL BROWDER signed a Family Residential Sales Contract as the Seller, MHI Partners Limited, agreeing to sell 18103 Dove Field Lane, Cypress, Texas to the Borrower for \$261,000 in a Loan Transaction.

58. July 1, 2003, MACHELL HALSTEAD caused a HUD-1 Settlement Statement to be provided to the Lender for the funding and closing of 18103 Dove Field Lane, Cypress, Texas which reflected MHI Models, LTD was the Seller and that KEN BROWDER was signing on their behalf in a Loan Transaction with the Borrower.

59. July 1, 2003, MACHELL HALSTEAD notarized the signature of KEN RUSSELL BROWDER as the representative of MHI Partners Limited on a Warranty Deed with Vendor's Lien which purported to transfer title of 18103 Dove Field Lane, Cypress, Texas to the Borrower.

60. July 8, 2003, MACHELL HALSTEAD caused \$2,000 of fraudulently-induced loan proceeds from the Loan Transaction of 18103 Dove Field Lane, Cypress, Texas to be wire transferred from the StarTex Title Escrow Account to her personal bank account at Woodforest Bank.

61. July 15, 2003, MACHELL HALSTEAD caused a Warranty Deed purporting to transfer title of 18103 Dove Field Lane, Cypress, Texas from MHI Models Ltd to CG Funding Group, GP, LLC and a Warranty Deed with Vendor's Lien purporting to transfer title of 18103 Dove Field Lane, Cypress, Texas from CG Funding Group, GP, LLC to the Borrower to be filed in the records of Harris County, Texas.

62. August 1, 2003, CARLOS PAUL GONZALEZ executed and caused the Borrower to execute a Revocable Living Trust, known as "The Dovefield Trust" for the property located as 18103 Dove Field Lane, Cypress, Texas and naming CARLOS GONZALEZ as the Trustee.

All in violation of Title 18, United States Code, Section 1349.

WIRE FRAUD COUNTS

COUNTS TWO through FIVE (Title 18, U.S.C. §1343 and 2)

1. The Grand Jury realleges and incorporates by reference, as though fully set forth herein, the allegations contained in sections A , B and D as set out in Count One of the indictment.

2. On or about the following dates in the Southern District of Texas, the defendants,

CARLOS PAUL GONZALEZ
KEN RUSSELL BROWDER
JANNICE BONNER

aided and abetted by each other and others known and unknown to the grand jury, did knowingly devise, intend to devise, and participate in a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and for the purpose of executing the scheme and artifice to defraud, and to obtain money by means of false and fraudulent pretenses and representations did cause to be transmitted in interstate commerce, by means of a wire communication, loan funds from the bank account of the Lender through the Federal Reserve Bank of New York into

the bank account of the Title Company and from the bank account of the Title Company through the Federal Reserve Bank of New York into the bank account of CG Funding Group, LLP as follows in Counts Two through Five:

COUNT	DATE	TRANSMISSION DESCRIPTION
Two	March 21, 2003	\$493,301.78 wire transfer originating from Finance America for the benefit of Fidelity National Title Company to fund a loan to purchase 34 North Bantam Woods Circle, Spring, Texas
Three	March 25, 2003	\$379,339.59 wire transfer originating from Finance America for the benefit of Fidelity National Title Company to fund a loan to purchase 203 Detering, Houston, Texas
Four	March 25, 2003	\$131,494.00 wire transfer originating from Fidelity National Title for the benefit of CG Funding Group as proceeds from the closing of 34 North Bantam Woods Circle, The Woodlands, Texas
Five	March 31, 2003	\$494,005.35 wire transfer originating from Finance America for the benefit of Fidelity National Title Company to fund a loan to purchase 30 Glowing Star, Spring, Texas

In violation of Title 18, United States Code, Sections 1343 and 2.

**COUNTS SIX through NINE
(Title 18, U.S.C. §1343 and 2)**

1. The Grand Jury realleges and incorporates by reference, as though fully set forth herein, the allegations contained in sections A, B and D as set out in Count One of the indictment.

2. On or about the following dates in the Southern District of Texas, the defendants,

CARLOS PAUL GONZALEZ
KEN RUSSELL BROWDER
MACHELL HALSTEAD

aided and abetted by each other and others known and unknown to the grand jury, did knowingly devise, intend to devise, and participate in a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and for the purpose of executing the scheme and artifice to defraud, and to obtain money by means of false and fraudulent pretenses and representations did cause to be transmitted in interstate commerce, by means of a wire communication, loan funds from the bank account of the Lender through the Federal Reserve Bank of New York into the bank account of the Title Company and from the Title Company through the Federal Reserve Bank of New York into the bank account of CG Funding Group, LLP as follows in Counts Six through Nine:

COUNT	DATE	TRANSMISSION DESCRIPTION
Six	June 11, 2003	\$415,113.40 wire transfer originating from Finance America for the benefit of StarTex Title Company to fund a loan to purchase 22111 Blacksburg Court, Katy, Texas
Seven	June 30, 2003	\$331,582.96 wire transfer originating from Finance America for the benefit of StarTex Title Company to fund a loan to purchase 4235 Shady River, Missouri City, Texas
Eight	July 1, 2003	\$45,258.58 wire transfer originating from StarTex Title Company for the benefit of CG Funding Group as proceeds from the sale of 4235 Shady River, Missouri City, Texas

Nine	July 7, 2003	\$263,188.42 wire transfer originating from Finance America for the benefit of StarTex Title Company to fund a loan to purchase 18103 Dove Field Lane, Cypress, Texas
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In violation of Title 18, United States Code, Sections 1343 and 2.

NOTICE OF FORFEITURE
(18 U.S.C. § 981(a)(1)©)

Pursuant to Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 981(a)(1)(C) the United States gives the defendants

CARLOS PAUL GONZALEZ (counts 1-9)
KEN RUSSELL BROWDER (counts 1-9)
JANNICE BONNER (counts 1-5)
MACHELL HALSTEAD (counts 1, 6-9)

notice that in the event of conviction, the United States intends to forfeit all property which constitutes or is derived from proceeds traceable to a violation of Title 18, United States Code, Sections 1341 and 1343, including a conspiracy to commit such offenses, as charged in Counts One through Nine of the Indictment. The property subject to forfeiture includes, but is not limited to the following property:

Count One	\$ 15,000,000.00
Count Two	\$ 493,301.78
Count Three	\$ 379,339.59
Count Four	\$ 131,494.00
Count Five	\$ 494,005.35
Count Six	\$ 415,113.40
Count Seven	\$ 331,582.96
Count Eight	\$ 45,258.58

Count Nine \$ 263,188.42

or a sum of money equal to the amounts of money listed above, for which the defendants may be jointly and severally liable to the United States.

SUBSTITUTE ASSETS

In the event that the property subject to forfeiture as a result of any act or omission of the defendant:

- a. cannot be located upon exercise of due diligence;
- b. has been placed beyond the jurisdiction of the Court;
- c. has been transferred or sold to, or deposited with a third party;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States to seek forfeiture of any other property of the defendant up to the value of such property pursuant to Title 21, United States Code, Section 853(p), incorporated by reference in Title 28, United States Code, Section 2461.

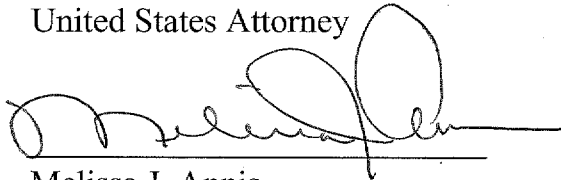
A TRUE BILL:

Original Signature on File

~~FOREPERSON OF THE GRAND JURY~~

DONALD J. DeGABRIELLE, JR.
United States Attorney

By:



Melissa J. Annis
Assistant United States Attorney