

Filed Under Seal

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. _____
v.	:	DATE FILED: <u>March 19, 2015</u>
DEAN ROSSI	:	VIOLATIONS:
	:	18 U.S.C. § 1349 (conspiracy to
	:	commit mail fraud affecting a
	:	financial institution and bank fraud
	:	- 1 count)
	:	18 U.S.C. § 1341 (mail fraud
	:	affecting a financial institution - 1
	:	count)
	:	18 U.S.C. § 1344 (bank fraud - 2
	:	counts)
	:	18 U.S.C. § 2 (aiding and abetting)
	:	Notice of Forfeiture

INDICTMENT

COUNT ONE

(Conspiracy)

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

BACKGROUND

1. Defendant DEAN ROSSI owned and co-owned numerous low-income residential properties in the Philadelphia area in the names of several different holding companies, including R&S Real Estate, LLC (“R&S”) and HB Holding Company, LLC (“HB Holding”), among others. Defendant ROSSI obtained bank loans in the companies’ names to purchase and refinance the properties.

2. The HUD-1 or HUD-1A settlement statement was a form used by a settlement agent at a real estate closing to itemize all charges imposed upon a borrower and seller for a real estate transaction. The HUD-1 or HUD-1A settlement statement provided a complete list of the incoming and outgoing funds related to a specific real estate transaction.

3. Otis M. Johnson, an individual known to the Grand Jury and charged elsewhere, was self-employed as a settlement agent and an agent for title insurance companies. Johnson owned and operated a title insurance company, Mabstrack, LLC ("Mabstrack"), located in Bensalem, Pennsylvania. Johnson handled real estate closings, prepared the HUD-1 or HUD-1A settlement statement, and disbursed escrowed funds.

4. A.S., an individual known to the Grand Jury, agreed to form the company R&S with defendant DEAN ROSSI in or about December 2006. As part of his deal with defendant ROSSI in forming R&S, A.S. agreed to transfer ownership of approximately 24 properties that A.S. owned to R&S.

5. L.H., an individual known to the Grand Jury, was an acquaintance of defendant DEAN ROSSI who rehabilitated certain properties owned by defendant ROSSI or companies that defendant ROSSI owned or controlled.

6. Nova Bank ("Nova") was a financial institution whose accounts were insured by the Federal Deposit Insurance Corporation, certificate number 27148.

7. Francis P. Dowd, Jr., an individual known to the Grand Jury and charged elsewhere, was self-employed as a settlement agent and an agent for title insurance companies. Dowd owned and operated Associates Land Transfer, LLC ("ALT"), a title insurance company

located in North Wales, Pennsylvania. Dowd handled real estate closings, prepared the HUD-1 or HUD-1A settlement statement, and disbursed escrowed funds.

8. G.A., an individual known to the Grand Jury, agreed to form the company HB Holding with defendant DEAN ROSSI in or about October 2007. As part of his deal with defendant ROSSI in forming HB Holding, G.A. agreed to transfer ownership of approximately 20 properties that G.A. owned ("the G.A. properties") to HB Holding.

9. Leesport Bank was a financial institution whose accounts were insured by the Federal Deposit Insurance Corporation, certificate number 7748.

THE CONSPIRACY

10. From in or about December 2006 through at least March 2012, in the Eastern District of Pennsylvania, and elsewhere, defendant

DEAN ROSSI,

conspired and agreed, together and with Otis M. Johnson and Francis P. Dowd, Jr., and others known and unknown to the Grand Jury, to commit offenses against the United States, that is:

(a) knowingly devise and execute a scheme to defraud financial institution Nova Bank and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and caused the use the U.S. mails to further the scheme to defraud, in violation of Title 18, United States Code, Section 1341; and

(b) knowingly devise and execute a scheme to defraud financial institutions Nova Bank and Leesport Bank, and to obtain money and or property owned by or under the custody or control of that financial institution, in violation of Title 18, United States Code, Section 1344.

MANNER AND MEANS

It was part of the conspiracy that:

11. Defendant DEAN ROSSI obtained loans from financial institutions, including Nova Bank and Leesport Bank, purportedly to purchase or refinance residential properties. Financial institutions, including Nova Bank and Leesport Bank, expected that the loans obtained by defendant ROSSI, or by companies owned or controlled by defendant ROSSI, would be secured by first position liens on the properties. Financial institutions, including Nova Bank and Leesport Bank, expected that all prior mortgages and tax liens on the properties would be satisfied at the closings, and that the loan proceeds would be distributed in accordance with the HUD-1 or HUD-1A settlement statements.

12. It further was part of the scheme that defendant DEAN ROSSI, after obtaining loans for the purchase or refinance of real estate, used settlement agents who he knew would falsify the HUD-1 or HUD-1A settlement statements, including Otis M. Johnson and Francis P. Dowd, Jr., and who agreed to divert a portion of the loan proceeds back to defendant ROSSI, or to companies owned or controlled by defendant ROSSI.

13. Settlement agents, including Otis M. Johnson and Francis P. Dowd, Jr., agreed with defendant DEAN ROSSI to misappropriate the funds of financial institutions held in escrow for real estate closings by failing to satisfy all prior existing mortgages and liens on certain properties that were subject to a sale or refinance, and instead issue a portion of the misappropriated funds back to defendant ROSSI, or to companies owned or controlled by defendant ROSSI.

14. Settlement agents, including Otis M. Johnson, falsified local real estate transfer tax records to the City of Philadelphia and significantly under reported the sale price of certain properties by tens of thousands of dollars, thereby falsely limiting the taxes due to the City of Philadelphia and keeping additional monies available for further misappropriation.

15. After settlement, and to prevent the scheme from being detected, defendant DEAN ROSSI caused payments to be made on the prior existing mortgages on certain properties that were never satisfied at real estate closings, through the use of the U.S. mails and otherwise.

OVERT ACTS

In furtherance of the conspiracy, defendant DEAN ROSSI and others known and unknown to the Grand Jury, committed the following overt acts in the Eastern District of Pennsylvania:

The R&S Transaction

1. In or about March 2007, defendant DEAN ROSSI, through R&S, obtained a loan from Nova in the amount of approximately \$1,650,000. The purported purpose of the loan was to fund R&S's refinance of 28 properties in Philadelphia, Pennsylvania ("R&S properties"). The majority, if not all, of the 28 R&S properties were subject to pre-existing mortgages. The Nova loan was to be secured by a first position mortgage on all 28 of the R&S properties. Therefore, all of the prior existing mortgages on the R&S properties were to be satisfied at closing.

2. On or about March 29, 2007, Nova deposited approximately \$1,650,000 into Mabstrac't's escrow account, expecting that Nova's escrowed funds would be used exclusively to refinance the 28 R&S properties, and would be distributed strictly in accordance with the HUD-1 settlement statement.

3. On or about March 29, 2007, Otis M. Johnson, through Mabstrac't, handled the settlement of the refinance of the R&S properties to defendant DEAN ROSSI, through R&S. The HUD-1A settlement statement from that transaction falsely represented that all of the prior mortgages on the R&S properties had been satisfied at closing, when, as defendant ROSSI well knew that only approximately 16 of the mortgages, totaling approximately \$738,035, were satisfied, and that approximately 11 mortgages remained unpaid.

4. On or about March 29, 2007, defendant DEAN ROSSI, through R&S, received two checks from Nova's escrowed totaling approximately \$302,760.

5. After settlement, Otis M. Johnson falsified local real estate transfer tax records to the City of Philadelphia. Johnson significantly under reported the sale price of each of the 28 R&S properties by tens of thousands of dollars, sometimes reporting a sale price as low as \$1.00, thereby falsely limiting the taxes due to the City of Philadelphia and keeping additional monies available for further misappropriation.

6. In or around March 2007, to prevent the scheme from being detected, and to ensure the continued payment of pre-existing mortgages on certain R&S properties, defendant DEAN ROSSI falsely told A.S. that several of the R&S properties had been removed from the refinancing package with Nova, when ROSSI well knew that no properties had been removed from the refinancing package.

7. After settlement, and to prevent the scheme from being detected, defendant DEAN ROSSI caused payments to continue to be made on approximately 11 outstanding mortgages. Payments on certain of the pre-existing mortgages continued through at least in or about March 2012.

8. In or about August 2007, defendant DEAN ROSSI sold a property located on Emerald Street in Philadelphia to L.H., knowing that the property had been subject to the Nova closing, and knowing that the prior mortgage on the property had not been satisfied with the funds from the Nova closing. The money from the sale of the Emerald Street property went to R&S. None of the outstanding mortgages were satisfied at closing.

The HB Holding Transaction

9. On or about January 21, 2008, defendant DEAN ROSSI, through HB Holding, obtained a loan from Leesport Bank in the amount of approximately \$1.2 million. The purported purpose of the loan was to fund the purchase of the 20 G.A. properties. All but two of the G.A. properties were subject to pre-existing mortgages. The Leesport Bank loan was to be secured by a first position mortgage on all of the G.A. properties. Therefore, all of the prior existing mortgages on the G.A. properties were to be satisfied at closing.

10. On or about January 21, 2008, Leesport Bank deposited approximately \$1.2 million into ALT's escrow account, expecting that its escrowed funds would be used exclusively to purchase the 20 G.A. properties, and would be distributed strictly in accordance with the HUD-1 settlement statement.

11. On or about January 21, 2008, Francis P. Dowd, Jr., through ALT, handled the settlement of the purported sale of the G.A. properties to defendant DEAN ROSSI through HB Holding. The HUD-1 settlement statement from that transaction falsely represented that all of the prior mortgages on the G.A. properties had been satisfied at closing, when defendant DEAN ROSSI well knew that only five of the mortgages, totaling approximately \$313,899.71, were satisfied, and that 12 mortgages remained unpaid.

12. After settlement, and to prevent the scheme from being detected, defendant DEAN ROSSI caused payments to continue to be made on certain of the outstanding mortgages. Payments on certain of the pre-existing mortgages continued through at least January 2012.

13. On or about January 23, 2008, defendant DEAN ROSSI, through HB Holding, received approximately \$340,965.97 of Leesport Bank's misappropriated funds.

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

COUNT TWO

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 6, and 11 through 15, of Count One are realleged here.

2. From in or about December 2006 through at least March 2012, in the Eastern District of Pennsylvania, defendant

DEAN ROSSI,

along with Otis M. Johnson and others known and unknown to the Grand Jury, devised and intended to device a scheme to defraud Nova Bank, a financial institution whose deposits were insured by the Federal Deposit Insurance Corporation, and obtain money and property by means of materially false and fraudulent pretenses, representations, and promises.

THE SCHEME

It was part of the scheme that:

3. Overt Acts 1 through 8 of Count One are realleged here.

4. On the date listed below, for the purpose of executing the scheme described above, and aiding and abetting its execution, and affecting the financial institution described above, the defendant knowingly caused to be delivered by the U.S. Postal Service Express Mail, the following matter:

DATE	DESCRIPTION OF MAILING
August 27, 2009	\$9,000 bank check to Wells Fargo Bank in payment for the outstanding mortgage an R&S property on Kirkbride Street in Philadelphia, which had not been satisfied with the Nova Bank proceeds as stated in the HUD-1A at the March 29, 2007 closing.

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

COUNT THREE

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 6, and 11 through 15, of Count One are realleged here.

2. From in or about December 2006 through at least March 2012, in the Eastern District of Pennsylvania, defendant

DEAN ROSSI,

along with Otis M. Johnson and others known and unknown to the Grand Jury, devised and intended to device a scheme to defraud Nova Bank, a financial institution whose deposits were insured by the Federal Deposit Insurance Corporation, and obtain money and property by means of materially false and fraudulent pretenses, representations, and promises.

THE SCHEME

It was part of the scheme that:

3. Overt Acts 1 through 8 of Count One are realleged here.

4. On or about April 2, 2007 and April 11, 2007, defendant DEAN ROSSI, through R&S, received a total of approximately \$302,760 from Nova Bank's loan proceeds, knowing that such proceeds were intended to satisfy the outstanding mortgages on the R&S properties.

In violation of Title 18, United States Code, Section 1344.

COUNT FOUR

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraph 1 and 2, 7 through 9, and 11 through 15 of Count One are realleged here.
2. From in or about October 2007 through at least January 2012, in the Eastern District of Pennsylvania, defendant

DEAN ROSSI,

along with Frank P. Dowd, Jr. and others known and unknown to the Grand Jury, devised and intended to device a scheme to defraud Leesport Bank, a financial institution whose deposits were insured by the Federal Deposit Insurance Corporation, and obtain money and property by means of materially false and fraudulent pretenses, representations, and promises.

THE SCHEME

It was part of the scheme that:

3. Overt Acts 9 through 13 of Count One are realleged here.
4. On or about January 28, 2012, defendant DEAN ROSSI, through HB Holding, received by wire transfer of approximately \$340,965.97 from Leesport Bank's loan proceeds, knowing that such proceeds were intended to satisfy the outstanding mortgages on the G.A. properties.

In violation of Title 18, United States Code, Section 1344.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Sections 1341 and 1344, set forth in this information, defendant

DEAN ROSSI

shall forfeit to the United States of America any property that constitutes, or is derived from, proceeds obtained directly or indirectly from the commission of such offenses, including the sum of up to approximately \$1,640,097.

2. If any of the property subject to forfeiture, as a result of any act or omission of the 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 Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant(s) up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982(a)(2).

A TRUE BILL:

GRAND JURY FOREPERSON



ZANE DAVID MEMEGER
United States Attorney

JHS

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Filed Under Seal

INDICTMENT

15-109

DESIGNATION FORM to be used by counsel to indicate the category of the case for the purpose of assignment to appropriate calendar.

Address of Plaintiff: 615 Chestnut Street, Suite 1250, Philadelphia, PA 19106-4476

Post Office: Philadelphia County: Philadelphia

City and State of Defendant: Warrington, PA

County: Bucks Register number: N/A

Place of accident, incident, or transaction: Eastern District of Pennsylvania

Post Office: Philadelphia County: Philadelphia

RELATED CASE, IF ANY:

Criminal cases are deemed related when the answer to the following question is "yes".

Does this case involve a defendant or defendants alleged to have participated in the same action or transaction, or in the same series of acts or transactions, constituting an offense or offenses?

YES/NO: YES

Case Number: 13-CR-554 Judge: Honorable Joel H. Slomsky

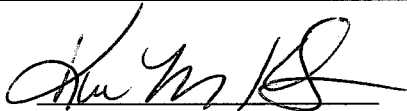
CRIMINAL: (Criminal Category - FOR USE BY U.S. ATTORNEY ONLY)

- 1. Antitrust
- 2. Income Tax and other Tax Prosecutions
- 3. Commercial Mail Fraud
- 4. Controlled Substances
- 5. Violations of 18 U.S.C. Chapters 95 and 96 (Sections 1951-55 and 1961-68) and Mail Fraud other than commercial
- 6. General Criminal

(U.S. ATTORNEY WILL PLEASE DESIGNATE PARTICULAR CRIME AND STATUTE CHARGED TO BE VIOLATED AND STATE ANY PREVIOUS CRIMINAL NUMBER FOR SPEEDY TRIAL ACT TRACKING PURPOSES)

18 U.S.C. § 1349; 18 U.S.C. § 1341; 18 U.S.C. § 1344; 18 U.S.C. § 2; Notice of Forfeiture

DATE: 3/19/2015



Karen M. Klotz
Assistant United States Attorney

File No. 2014R00462
U.S. v. Dean Rossi