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U.S. DISTRICT COURT
NORTHERN DISTRICT OF INDIANA

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF INDIANA
HAMMOND DIVISION

UNITED STATES OF AMERICA)	
)	
)	CAUSE NO. 2:10 CR 088 RL-PRC
v.)	
)	
)	18 U.S.C. § 1349
SHEILA CHANDLER)	18 U.S.C. § 1343
GORDON RAINEY)	18 U.S.C. § 981(a)(1)(C)
RANDALL CAUSEY)	18 U.S.C. § 982
JEFFREY J. JULKES JR.)	28 U.S.C. § 2461(c)
ELOISE W BLACKMON)	

SUPERSEDING INDICTMENT

THE GRAND JURY CHARGES:

COUNT 1 - CONSPIRACY
[18 U.S.C. § 1349]

INTRODUCTION

At various times relevant to this Superseding Indictment:

1. Netlink Construction Investment Group, Inc. (“Netlink”) was an Indiana company located in the Northern District of Indiana. Netlink purported to perform home rehabilitation and repair work. The incorporator and President of Netlink was Defendant **GORDON RAINEY** (also referred to herein as “**RAINEY**”). Defendant **RANDALL CAUSEY** (also referred to herein as “**CAUSEY**”) also acted as an employee and agent of Netlink. Netlink maintained business checking accounts at Citizen’s Financial Services and First Midwest Bank; **RAINEY**

was a signatory on both accounts.

2. Horizon Development of Indiana, Inc. (“Horizon”) was an Indiana company located in the Northern District of Indiana. Horizon purported to perform home rehabilitation and repair work. Horizon maintained a business checking account at Citizen’s Financial Services. Although **RAINEY** was neither employed by nor an owner or officer of Horizon, he acted as an agent of the company. **RAINEY**, who was not a signatory for Horizon’s business checking account, directed the President of Horizon to deposit and withdraw the proceeds received by Horizon as a result of **RAINEY**’s involvement in the conspiracy and scheme to defraud alleged herein.

3. Defendant **SHEILA CHANDLER** (also referred to herein as “**CHANDLER**”) worked as a Loan Processor for Mortgage Company A, located in the Northern District of Indiana. In this capacity, **CHANDLER** originated residential mortgage loans underwritten by Lender A and Lender B using the mortgage broker license of Mortgage Company A. **CHANDLER**’s responsibilities in this capacity included compiling mortgage loan applications and accompanying documentation on behalf of prospective buyers. **CHANDLER** earned income as a result of her work for Mortgage Company A, but directed that all income she earned be paid to the order of her son, Defendant **JEFFREY J. JULKES JR.** (also referred to herein as “**JULKES**”).

4. **JULKES** resides with **CHANDLER** in a home owned jointly by **JULKES** and his sibling. **JULKES**, who identifies himself as a licensed Mortgage Broker and former Loan Officer (from 2005 to 2007) for Mortgage Company A and others, also acted as a real estate investor. In this capacity, **JULKES** located one or more properties to purchase, attended the property closings, and signed all appropriate documents to effectuate his (typically cash) purchase of properties. The properties **JULKES** purchased were typically resold one to three months later

for sales prices ranging from 148% to 300% above his original purchase price.

5. Defendant **ELOISE W. BLACKMON** (also referred to herein as “**BLACKMON**”) worked for Real Estate Company A, located in the Northern District of Indiana, as a real estate agent. In this capacity, **BLACKMON** would list available real properties on the Multiple Listing Service (also referred to herein as “MLS”) in an attempt to sell them for a client, or she would seek real properties for individuals who were looking to make a purchase. When assisting a client in a real estate purchase or sale, **BLACKMON** was responsible for making sure all documents were properly prepared and attending the closings. **BLACKMON** was also herself a buyer of real estate properties. In this capacity, **BLACKMON** located one or more properties to purchase, attended the property closings, and signed all appropriate documents to effectuate her purchase of properties.

6. Title Company A and Title Company B, both of which are located in the Northern District of Indiana, were engaged in the business of conducting title searches, providing title insurance, supplying facilities, providing closing agents to host and oversee property closings, collecting the documents necessary to effectuate property closings, and receiving mortgage funds (including via wire transfer) from lenders and disbursing those funds as directed on the final HUD-1 Settlement Statement (also referred to herein as “HUD-1” or “HUD-1 statement”) signed by the buyer, seller and closing agent for each property transaction. The funds transferred from Lender A or Lender B to Title Company A or Title Company B for the property transactions set forth herein moved in interstate commerce.

THE CONSPIRACY AND ITS OBJECTS

7. Between on or about January 1, 2005 and on or about December 31, 2006, within

the Northern District of Indiana, and elsewhere,

**SHEILA CHANDLER
GORDON RAINEY
RANDALL CAUSEY
JEFFREY J. JULKES JR. and
ELOISE W BLACKMON**

(hereafter collectively referred to as “Defendants”), and others known and unknown to the Grand Jury, knowingly conspired, confederated, and agreed with each other and other individuals both known and unknown to the Grand Jury to devise a scheme and artifice to defraud and obtain money from Lender A and Lender B by making materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing and attempting to execute the scheme and artifice to defraud caused writings, signs, and signals to be transmitted by means of wire communications in interstate commerce, a violation of 18 U.S.C. § 1343.

MANNER AND MEANS OF THE CONSPIRACY AND SCHEME

8. The purpose of the conspiracy and scheme was to defraud Lender A and/or Lender B, by inducing them to provide mortgage loans to Buyer 1, Buyer 2, Buyer 3, Buyer 4, Buyer 5, and/or Buyer 6 and **BLACKMON** through the use of materially false representations, and in so doing, for the conspirators to fraudulently obtain a portion of those funds.

9. The purpose of the conspiracy and scheme was also to defraud Buyer 1, Buyer 2, Buyer 3, Buyer 4, Buyer 5, and/or Buyer 6, by inducing them to seek mortgage loans from Lender A through the use of materially false representations, and in doing so, for the conspirators to fraudulently obtain a portion of those funds.

10. The conspiracy and scheme to defraud alleged herein involved the purchase and/or sale of up to 25 separate real properties located in the Northern District of Indiana, each of which is

identified by street address below. **CHANDLER** acted as the Loan Processor in each of these transactions, for which she received payments (in the name of **JULKES**) from Mortgage Company A. Additionally, in each transaction either Netlink or Horizon received a fraudulent payout from the mortgage funds disbursed by Lender A or Lender B at the time of the property closing, as described in further detail below. In total, \$647,213.18 was disbursed in this manner—\$206,310.03 to Netlink in eight separate payouts, and \$440,903.15 to Horizon in 17 payouts.

11. It was part of the conspiracy and scheme to defraud that each of **CHANDLER BLACKMON** and **RAINEY** recruited one or more of the property sellers, while **JULKES** was himself a seller of six of the properties identified herein.

12. It was further part of the conspiracy and scheme to defraud that **RAINEY**, **CAUSEY** and **BLACKMON** each recruited one or more of Buyer 1, Buyer 2, Buyer 3, Buyer 4, Buyer 5, and Buyer 6. Of these buyers, only Buyer 6, who was recruited by **BLACKMON**, resided in the Northern District of Indiana or was familiar with Gary, Indiana specifically.

13. In recruiting Buyer 1, Buyer 2, Buyer 3, Buyer 4, and Buyer 5, **RAINEY** and **CAUSEY** described the properties as solid investments and assured the buyers that they (**RAINEY** and/or **CAUSEY**) would assist the buyers in finding renters who would pay rent exceeding the monthly mortgage payment owed by the buyers on each of the properties. Buyer 1, Buyer 2, Buyer 3, Buyer 4, Buyer 5, and Buyer 6 were also told by **RAINEY**, **CAUSEY** and/or **BLACKMON** that they (the buyers) would receive money back following the purchase of each property and that this money could be used to have needed rehabilitation or repair work done on the properties.

14. It was part of the conspiracy and scheme to defraud that **CHANDLER** provided materially false information to Lender A and/or Lender B on or with the loan applications of one or

more of the buyers, including but not limited to:

- a. false (inflated) monthly income of prospective buyers;
- b. false (inflated) bank account balances of prospective buyers;
- c. false statements that prospective buyers intended to occupy one or more of the properties as their primary residence; and
- d. false assertions that prospective buyers were United States citizens.

15. It was further part of the conspiracy and scheme to defraud that **CHANDLER** provided materially false information to Lender A indicating that one or more of the buyers had made, and the corresponding seller(s) had received, a deposit of earnest money toward the purchase of the real property, when in fact no such payment was made by the buyer to the seller.

16. It was further part of the conspiracy and scheme to defraud that a fraudulent “List of Repairs” for each property was created on either a Netlink or Horizon invoice at the direction of **RAINEY**. Each “List of Repairs” designated specific rehabilitation or repair work and provided a corresponding dollar amount for each portion of that work. For example, the Netlink invoice included in the loan file for 587 Chase Street in Gary, Indiana 46404 listed the following list of rehabilitation or repairs:

“Painting	4,000.00
Mold Removal	4,000.00
Demolition	3,000.00
Furnace	1,500.00
Flooring	2,510.00
Electrical	3,345.00
Finish Basement	2,525.00
Plumbing	3,450.00
Kitchen Remodel	4,000.00
Bathroom	2,200.00
Trash Removal	3,225.00
Windows	3,000.00
Drywall	4,000.00

Hot Water Heater	609.12
Fixtures	689.18
=====	
Total Due	42,053.30”

At the bottom of each invoice, a signature line was provided for the seller of each property below language reading “We appreciate your business!! APPROVED BY”. The invoices were false and fraudulent insofar as most or all of the rehabilitation or repair work listed within them was never actually performed by Netlink or Horizon. Nonetheless, **CHANDLER** provided the false and fraudulent invoices to Lender A and Lender B with the loan package, resulting in the creation of a HUD-1 statement for each property sale which included a payout (from the mortgage funds disbursed at each property closing) to Netlink or Horizon for the total amount contained in each “List of Repairs.”

17. It was further part of the conspiracy and scheme to defraud that materially false information was omitted from the HUD-1 statements for each transaction including but not limited to information reflecting “incentive payments” which were made and/or promised to be made to the buyers after they closed on one or more of the properties.

18. Based upon the false and fraudulent loan packages provided to Lender A and Lender B by **CHANDLER** (as described in paragraphs 10 through 17 above), Lender A and Lender B transmitted funds via wire transfers in interstate commerce to Title Company A and Title Company B for the closings on each of the properties. Eight of the wire transfers are alleged in detail in Counts 2 through 9 of this Superseding Indictment.

OVERT ACTS IN FURTHERANCE OF THE CONSPIRACY AND SCHEME

19. On or about the following dates with respect to the following property

transactions, the conspirators engaged in the following overt acts in furtherance of the execution and attempted execution of the conspiracy and scheme to defraud alleged herein:

a. For the sale of real property located at 3800 Maryland Street, Gary, Indiana 46409, from Seller 1 to Buyer 1 on July 7, 2005, for \$72,000.00:

- i. From on or about May 1, 2005 through on or about July 7, 2005, **RAINEY** and **CAUSEY** recruited Buyer 1 to purchase this and other properties and promised Buyer 1 that she would receive some amount of money back following her purchase of the property.
- ii. On or about June 30, 2005, a fraudulent Horizon “invoice” with a “List of Repairs” totaling \$18,235.82 was created. The invoice was subsequently provided to Lender A as part of the loan package. As a result, the final HUD-1 created on or about July 7, 2005, called for a payout of mortgage funds to be made to Horizon for “repairs” in the amount of \$18,235.82. Said payout was later deposited into Horizon’s Citizen’s Financial Services business checking account.
- iii. On or about July 7, 2005, a final loan application signed by **CHANDLER** and Buyer 1 was submitted by **CHANDLER** to Lender A. Said loan application included a material false representation of Buyer 1’s gross base employment income.
- iv. The final HUD-1 statement created on or about July 7, 2005 also falsely indicated that Buyer 1 had paid a deposit to the seller at or prior to the closing. On or about July 7, 2005, **CHANDLER** sent Lender A via facsimile a copy of a falsified or altered check (which

was originally purchased by **RAINEY**) as purported proof of the payment of said deposit.

- v. The final HUD-1 created on or about July 7, 2005 also omitted information regarding the promise made by **RAINEY** and **CAUSEY** that Buyer 1 would receive money back following her purchase of the property.
- vi. On or about July 8, 2005, a regular business check was written, at **RAINEY**'s direction, from the Horizon Citizen's Financial Services checking account to **RAINEY** in the amount of \$14,444.35.

b. For the sale of real property located at 3461 Kentucky Street, Gary, Indiana 46409, from **JULKES** to Buyer 2 on November 2, 2005, for \$65,000.00:

- i. From on or about May 1, 2005 through on or about November 2, 2005, **RAINEY** and **CAUSEY** recruited Buyer 2 to purchase this and other properties and promised Buyer 2 that he would receive approximately \$2,000.00 back following his purchase of the property.
- ii. On or about August 18, 2005, **JULKES** purchased this property for \$24,010.29 cash.
- iii. On or about November 1, 2005, a final loan application signed by **CHANDLER** and Buyer 2 was submitted by **CHANDLER** to Lender A. Said loan application included material false representations of Buyer 2's gross base employment income and

Buyer 2's intention for this property to become his primary residence.

- iv. On or about November 2, 2005, a final HUD-1 statement was created which falsely indicated that Buyer 2 had paid a deposit to **JULKES** at or prior to the closing. On or about October 27, 2005, **CHANDLER** sent to Lender A via facsimile a copy of a falsified or altered check as purported proof of payment of said deposit.
- v. The final HUD-1 statement created on or about November 2, 2005 also called for a payout of mortgage funds to be made to Horizon for a "remodeling fee" of \$28,320.00. On November 3, 2005, said payout was deposited into Horizon's business checking account at Citizen's Financial Services. A cash withdrawal of the same amount was subsequently made on November 3, 2005, and a cashier's check made payable to **RAINEY** in the amount of \$9,500 was issued the same day.
- vi. The final HUD-1 statement omitted information regarding the promise made by **RAINEY** and **CAUSEY** that Buyer 2 would receive \$2,000 back following his purchase of the property.
- vii. Based upon the above actions taken by **RAINEY**, **CAUSEY**, **CHANDLER**, **JULKES**, and others known and unknown to the Grand Jury, on or about November 2, 2005, an interstate wire transfer in the amount of \$58,408.42 was made from Lender A to Title Company A, as set forth in Count 2 of this Superseding

Indictment.

- c. For the sale of real property located at 4427 Washington Street in Gary, Indiana 46408, from **JULKES** to Buyer 3 on January 25, 2006, for \$75,000.00:
- i. From on or about October 1, 2005 through on or about January 25, 2006, **RAINEY** and **CAUSEY** recruited Buyer 3 to purchase this and other properties and promised Buyer 3 that she would receive approximately \$3,000.00 back following her purchase of the property.
 - ii. On or about October 1, 2005, a fraudulent Horizon “invoice” with a “List of Repairs” totaling \$33,580.27 was created. The invoice was signed by **JULKES** and provided to Lender A as part of the loan package. (As of the date of the invoice, however, **JULKES** did not own this property. **JULKES** acquired the property from a third party on or about November 3, 2005, for a sale price of approximately \$29,000.00 cash.) As a result, the final HUD-1 created on or about January 25, 2006, called for a payout of mortgage funds to be made to Horizon in the amount of \$33,580.27. Said payout was later deposited into Horizon’s business checking account at Citizen’s Financial Services.
 - iii. The final HUD-1 created on or about January 25, 2006 also omitted information regarding the promise made by **RAINEY** and **CAUSEY** that Buyer 3 would receive \$3,000 back following her purchase of the property.

- iv. Based upon the above actions taken by **RAINEY, CAUSEY, CHANDLER, JULKES**, and others known and unknown to the Grand Jury, on or about January 25, 2006, an interstate wire transfer in the amount of \$74,775.04 was made from Lender A to Title Company A, as set forth in Count 3 of this Superseding Indictment.
- d. For the sale of real property located at 4553 Pennsylvania Street, Gary, Indiana 46409, from **JULKES** to Buyer 3 on January 31, 2006, for \$62,000.00:
 - i. From on or about October 1, 2005 through on or about January 31, 2006, **RAINEY** and **CAUSEY** recruited Buyer 3 to purchase this and other properties and promised Buyer 3 that she would receive approximately \$3,000.00 back following her purchase of the property.
 - ii. On or about December 30, 2005, **JULKES** purchased this property for a total cash amount of \$15,405.00.
 - iii. On or about January 15, 2006, a fraudulent Horizon “invoice” with a “List of Repairs” totaling \$24,696.00 was created. The invoice was signed by **JULKES** and provided to Lender A as part of the loan package. As a result, the final HUD-1 created on or about January 31, 2006 called for a payout of mortgage funds to be made to Horizon for \$24,696.00. Said payout was later deposited into Horizon’s business checking account at Citizen’s Financial Services.
 - iv. On or about January 25, 2006, a final loan application signed by

CHANDLER and Buyer 3 was submitted by **CHANDLER** to Lender A. Said loan application included material false representations regarding Buyer 3's gross base employment income, Buyer 3's intention for this property to become her primary residence, and Buyer 3's citizenship status in the United States.

- v. On or about January 31, 2006, a final HUD-1 was created which falsely indicated that Buyer 3 had paid a deposit to **JULKES** at or prior to the closing. On or about January 27, 2006, **CHANDLER** sent to Lender A via facsimile a copy of a falsified or altered check as purported proof of the payment of said deposit. (The same original check which was falsified or altered and submitted to Lender A in this instance was later also falsified or altered and submitted to Lender A as supposed proof of a deposit made in the sale of 3844 Jefferson Street in Gary, Indiana, discussed below.)
- vi. The final HUD-1 omitted information regarding the promise made by **RAINEY** and **CAUSEY** that Buyer 3 would receive \$3,000 back following her purchase of the property.
- vii. On or about February 1, 2006, at **RAINEY**'s direction, a check in the amount of \$24,696.00, was written to "Cash" and withdrawn from Horizon's business checking account.
- viii. Based upon the above actions taken by **RAINEY**, **CAUSEY**, **CHANDLER**, **JULKES** and others known and unknown to the Grand Jury, on or about January 31, 2006, an interstate wire transfer

in the amount of \$55,772.05 was made from Lender A to Title Company A, as set forth in Count 4 of this Superseding Indictment.

e. For the sale of the real property located at 587 Chase Street in Gary, Indiana 46404, from Seller 2 to Buyer 4 on February 28, 2006, for \$69,000.00:

- i. From on or about December 1, 2005 through on or about February 28, 2006, **RAINEY** and **CAUSEY** recruited Buyer 4 to purchase this and other properties and promised Buyer 4 that she would receive approximately \$3,000.00 back following her purchase of the property.
- ii. On or about February 16, 2006, a fraudulent Netlink “invoice” with a “List of Repairs” totaling \$42,053.30 was created. The invoice was provided to Lender A as part of the loan package. As a result, the final HUD-1 statement created on or about February 28, 2006, called for a payout of mortgage funds to be made to Netlink for “repairs” in the amount of \$42,053.30. Said payout was later deposited into Netlink’s business checking account at Citizen’s Financial Services.
- iii. The final HUD-1 statement created on or about February 28, 2006 also falsely indicated that Buyer 4 had paid a deposit to Seller 2 at or prior to the closing. On that same date, **CHANDLER** sent Lender A via facsimile a copy of a falsified or altered check as purported proof of the payment of said deposit.
- iv. The final HUD-1 created on or about February 28, 2006 omitted

information regarding the promise made by **RAINEY** and **CAUSEY** that Buyer 4 would receive \$3,000 back following her purchase of the property.

- v. On or about February 28, 2006, a final loan application signed by **CHANDLER** and Buyer 4 was submitted by **CHANDLER** to Lender A. Said loan application included material false representations of Buyer 4's gross base employment income and Buyer 4's United States citizenship status.
 - vi. Based upon the above actions taken by **RAINEY**, **CAUSEY**, **CHANDLER**, and others known and unknown to the Grand Jury, on or about February 28, 2006, an interstate wire transfer in the amount of \$62,473.53 was made from Lender A to Title Company A, as set forth in Count 5 of this Superseding Indictment.
- f. For the sale of real property located at 3844 Jefferson Street in Gary, Indiana 46408, from Seller 3 and Seller 4 to Buyer 4 on February 28, 2006, for \$68,000.00:
- i. From on or about December 1, 2005 through on or about February 28, 2006, **RAINEY** and **CAUSEY** recruited Buyer 4 to purchase this property and promised Buyer 4 that she would receive approximately \$3,000.00 back following her purchase of the property.
 - ii. On or about February 25, 2006, a fraudulent Netlink "invoice" with a "List of Repairs" totaling \$27,617.81 was created. The invoice was subsequently provided to Lender A as part of the loan package.

As a result, the final HUD-1 created on or about February 28, 2006, called for a payout of mortgage funds to be made to "Net Link Inc." of \$27,617.81. Said payout was later deposited into Netlink's business checking account at Citizen's Financial Services.

- iii. On or about February 28, 2006, a final HUD-1 was created which falsely indicated that Buyer 4 had paid a deposit to the sellers at or before the closing. That same day, **CHANDLER** sent to Lender A via facsimile a copy of a falsified or altered check as purported proof of the payment of said deposit. (The same original check which was falsified or altered and submitted to Lender A in this instance had previously been falsified or altered and submitted to Lender A as supposed proof of a deposit made in the sale of 4553 Pennsylvania Street in Gary, Indiana, discussed above.)
- iv. The final HUD-1 omitted information regarding the promise made by **RAINEY** and **CAUSEY** that Buyer 4 would receive \$3,000 back following her purchase of the property.
- v. On or about February 28, 2006, a final loan application signed by **CHANDLER** and Buyer 4 was submitted by **CHANDLER** to Lender A. Said loan application included material false representations of Buyer 4's gross base employment income and Buyer 4's citizenship status in the United States.
- vi. Based upon the above actions taken by **RAINEY**, **CAUSEY**, and **CHANDLER**, and others known and unknown to the Grand Jury,

on or about February 28, 2006, an interstate wire transfer in the amount of \$61,555.81 was made from Lender A to Title Company A, as set forth in Count 6 of this Superseding Indictment.

g. For the sale of real property located at 832 East 44th Avenue, Gary, Indiana 46409, from Seller 6 to **BLACKMON** on March 8, 2006, for \$71,000.00:

- i. From on or about February 1, 2006 through on or about March 8, 2006, **BLACKMON** recruited Seller 6 to sell **BLACKMON** this property.
- ii. On or about March 1, 2006, a fraudulent Horizon “invoice” with a “List of Repairs” totaling \$29,740.00 was created. The invoice was subsequently provided to Lender A as part of the loan package. As a result, the final HUD-1 created on or about March 8, 2006, called for a payout of mortgage funds to be made to Horizon in the amount of \$29,740.00. Said payout was later deposited into Horizon’s business checking account at Citizen’s Financial Services.
- iii. On or about March 8, 2006, a final loan application signed by **CHANDLER** and **BLACKMON** was submitted by **CHANDLER** to Lender A. Said loan application included material false representations of **BLACKMON**’s gross base employment income and **BLACKMON**’s number of dependents.
- iv. On or about March 8, 2006, a final HUD-1 was created which falsely indicated that **BLACKMON** had paid a deposit of \$10,500

to the seller at or prior to the closing. That same day, **CHANDLER** sent to Lender A via facsimile a copy of a falsified or altered check (which was originally purchased by **JULKES**) as purported proof of the payment of said deposit. (This is the same original check which was altered and used as supposed proof of a deposit in the sales of 4541 Pennsylvania Avenue in Gary, Indiana, and 3974 Monroe Street in Gary, Indiana, both of which are properties included in the conspiracy and scheme to defraud alleged herein.)

- v. On or about March 10, 2006, at **RAINEY**'s direction, \$26,740.00 was withdrawn from Horizon's Citizen's Financial Services business checking account. That same day, again at **RAINEY**'s direction, said cash was used to purchase a cashier's check made payable to **BLACKMON** in the amount of \$18,240.00, which **BLACKMON** negotiated on March 13, 2006.
- vi. The final HUD-1 statement created on March 8, 2006 omitted information regarding the \$18,240 paid to **BLACKMON** by **RAINEY** via Horizon's bank account immediately following her purchase of the property.
- vii. Based upon the above actions taken by **BLACKMON**, **CHANDLER**, **RAINEY**, and others known and unknown to the Grand Jury, on or about March 9, 2006, an interstate wire transfer in the amount of \$56,645.66 was made from Lender A to Title

Company A, as set forth in Count 7 of this Superseding Indictment.

h. For the sale of real property located at 3673 Monroe Street in Gary, Indiana 46408, from Seller 7 to **BLACKMON** on May 09, 2006, for \$80,000.00:

- i. From on or about February 1, 2006 through on or about May 9, 2006, **BLACKMON** recruited Seller 7 to sell **BLACKMON** this property.
- ii. On or about May 1, 2006, a fraudulent Horizon “invoice” with a “List of Repairs” totaling \$37,750.46 was created. The invoice was subsequently provided to Lender A as part of the loan package. As a result, the final HUD-1 created on or about May 9, 2006, called for a payout of mortgage funds to be made to Horizon for “repairs” in the amount of \$37,750.46. Said payout was later deposited into Horizon’s business checking account at Citizen’s Financial Services and cleared on or about May 10, 2006.
- iii. On or about May 9, 2006, a final loan application signed by **CHANDLER** and **BLACKMON** was submitted by **CHANDLER** to Lender A. Said loan application included material false representations of **BLACKMON**’s gross base employment income and **BLACKMON**’s number of dependents.
- iv. The final HUD-1 created on or about May 9, 2006 falsely indicated that **BLACKMON** had paid a deposit of \$16,000.00 to the seller at or prior to the closing. On or about April 24, 2006, **CHANDLER** sent to Lender A via facsimile copies of two checks totaling \$12,000

which, although purchased by **BLACKMON** on April 20, 2006, were later returned to the banks endorsed by her as “Not used for intended purpose.” Also on or about April 24, 2006, **CHANDLER** sent to Lender A via facsimile a copy of a falsified or altered copy of a bank statement setting forth the activity in **BLACKMON**’s personal checking account and containing an inflated ending balance.

- v. On or about May 10, 2006, at **RAINEY**’s direction, Horizon issued an official check made payable to **BLACKMON** in the amount of \$25,000.00 from its Citizen’s Financial Services business checking account. Said check was deposited by **BLACKMON** into her personal checking account on or about May 12, 2006
- vi. On or about May 13, 2006, again at **RAINEY**’s direction, Horizon wrote a regular business check to **BLACKMON** from its Citizen’s Financial Services account in the amount of \$8,750.46. Said check was deposited by **BLACKMON** into her personal checking account on or about May 15, 2006.
- vii. The final HUD-1 created on or about May 9, 2006 omitted information regarding the \$33,750.46 paid to **BLACKMON** by **RAINEY** via Horizon’s bank account immediately following her purchase of the property.
- viii. Based upon the above actions taken by **BLACKMON**, **CHANDLER** and **RAINEY**, and others known and unknown to the

Grand Jury, on or about May 9, 2006, an interstate wire transfer in the amount of \$63,187.13 was made from Lender A to Title Company A, as set forth in Count 8 of this Superseding Indictment.

- i. For the sale of real property located at 2313 Kentucky Street in Gary, Indiana 46407, from **JULKES** to Buyer 5 on or about May 12, 2006, for \$60,000.00:
 - i. From on or about February 1, 2006 through on or about May 12, 2006, **RAINEY** and **CAUSEY** recruited Buyer 5 to purchase this and other properties and promised Buyer 5 that she would receive approximately \$15,000.00 back following her purchase of the property.
 - ii. On or about March 2, 2006, **JULKES** purchased this property for approximately \$15,000.00 cash.
 - iii. On or about April 29, 2006, a fraudulent Netlink “invoice” with a “List of Repairs” totaling \$20,170.54 was created. The invoice was subsequently signed by **JULKES** and provided to Lender A as part of the loan package. As a result, the final HUD-1 created between on or about May 12, 2006 and on or about May 16, 2006, called for a payout of mortgage funds to be made to “Netlinks Inc.” for \$20,170.54. Said payout was later deposited into Netlink’s business checking account at Citizen’s Financial Services.
 - iv. On or about May 3, 2006, a final loan application signed by **CHANDLER** and Buyer 5 was submitted by **CHANDLER** to Lender A. Said loan application included material false

representations regarding Buyer 5's gross base employment income, and Buyer 5's intention for this property to become her primary residence.

- v. The final HUD-1 created between on or about May 12, 2006 and on or about May 16, 2006 falsely indicated that Buyer 5 paid a deposit to **JULKES** at or prior to the closing. On or about May 2, 2006, **CHANDLER** sent to Lender A via facsimile a copy of a falsified or altered cashier's check (which was originally purchased by **JULKES**) as purported proof of the payment of said deposit.
- vi. The final HUD-1 omitted information regarding the promise made by **RAINEY** and **CAUSEY** that Buyer 5 would receive \$15,000 back following her purchase of the property.
- vii. Based upon the above actions taken by **RAINEY, CAUSEY, CHANDLER, JULKES**, and others known and unknown to the Grand Jury, on or about May 16, 2006, an interstate wire transfer in the amount of \$53,739.52 was made from Lender A to Title Company A, as set forth in Count 9 of this Superseding Indictment.

20. On or about the following dates with respect to the following *additional* property transactions, the conspirators engaged in the following overt acts in furtherance of the execution and attempted execution of the conspiracy and scheme to defraud alleged herein:

- a. The sale of real property located at 3885 Harrison Street in Gary, Indiana 46408, from Seller 9 to Buyer 1 on July 7, 2005 for \$68,000.00. Horizon fraudulently received a payment from Title Company A of \$27,482.32 from the mortgage funds

disbursed by Lender A at the time of this closing. The HUD-1 statement for this sale falsely indicates that a deposit was made by the buyer and received by the seller at or prior to the closing.

b. The sale of real property located at 4069 Van Buren Street in Gary, Indiana 46408, from Seller 1 to Buyer 1 on July 7, 2005 for \$72,000.00. Horizon fraudulently received a payment from Title Company A of \$31,970.56 from the mortgage funds disbursed by Lender A at the time of this closing. The HUD-1 statement for this sale falsely indicates that a deposit was made by the buyer and received by the seller at or prior to the closing.

c. The sale of real property located at 238 W. 53rd Lane, Merrillville, Indiana 46410, from **JULKES** to Buyer 1 on August 29, 2005 for \$143,000.00. Horizon fraudulently received a payment from Title Company A of \$45,077.22 from the mortgage funds disbursed by Lender A at the time of the closing.

d. The sale of real property located at 1800 Delaware Street in Gary, Indiana 46407, from Seller 10 to Buyer 1 on September 28, 2005 for \$74,000.00. Horizon fraudulently received a payment from Title Company A of \$10,963.15 from the mortgage funds disbursed by Lender A at the time of this closing. The HUD-1 statement for this sale falsely indicates that a deposit was made by the buyer and received by the seller at or prior to the closing.

e. The sale of real property located at 4541 Pennsylvania Street in Gary, Indiana 46409, from Seller 11 to Buyer 2 on October 21, 2005 for \$75,000.00. Horizon fraudulently received a payment from Title Company A of \$27,600.87 from the mortgage funds disbursed by Lender A at the time of this closing. The HUD-1 statement for this

sale falsely indicates that a deposit was made by the buyer and received by the seller at or prior to the closing.

f. The sale of real property located at 3851 Monroe Street in Gary, Indiana 46408, from Seller 12 to Buyer 2 on October 28, 2005 for \$78,000. Horizon fraudulently received a payment from Title Company A of \$14,121.87 from the mortgage funds disbursed by Lender A at the time of this closing. The HUD-1 statement for this sale falsely indicates that a deposit was made by the buyer and received by the seller at or prior to the closing.

g. The sale of real property located at 4216 Washington Street in Gary, Indiana 46408, from Seller 3 and Seller 4 to Buyer 3 on February 3, 2006 for \$65,000.00. Horizon fraudulently received a payment from Title Company A of \$35,595.57 from the mortgage funds disbursed by Lender A at the time of this closing. The HUD-1 statement for this sale falsely indicates that a deposit was made by the buyer and received by the seller at or prior to the closing.

h. The sale of real property located at 2251 West 58th Avenue in Merrillville, Indiana 46410, from Seller 13 to Buyer 3 on February 17, 2006 for \$127,000.00. Horizon fraudulently received a payment from Title Company A of \$16,657.84 from the mortgage funds disbursed by Lender A at the time of the closing. The HUD-1 statement for this sale falsely indicates that a deposit was made by the buyer and received by the seller at or prior to the closing.

i. The sale of real property located at 806 Grant Street in Gary, Indiana 46404, from Seller 8 to **BLACKMON** on February 27, 2006 for \$75,000.00. **BLACKMON** also acted as the listing real estate agent for Seller 8 in this transaction. Horizon fraudulently

received a payment from Title Company B of \$16,146.34 from the mortgage funds disbursed by Lender A at the time of this closing. The HUD-1 statement for this sale falsely indicates that a deposit was made by the buyer and received by the seller at or prior to the closing.

j. The sale of real property located at 2200 Ohio Street in Gary, Indiana 46407, from **JULKES** to Buyer 4 on February 28, 2006 for \$62,000.00. Netlink fraudulently received a payment from Title Company A of \$24,267.27 from the mortgage funds disbursed by Lender A at the time of this closing. When **JULKES** purchased this property on January 24, 2006 for \$25,000 cash, **BLACKMON** acted as his real estate agent.

k. The sale of real property located at 4021 Maryland Street in Gary, Indiana 46409, from Seller 4 and Seller 5 to Buyer 4 on February 28, 2006 for \$65,000.00. Netlink fraudulently received a payment from Title Company A of \$23,493.64 from the mortgage funds disbursed by Lender A at the time of this closing. The HUD-1 statement for this sale falsely indicates that a deposit was made by the buyer and received by the seller at or prior to the closing.

l. The sale of real property located at 3974 Monroe Street in Gary, Indiana 46408, from Seller 8 to Buyer 6 on April 5, 2006 for \$75,000.00. **BLACKMON** acted as the listing agent for Seller 8 and also as the buyer's agent for Buyer 6 in this transaction. Horizon fraudulently received a payment from Title Company A of \$17,884.89 from the mortgage funds disbursed by Lender A at the time of this closing. The HUD-1 statement for this sale falsely indicates that a deposit was made by the buyer and received by the seller at or prior to the closing.

m. The sale of real property located at 6009 Jefferson Street in Merrillville, Indiana 46410, from Seller 14 and Seller 15 to Buyer 5 on May 4, 2006 for \$82,000.00. **BLACKMON** acted as the listing agent for Seller 14 and Seller 15 in this transaction. Horizon fraudulently received a payment from Title Company A of \$25,079.97 from the mortgage funds disbursed by Lender A at the time of the closing.

n. The sale of real property located at 856 Fayette Street in Gary, Indiana 46403, from Seller 6 to Buyer 6 on July 20, 2006 for \$80,000.00. Netlink fraudulently received a payment from Title Company A of \$30,236.82 from the mortgage funds disbursed by Lender A at the time of the closing.

o. The sale of real property located at 313 Rutledge Street in Gary, Indiana 46404, from Seller 6 to **BLACKMON** on August 28, 2006 for \$75,000.00. Netlink fraudulently received a payment from Title Company B of \$17,259.65 from the mortgage funds disbursed by Lender B at the time of this closing.

p. The sale of real property located at 333 Rutledge Street in Gary, Indiana 46404, from Seller 6 to **BLACKMON** on August 28, 2006 for \$80,000. Netlink fraudulently received a payment from Title Company B of \$21,211.00 from the mortgage funds disbursed by Lender B at the time of this closing.

21. On or about the following dates the conspirators committed the following additional overt acts, each of which was specifically aimed at providing themselves or one another with payment, all in furtherance of the execution and attempted execution of the conspiracy and scheme to defraud alleged herein:

a. Between on or about January 1, 2005 and on or about December 31, 2006, **RAINEY**, at his own direction, received payments in the form of cashier's checks and

business checks totaling \$88,891.00 from the Horizon Citizen's Financial Services business checking account.

b. Between on or about January 1, 2005 and on or about December 31, 2006, **CHANDLER** received, in the name of **JULKES**, payments totaling approximately \$64,000.00 from Mortgage Company A for her work as the loan processor in the real property transactions set forth herein.

c. Between on or about January 1, 2005 and on or about December 31, 2006, through his cash purchase and typically prompt sale of the six properties set forth herein, **JULKES** received a gain of approximately \$29,000.00 via the disbursement of mortgage funds made by Lender A at the time of the various closings.

d. Between on or about January 1, 2006 and on or about March 30, 2006, **RAINEY**, at his own direction, received payments in the form of personal checks totaling \$55,200.00 from an account belonging to a relative of his who, in turn, received payments at **RAINEY**'s direction from the Horizon Citizen's Financial Services business checking account in the same or greater amounts.

e. Between on or about March 1, 2006 and on or about March 20, 2006, **RAINEY**, at his own direction, received payments in the form of business checks totaling \$24,100.00 from the Netlink Citizen's Financial Services business checking account.

f. Between on or about April 1, 2006 to December 31, 2006, **RAINEY**, at his own direction, received payments in the form of cashier's checks and business checks totaling \$32,100.00 from the Netlink First Midwest Bank business checking account.

g. Between on or about January 1, 2005 and December 31, 2006, **CAUSEY** received cash payments in varying amounts for his role in the conspiracy and scheme to

defraud alleged herein.

h. On or about May 10, 2005, **CAUSEY** negotiated a check in the amount of \$4,000.00 written to him at **RAINEY**'s direction from the Horizon Citizen's Financial Services business checking account.

i. On or about July 6, 2005, **CAUSEY** negotiated a check written to him in the amount of \$25,000.00 at **RAINEY**'s direction from the Horizon Citizen's Financial Services business checking account.

j. On or about March 6, 2006, Horizon, at **RAINEY**'s direction, issued Citizen's Financial Services Official Check No. 251799 in the amount of \$14,136.00 payable to **BLACKMON**. Said check was subsequently endorsed by **BLACKMON**.

k. On or about August 29, 2006, **RAINEY** wrote a check to **BLACKMON** in the amount of \$15,000.00 from the Netlink First Midwest Bank business checking account.

l. Between on or about January 1, 2006, and December 31, 2006, **BLACKMON** received total payments (including the two payments set forth in paragraphs 21(j) and 21(k), immediately above) of approximately \$96,000.00.

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

THE GRAND JURY FURTHER CHARGES:

COUNTS 2-9 – WIRE FRAUD
 [18 U.S.C. § 1343]

22. The allegations contained in Count one of this Superseding Indictment are hereby re-alleged as if fully set forth herein, and incorporated by reference.

23. On or about the dates listed below, within the Northern District of Indiana, and elsewhere, the defendants listed below and others known and unknown to the Grand Jury, having devised the above-described conspiracy, scheme and artifice to defraud and obtain money and property by means of false and fraudulent pretenses, representations, promises, and material omissions, and for the purpose of executing the scheme, knowingly caused to be transmitted by means of a wire communication in interstate commerce, any signs, signals, or sounds as specified below:

<u>Count</u>	<u>Individuals Charged</u>	<u>Property Involved & Amount Wired</u>	<u>Date of Wire Transfer</u>	<u>From</u>	<u>To</u>
2	CHANDLER RAINEY CAUSEY JULKES	3461 Kentucky Street Gary, IN 46409 \$58,408.42	11/02/2005	Bank Account of Lender A, New York, NY	Bank Account of Title Company A, Munster, IN
3	CHANDLER RAINEY CAUSEY JULKES	4427 Washington Street Gary, IN 46408 \$74,775.04	01/26/2006	Bank Account of Lender A, New York, NY	Bank Account of Title Company A, Munster, IN
4	CHANDLER RAINEY CAUSEY JULKES	4553 Pennsylvania Street Gary, IN 46409 \$55,772.05	01/31/2006	Bank Account of Lender A, New York, NY	Bank Account of Title Company A, Munster, IN

5	CHANDLER RAINEY CAUSEY	587 Chase Street Gary, IN 46404 \$62,473.53	02/28/2006	Bank Account of Lender A, New York, NY	Bank Account of Title Company A, Munster, IN
6	CHANDLER RAINEY CAUSEY	3844 Jefferson Street Gary, IN 46408 \$61,555.81	02/28/2006	Bank Account of Lender A, New York, NY	Bank Account of Title Company A, Munster, IN
7	CHANDLER RAINEY BLACKMON	832 East 44 th Avenue Gary, IN 46409 \$56,645.66	03/09/2006	Bank Account of Lender A, New York, NY	Bank Account of Title Company A, Munster, IN
8	CHANDLER RAINEY BLACKMON	3673 Monroe Street Gary, IN 46408 \$63,187.13	05/09/2006	Bank Account of Lender A, New York, NY	Bank Account of Title Company A, Munster, IN
9	CHANDLER RAINEY CAUSEY JULKES	2313 Kentucky Street Gary, IN 46407 \$53,739.52	05/16/2006	Bank Account of Lender A, New York, NY	Bank Account of Title Company A, Munster, IN

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

THE GRAND JURY FURTHER CHARGES:

FORFEITURE

24. The allegations contained in Counts 1 through 9 of this Superseding Indictment are hereby re-alleged as if fully set forth herein, and incorporated by reference.

25. If any of defendants,

**SHEILA CHANDLER
GORDON RAINEY
RANDALL CAUSEY
JEFFREY J JULKES JR. and
ELOISE W BLACKMON**

are convicted of one or more counts of this Superseding Indictment, the convicted defendant(s) 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 the offenses.

SUBSTITUTE ASSETS

26. If any such forfeitable property, as a result of any act or omission of one or more of defendants:

- (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 the 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 intent of the United States, pursuant to 21 U.S.C. § 853(p) as incorporated by 18 U.S.C. § 982(b), to seek forfeiture of any other property of said defendant up to the value of the property which constitutes or is derived from proceeds traceable to the offenses.

All pursuant to Title 18, United States Code, §§ 981(a)(1)(C) and 982, and Title 28, United States Code, § 2461(c).

A TRUE BILL:

/s/ Foreperson
FOREPERSON

DAVID A. CAPP
UNITED STATES ATTORNEY

By: /s/ Jill Trumbull-Harris
Jill Trumbull-Harris
Assistant United States Attorney
Northern District of Indiana\