

SEALED

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA

v.

- 1. ANN ELIZABETH URSINY
AKA ANN STONE
and
- 2. ROBERT E. O'CONNOR,
Defendants.

)
)
)
) CRIMINAL NO. 14cr10114
)
) VIOLATIONS:
)
) 18 U.S.C. §1341
) (Mail Fraud)
)
) 18 U.S.C. §1343
) (Wire Fraud)
)
) 18 U.S.C. §981 and
) 28 U.S.C. §2461 -
) (Criminal Forfeiture
) Allegation)
)

INDICTMENT

The Grand Jury charges that:

BACKGROUND

1. At all times relevant to this Indictment, defendant ANN ELIZABETH URSINY, also known as ANN STONE (“URSINY”) was an individual living in Florida. URSINY was the operator of an entity called Trace Financial Group, Inc. (“Trace”).

2. At all times relevant to this Indictment, defendant ROBERT E. O’CONNOR (“O’CONNOR”) was an individual living in Beverly, Massachusetts. O’CONNOR owned and operated a business called REO Enterprise.

3. D.B., J.B., C.C., D.C., P.C., S.C., W.D., W.D.B., C.E., K.E., A.G., L.G., R.G., B.I., E.J., M.J., A.K., G.M., K.M., V.M., A.P., J.R., D.S., G.S., R.S., K.T., and L.W. are

individuals known to the Grand Jury who are among the victims of the fraud scheme set forth herein.

THE FRAUDULENT ADVANCE FEE SCHEME

4. Beginning in or about early 2010, and continuing until in or about 2011, **URSINY** devised and executed a fraudulent “advance fee” scheme by which individuals were induced to pay up-front fees to **URSINY** and Trace based on representations that those individuals would receive real estate loans when, in fact, **URSINY** never intended to make any such loans.

5. In furtherance of this fraudulent “advance fee” scheme, **URSINY** recruited persons (“agents”), including **O’CONNOR**, in several states, including Massachusetts, Maine and Texas, to solicit individuals to apply for loans through Trace and pay the advance fees. **URSINY** paid these representatives, including **O’CONNOR**, a portion of the advance fees she received from loan applicants.

6. In furtherance of this fraudulent scheme, **URSINY** did the following, among other things, both directly and acting through her agents, including **O’CONNOR**:

- a. Told some agents and applicants, falsely, that Trace was backed by a private lender associated with a large hedge fund;
- b. Represented, falsely, that Trace had successfully processed and disbursed many loans when, as **URSINY** well knew, Trace had not disbursed any loans;
- c. Made false representations to prospective applicants to induce them to apply for loans and pay the advance fees. **URSINY** also made false

representations to persons who had already applied and paid the advance fees, to lull them into believing they would eventually receive their loans and so not report **URSINY**'s actions to law enforcement;

- d. Falsely represented that Trace would lend funds for the purchase of real estate and to re-finance existing loans. **URSINY** focused the scheme on prospective applicants who had poor credit or whose homes were "underwater" (i.e., with a current market value less than the outstanding mortgage loan amount). **URSINY** and her agents, including **O'CONNOR**, falsely represented that through Trace's "Principal Reduction Program," an applicant would have his or her current mortgage replaced with a new, smaller, mortgage with lower mortgage interest payments;
- e. Caused prospective applicants to fill out and submit a Trace "Pre-qualification Form" along with a \$95 payment, and to provide other financial documents such as tax returns, bank account statements, and pay stubs. Soon after, applicants were informed that they had been approved for the Trace loan program and had to pay the upfront fee to proceed, usually in the amount of \$3,500 per loan. Some loan applicants were required to pay higher amounts. All payments were required to be made with a certified or bank check, or postal money orders;

- f. Falsely informed applicants that the \$3,595 fee covered such things as closings costs, including title search, recording fees and attorney fees, as well as costs of processing and underwriting the file. In fact, the advance fees paid by applicants were used primarily for **URSINY's** personal and family expenses, as well as to pay "commissions" to agents, including **O'CONNOR**. **O'CONNOR** was paid a "commission" of about \$1,000 for each loan application submitted to Trace with the \$3,595 advance fee;
- g. Falsely represented to applicants that at least \$3,000 of the \$3,595 advance fee was "refundable." However, **URSINY** never intended to make such refunds. In fact, no funds were set aside to pay any refunds, and applicants who requested refunds did not receive them;
- h. Falsely told prospective applicants that the process for obtaining a loan generally took 60 to 90 days to complete. After applicants paid the advance fees and that time period passed, **URSINY** made false excuses for the delay and told applicants that the time for their loan to close could take much longer, and as much as a year.

7. As part of the fraud, **URSINY** received advance fees from individuals seeking to obtain loans, which monies were deposited into accounts **URSINY** controlled.

8. **URSINY** never intended to, and did not, provide applicants with any of the promised loans, and did not refund any fees.

O'CONNOR'S ROLE IN THE ADVANCE FEE SCHEME

9. Beginning in or about early 2010, and continuing until in or about 2011, **O'CONNOR** knowingly and willfully executed **URSINY's** fraudulent "advance fee" scheme by, among other things, making false representations to prospective applicants to induce them to apply for loans and pay the advance fees, and making false representations to persons who had already applied and paid the advance fees to falsely lull them into believing that they would eventually receive their loans.

10. In furtherance of this fraudulent scheme, **O'CONNOR** did the following, among other things:

- a. Held himself out as a representative of Trace;
- b. Used Craigslist and personal contacts to advertise and solicit individuals to apply for real estate loans through Trace;
- c. Falsely represented that he had clients who received loans and new mortgages through Trace when, in fact, as **O'CONNOR** well knew, none of **O'CONNOR's** clients ever received a loan or new mortgage through Trace;
- d. Falsely represented to prospective applicants that the process for obtaining a loan generally took 60-90 days, and that he had had some close in as little as 45 days. In fact, as **O'CONNOR** well knew, none of his clients ever received a loan or new mortgage through Trace, much less within the time periods he represented;

- e. In or about June 2010, **O'CONNOR** caused a fabricated testimonial letter, which purported to have been written by a satisfied client, to be sent to persons who had paid their advance fees and had complained to **O'CONNOR** about not receiving their promised loans. At the time he caused the letter to be sent, **O'CONNOR** knew it had been fabricated and not written by a real client, and that in fact none of **O'CONNOR's** clients had received a loan through Trace;
- f. Continued to solicit new applicants, and caused them to send advance fees to Trace, through at least December, 2010.

11. As a result of this scheme, **URSINY** and **O'CONNOR** caused approximately one hundred people located around the United States to send Trace a total of more than \$500,000 by means of wire transfers in interstate commerce, or mailings via the U.S. Postal Service or private commercial interstate carrier. Many of those persons suffered additional financial consequences as a direct result of **URSINY's** and **O'CONNOR'S** actions, including, among other things, the loss of real estate down payments and fees paid for real estate appraisals.

COUNTS 1-19

MAIL FRAUD (18 U.S.C. §1341)

12. The Grand Jury re-alleges and incorporates by reference paragraphs 1-11 of the Indictment, and further charges that:

13. On or about the dates set forth below, in the District of Massachusetts and elsewhere, the defendants herein,

**ANN ELIZABETH URSINY, aka ANN STONE,
and
ROBERT E. O'CONNOR,**

having devised and intending to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting to do so, placed and caused to be placed in post offices and authorized depositories for mail matter, things to be sent and delivered by private or commercial interstate carrier, and knowingly caused to be delivered by such carrier matter and things according to the direction thereon, as follows:

<u>COUNT</u>	<u>DATE (on or about)</u>	<u>MAILING</u>
1	April 2010	\$3,500 check from K.T. in Massachusetts to URSINY/Trace in Florida
2	April 2010	Application from K.E. in Massachusetts to URSINY/Trace in Florida
3	April 23, 2010	\$3,500 in money orders from D.B. in Massachusetts to O'CONNOR in Massachusetts
4	May 20, 2010	Application from D.C. in New Hampshire to O'CONNOR in Massachusetts

5	May 27, 2010	\$3,500 from C.C. and S.C. in Massachusetts to URSINY/Trace
6	June 10, 2010	\$3,595 check from L.G. and R.G. in Massachusetts to URSINY/Trace in Florida
7	June 11, 2010	\$3,500 check from P.C. in Massachusetts to URSINY/Trace in Florida
8	July 22, 2010	\$3,500 in money orders from C.C. and S.C. in Massachusetts to URSINY/Trace in Florida
9	August 17, 2010	\$3,500 in money orders from D.S. in Florida to O'CONNOR in Massachusetts
10	September 2010	\$3,500 check from J.B. in New Jersey to O'CONNOR in Massachusetts
11	September 2010	\$3,500 check from J.B. in New Jersey to O'CONNOR in Massachusetts
12	October 2010	\$3,500 check from J.B. in New Jersey to O'CONNOR in Massachusetts
13	November 9, 2010	\$3,500 check from R.S. in New Hampshire to O'CONNOR in Massachusetts
14	November 12, 2010	\$3,500 check from E.J. and M.J. in Massachusetts to O'CONNOR in Massachusetts
15	November 16, 2010	\$3,500 check from A.K. in Illinois to O'CONNOR in Massachusetts
16	November 23, 2010	\$3,500 check from G.M. and V.M. in Pennsylvania to O'CONNOR in Massachusetts
17	December 2010	\$95 check from C.E. and A.P. in Massachusetts to O'CONNOR in Massachusetts

- | | | |
|----|-------------------|--|
| 18 | December 15, 2010 | Check and Trace paperwork from A.G. in New Hampshire to O'CONNOR in Massachusetts |
| 19 | April 2011 | Refund request from K.T. in Massachusetts to URSINY /Trace in Florida |

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNTS 20-36

WIRE FRAUD (18 U.S.C. §1343)

14. The Grand Jury re-alleges and incorporates by reference paragraphs 1-11 of the Indictment, and further charges that:

15. On or about the dates set forth below, in the District of Massachusetts and elsewhere, the defendants herein,

**ANN ELIZABETH URSINY, aka ANN STONE,
and
ROBERT E. O'CONNOR,**

having devised and intending to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, for the purpose of executing such scheme and artifice and attempting to do so, did transmit and cause to be transmitted, by means of wire communications in interstate commerce, writings, signs, signals, pictures, and sounds, as follows:

<u>COUNT</u>	<u>DATE (on or about)</u>	<u>WIRE TRANSMISSION</u>
20	March 9, 2010	email from O'CONNOR in Massachusetts to W.D. in Florida
21	May 11, 2010	email from O'CONNOR in Massachusetts, sent through routers outside of Massachusetts, to K.T. in Massachusetts
22	June 15, 2010	email with newsletter and fake "thank you" letter from O'CONNOR in Massachusetts, sent through routers outside of Massachusetts, to G.S. in Massachusetts

- 23 June 15, 2010 email with newsletter and fake “thank you” letter from **O’CONNOR** in Massachusetts, sent through routers outside of Massachusetts, to J.R. in Massachusetts
- 24 June 15, 2010 email with newsletter and fake “thank you” letter from **O’CONNOR** in Massachusetts to W.D. in Florida
- 25 June 15, 2010 email with newsletter and fake “thank you” letter from **O’CONNOR** in Massachusetts, sent through routers outside of Massachusetts, to D.B. in Massachusetts
- 26 June 15, 2010 email with newsletter and fake “thank you” letter from **O’CONNOR** in Massachusetts to L.W. in Florida
- 27 June 15, 2010 email with newsletter and fake “thank you” letter from **O’CONNOR** in Massachusetts, sent through routers outside of Massachusetts, to B.I. in Massachusetts
- 28 June 15, 2010 email with fake “thank you” letter from **O’CONNOR** in Massachusetts to J.B. in New Jersey
- 29 October 6, 2010 email from **O’CONNOR** in Massachusetts requesting a \$3,500 payment, sent through routers outside of Massachusetts to K.E. in Massachusetts, with an email copy sent to **URSINY** in Florida
- 30 October 14, 2010 email with Trace application materials from **O’CONNOR** in Massachusetts to G.M. in Pennsylvania
- 31 October 15, 2010 email with Trace materials sent from **O’CONNOR** in Massachusetts to A.K. in Illinois

- | | | |
|----|-------------------|---|
| 32 | October 21, 2010 | email with fee payment instructions from O'CONNOR in Massachusetts to W.D.B. in California |
| 33 | November 9, 2010 | \$3,500 from K.E. in Massachusetts to a Trace bank account in Florida. |
| 34 | December 13, 2010 | email with fee wiring instructions from O'CONNOR in Massachusetts to K.M. in Michigan |
| 35 | December 15, 2010 | \$3,500 from C.E. and A.P. in Massachusetts to a Trace bank account in Florida |
| 36 | January 16, 2011 | email from O'CONNOR in Massachusetts to A.K. in Illinois |

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

FORFEITURE ALLEGATION

(18 U.S.C. §981 and 28 U.S.C. §2461)

The Grand Jury further charges that:

16. Upon conviction of any of the offenses in violation of 18 U.S.C. §1341 alleged in Counts 1-19, or in violation of 18 U.S.C. §1343 alleged in Counts 20-36, the defendants,

**ANN ELIZABETH URSINY, aka ANN STONE,
and
ROBERT E. O'CONNOR,**

shall forfeit to the United States, pursuant to 18 U.S.C. §981(a)(1)(C) and 28 U.S.C. §2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to such violations.


17. If any of the property described in paragraph 16 hereof as being forfeitable, as a result of any act or omission of the defendant –

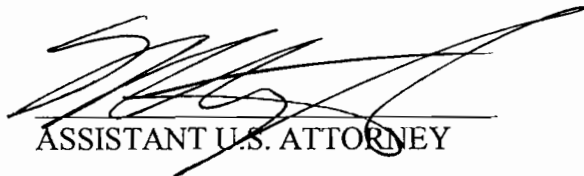
- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of this Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot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

it is the intention of the United States, pursuant to 28 U.S.C. §2461(c), incorporating 21 U.S.C. §853(p), to seek forfeiture of all other property of the defendant up to the value of the property described in paragraph 16.

All pursuant to 18 U.S.C. §981 and 28 U.S.C. §2461(c).

A TRUE BILL


FOREPERSON OF THE GRAND JURY


ASSISTANT U.S. ATTORNEY

DISTRICT OF MASSACHUSETTS; April 30, 2014.

Returned into the District Court by the Grand Jurors and filed.


DEPUTY CLERK

Criminal Case Cover Sheet

U.S. District Court - District of Massachusetts

Place of Offense: _____ Category No. II Investigating Agency FBI

City Beverly

Related Case Information: 14 CR 10114-

County Essex

Superseding Ind./ Inf. _____ Case No. _____
Same Defendant _____ New Defendant _____
Magistrate Judge Case Number _____
Search Warrant Case Number _____
R 20/R 40 from District of _____

Defendant Information:

Defendant Name Ann Elizabeth Ursiny Juvenile: Yes No

Is this person an attorney and/or a member of any state/federal bar: Yes No

Alias Name Ann Stone

Address (City & State) Palm Harbor, Florida

Birth date (Yr only): 1963 SSN (last4#): 4450 Sex F Race: W Nationality: US

Defense Counsel if known: _____ Address _____

Bar Number _____

U.S. Attorney Information:

AUSA Mark J. Balthazard Bar Number if applicable 544463

Interpreter: Yes No List language and/or dialect: _____

Victims: Yes No If yes, are there multiple crime victims under 18 USC§3771(d)(2) Yes No

Matter to be SEALED: Yes No

Warrant Requested Regular Process In Custody

Location Status:

Arrest Date _____

Already in Federal Custody as of 07/13/2012 in FCI Coleman

Already in State Custody at _____ Serving Sentence Awaiting Trial

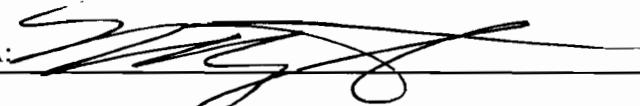
On Pretrial Release: Ordered by: _____ on _____

Charging Document: Complaint Information Indictment

Total # of Counts: Petty _____ Misdemeanor _____ Felony 36

Continue on Page 2 for Entry of U.S.C. Citations

I hereby certify that the case numbers of any prior proceedings before a Magistrate Judge are accurately set forth above.

Date: APR. 30, 2014 Signature of AUSA: 

District Court Case Number (To be filled in by deputy clerk): _____

Name of Defendant Ann Elizabeth Ursiny aka Ann Stone

U.S.C. Citations

	<u>Index Key/Code</u>	<u>Description of Offense Charged</u>	<u>Count Numbers</u>
Set 1	<u>18 U.S.C. 1341</u>	<u>MAIL FRAUD</u>	<u>1-19</u>
Set 2	<u>18 U.S.C. 1343</u>	<u>WIRE FRAUD</u>	<u>20-36</u>
Set 3	<u>18 U.S.C. 981</u>	<u>Forfeiture Allegation</u>	
Set 4	<u>28 U.S.C. 2461</u>	<u>Forfeiture Allegation</u>	
Set 5	_____	_____	_____
Set 6	_____	_____	_____
Set 7	_____	_____	_____
Set 8	_____	_____	_____
Set 9	_____	_____	_____
Set 10	_____	_____	_____
Set 11	_____	_____	_____
Set 12	_____	_____	_____
Set 13	_____	_____	_____
Set 14	_____	_____	_____
Set 15	_____	_____	_____

ADDITIONAL INFORMATION: _____

Criminal Case Cover Sheet

U.S. District Court - District of Massachusetts

Place of Offense: _____ Category No. II Investigating Agency FBI
 City Beverly Related Case Information: 14CR10114-
 County Essex Superseding Ind./ Inf. _____ Case No. 13-10013-NMG
 Same Defendant New Defendant _____
 Magistrate Judge Case Number _____
 Search Warrant Case Number _____
 R 20/R 40 from District of _____

Defendant Information:

Defendant Name ROBERT E. O'CONNOR Juvenile: Yes No
 Is this person an attorney and/or a member of any state/federal bar: Yes No

Alias Name _____
 Address (City & State) Cocoa Beach, Florida

Birth date (Yr only): 1947 SSN (last4#): 1811 Sex M Race: W Nationality: US

Defense Counsel if known: Charles P. McGinty Address 51 Sleeper Street
Boston, MA 02210
 Bar Number _____

U.S. Attorney Information:

AUSA Mark J. Balthazard Bar Number if applicable 544463

Interpreter: Yes No List language and/or dialect: _____

Victims: Yes No If yes, are there multiple crime victims under 18 USC§3771(d)(2) Yes No

Matter to be SEALED: Yes No

Warrant Requested Regular Process In Custody

Location Status:

Arrest Date _____

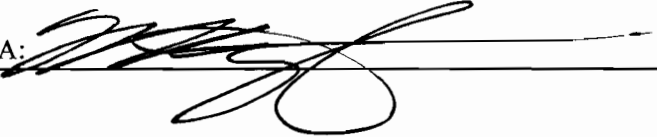
Already in Federal Custody as of _____ in _____
 Already in State Custody at _____ Serving Sentence Awaiting Trial
 On Pretrial Release: Ordered by: _____ on _____

Charging Document: Complaint Information Indictment

Total # of Counts: Petty _____ Misdemeanor _____ Felony 36

Continue on Page 2 for Entry of U.S.C. Citations

I hereby certify that the case numbers of any prior proceedings before a Magistrate Judge are accurately set forth above.

Date: April 30, 2014 Signature of AUSA: 

District Court Case Number (To be filled in by deputy clerk): _____

Name of Defendant ROBERT E. O'CONNOR

U.S.C. Citations

	<u>Index Key/Code</u>	<u>Description of Offense Charged</u>	<u>Count Numbers</u>
Set 1	<u>18 U.S.C. 1341</u>	<u>MAIL FRAUD</u>	<u>1-19</u>
Set 2	<u>18 U.S.C. 1343</u>	<u>WIRE FRAUD</u>	<u>20-36</u>
Set 3	<u>18 U.S.C. 981</u>	<u>Forfeiture Allegation</u>	_____
Set 4	<u>28 U.S.C. 2461</u>	<u>Forfeiture Allegation</u>	_____
Set 5	_____	_____	_____
Set 6	_____	_____	_____
Set 7	_____	_____	_____
Set 8	_____	_____	_____
Set 9	_____	_____	_____
Set 10	_____	_____	_____
Set 11	_____	_____	_____
Set 12	_____	_____	_____
Set 13	_____	_____	_____
Set 14	_____	_____	_____
Set 15	_____	_____	_____

ADDITIONAL INFORMATION: _____