

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS
(TOPEKA DOCKET)

FILED
U.S. DISTRICT COURT
DISTRICT OF KANSAS
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BY: MPK DEPUTY
AT TOPEKA, KS

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
vs.)
)
STEVE MIDDLETON, and)
JARED MINOR)
)
Defendants.)
_____)

Case No. 07-40079-01-ROR
02

INDICTMENT

THE GRAND JURY CHARGES:

Introduction

At all times material to this indictment:

1) STEVE MIDDLETON applied for and obtained loans, constructed and sold personal residences in the greater Kansas City area, doing business as Somerset Homes LLC.

2) JARED MINOR was a construction contractor who agreed to assist MIDDLETON in constructing certain residences.

3) Bank of the Prairie is a financial institution the deposits of which were and

are insured by the Federal Deposit Insurance Corporation. As a result of the following offenses, defendant Middleton received more than \$1,000,000 in gross receipts from this federally insured financial institution.

4) On May 17, 2006, MIDDLETON was indicted by a federal grand jury in Kansas on numerous felony charges now pending in United States District Court in case number 06-40068. On June 27, 2006, MIDDLETON appeared before Judge Sebelius and signed an Order Setting Conditions of Release acknowledging that a violation of the conditions of release, would include committing any offense in violation of federal law, and could subject him to a revocation of his release, an order of detention, and a prosecution for contempt of court pursuant to Title 18, United States Code, Section 401, with reference to Section 3148(c). MIDDLETON signed this Order knowing full well that he was defrauding Bank of the Prairie and was continuing to receive draws or proceeds derived from the specified unlawful activity of bank fraud.

COUNT 1
A VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 371
THE CONSPIRACY:

5) Commencing in 2005, the exact date being unknown to the grand jury, the defendants herein,

STEVE MIDDLETON and
JARED MINOR

combined, conspired, confederated and agreed to commit offenses against the United States of America, in the District of Kansas and elsewhere by:

A) knowingly executing, and attempting to execute, a scheme and artifice to defraud financial institutions and obtain any of the moneys, funds, credits, assets, securities and other property owned by and under the custody and control of financial institutions, by means of material false and fraudulent pretenses, representations, promises and omissions of fact, in violation of Title 18 United States Code, Sections 2, and 1344; and,

B) knowingly engaging in monetary transactions in property derived from specified unlawful activity, in violation of Title 18 United States Code, Sections 2 & 1957; and,

C) knowingly disobeying and resisting a lawful writ, process, order, rule, decree and command, in violation of Title 18 United States Code, Sections 2 & 401, with reference to Title 18 United States Code, Section 1348(c).

Object of Conspiracy and Scheme

6) The object of said conspiracy and scheme to defraud was to enrich the conspirators by manipulating a federally insured institution to make loans that the institution would not otherwise have made, by submitting materially false and fraudulent loan documents applications to obtain loan proceeds from federally insured financial institutions.

Overt Acts.

7) In furtherance and execution of this conspiracy, the defendants committed overt acts including the following substantive crimes incorporated herein by reference.

COUNTS 2 through 5
BANK FRAUD
A VIOLATION OF TITLE 18, UNITED STATES CODE, §§ 2 & 1344

8) Paragraphs 1 through 7 are incorporated herein as though fully set forth.

9) On or about the dates set forth below, in the District of Kansas, the defendants,

STEVE MIDDLETON and
JARED MINOR

executed, and attempted to execute, a scheme and artifice to defraud the Bank of the Prairie, (hereinafter "Bank"), a financial institution as defined in 18 U.S.C. § 20, the deposits of which were insured by the Federal Deposit Insurance Corporation, and to obtain the moneys, funds, credits, assets, securities, and other property, owned by or under the custody or control of the Bank, by means of false and fraudulent pretenses, representations, promises and omissions of material facts, such executions being committed as follows:

| Count | Date | Execution |
|-------|---------------------------|--|
| 2 | In or about June 2005 | <p>Presentation of a check for \$10,000 to Bank from Jared MINOR to Somerset Homes that was represented to the Bank as being the "down payment" for a house at Lot 8 at Estate of Prairie Glen, 18882 Travis Lane, Stillwell, Kansas, when in fact, as the defendants well knew, no such down payment was in fact made, the check, after a copy was provided to the Bank was returned by MIDDLETON to MINOR and never negotiated</p> <p style="text-align: center;">&</p> <p>Presentation of a "Residential New Construction Sale Contract" representing that Jared & Desiree Minor were the purchasers of Lot 8 of Estate of Prairie Glen for \$823,900</p> |
| 3 | 7/2007 | <p>Middleton executed a "Promissory Note", "Commercial Guaranty", "Construction Mortgage", "Disbursement Request and Authorization", "Limited Liability Resolution to Borrow/Grant Collateral", and "Agreement to Provide Insurance".</p> |
| 4 | In or about February 2006 | <p>Presentation to Bank of an "Amendment" to the "Residential New Construction Sale Contract" falsely representing that the original purchase price of \$823,900 was increased to \$1,124,000, when as defendants well knew MINOR had no intention of purchasing the residence at that price</p> <p style="text-align: center;">&</p> <p>Presentation to Bank of a false and fraudulent "Mortgage Pre-approval" to Bank from Strategic Funding Solutions stating that MINOR was qualified for a \$950,000 loan at 7.5%, when as defendants well knew this was not a valid letter from Strategic Funding Solutions.</p> |
| 5 | In or about March 2006 | <p>Execution of a "Change in Terms Agreement" to obtain increase in borrowing from \$659,100 to \$899,200, "Disbursement Request and Authorization" and "Modification of Mortgage".</p> |

COUNTS 6 through 8
ENGAGING IN MONETARY TRANSACTIONS
IN PROPERTY DERIVED FROM SPECIFIED UNLAWFUL ACTIVITY
IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTIONS 2 &
1957

10) Paragraphs 1 through 9 are incorporated herein as though fully set forth.

11) On or about the dates set forth below, in the District of Kansas, the defendants,

STEVE MIDDLETON and
JARED MINOR

knowingly engaged and attempted to engage in monetary transactions affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, such property having been derived from the specified unlawful activity of bank fraud, in violation of Title 18, United States Code, Section 1344, as follows:

| Count | Date | Transaction |
|-------|-------------------------------|---|
| 6 | Between 7/2005 & 2/2006 | Construction loan funded by Bank of the Prairie in the amount of approximately \$656,000 |
| 7 | Between 3/2006 & 9/2006 | Construction loan funded by Bank of the Prairie in the amount of approximately \$242,000. |
| 8 | 4/2006 | Receipt of \$2,300,000 from sale of 18721 Travis Lane, Stillwell, KS 66085. |

COUNT 9
CRIMINAL CONTEMPT IN VIOLATION OF TITLE 18, UNITED STATES
CODE, §§ 2 & 401 WITH REFERENCE TO TITLE 18 UNITED STATES
CODE, §1348(c)

12) Paragraphs 1 through 11 are incorporated herein by reference.

13) From on or about July, 2007 to on or about September, in the District of Kansas, the defendants,

STEVE MIDDLETON and
JARED MINOR

knowingly disobeyed and resisted a lawful writ, process, order, rule, decree and command, that is the June 27, 2006, Order Setting Conditions of Release, signed by Judge Sebelius, by knowingly engaging and attempting to engage in monetary transactions affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, in violation of Title 18 United States Code, Section 1957, that is obtaining proceeds from Bank of the Prairie, such property having been derived from the specified unlawful activity of bank fraud, in violation of Title 18, United States Code, Section 1344.

FORFEITURE NOTICE & ALLEGATIONS

14) The allegations of the foregoing counts of this indictment, are realleged, and by this reference fully incorporated herein, for the purpose of alleging forfeitures to the United States of America, pursuant to the provisions of Title 18 United States Code, Section 982(a)(2).

15) As a result of the conspiracy, and scheme alleged in the foregoing counts, involving the substantive offenses of bank fraud in violation of Title 18 United States Code, Section 1344, and money-laundering, in violation of Title 18 United States Code, Section 1957, the defendants

STEVE MIDDLETON and
JARED MINOR

shall forfeit to the United States all property, real and personal, involved in and derived from the aforesaid offenses and all property traceable to such property, or proceeds, including, but not limited to:

A) a money judgment for approximately \$1,424,000 as loan proceeds obtained by fraud from Bank of the Prairie.

B) Approximately \$22,000 in cash, plus a residence at 14910 Benson, Overland Park, Kansas worth approximately \$289,000.

C) In the event any of the foregoing property: 1) cannot be located upon the exercise of due diligence; 2) is transferred, sold to, or deposited with, a third party; 3) is placed beyond the jurisdiction of the Court; 4) is substantially diminished in value; or, 5) is commingled with other property which cannot be divided without difficulty, as a result of any act or omission of any defendant, the Court shall order the forfeiture of any other property of the defendants, up to the value of the

