

2007 SEP 26 PM 4:34
CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

FILED

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

10	UNITED STATES OF AMERICA,)	No. CR	07-01042
11)		
12	Plaintiff,)	<u>I N F O R M A T I O N</u>	
13	v.)	[18 U.S.C. § 1343: Wire Fraud; 18	
14	ROBERT DURAN,)	U.S.C. § 2: Aiding and Abetting and	
15	Defendant.)	Causing An Act to Be Done]	

The United States Attorney charges:

INTRODUCTORY ALLEGATIONS

At all times material to this information:

The Defendant

1. Defendant ROBERT DURAN worked as an unlicensed real estate agent and property investor for real estate and investment companies, including Dynamic Brokers, also known as ("aka") Century 21 Dynamic Brokers.

2. As a property investor, defendant ROBERT DURAN provided to mortgage lenders false employment, credit and income documents showing that borrowers on loan transactions were gainfully

LWB:lwb

1 employed at various companies, when he knew that they were not.

2 3. Many of the real estate transactions on which defendant
3 ROBERT DURAN worked or in which he invested involved mortgage
4 loans that were submitted to lenders insured by the Federal
5 Housing Administration ("FHA").

6 The FHA Mortgage Insurance Program

7 4. The FHA was a division of the United States Department
8 of Housing and Urban Development ("HUD").

9 5. The FHA was the division of HUD that provided mortgage
10 insurance to approved commercial lending institutions so that
11 home buyers could obtain financing to purchase homes. The FHA
12 administered the Single Family Mortgage Insurance program of
13 Title II of the National Housing Act, which assisted potential
14 home buyers in obtaining mortgages at more favorable terms than
15 those otherwise commercially available.

16 6. To qualify for its mortgage insurance program, FHA
17 required that the borrower meet certain criteria. Specifically,
18 the FHA required that the borrower: 1) have a source of income
19 sufficient to cover the projected monthly mortgage payment; 2)
20 have an employment and credit history acceptable to FHA
21 underwriting standards; and 3) have assets sufficient to cover
22 the necessary down payment on the property.

23 7. The FHA further required that the down payment for the
24 home purchase come from either cash-on-hand in the possession of
25 the borrower, or from a gift to the borrower. The source of the
26 down payment could not be a party to the sales transaction, other
27 than the borrower.

28

1 Definitions

2 8. As used in this information, the term "non-qualifying
3 buyer" refers to any actual or purported purchaser of real estate
4 who does not meet the FHA requirements described in paragraphs
5 six and seven above. The term "non-qualifying buyer" includes
6 both (a) straw buyers and (b) fictitious buyers, as well as (c)
7 actual buyers who do not qualify for an FHA-insured mortgage
8 loan.

9 9. The term "straw buyer" describes a tactic used to
10 defraud the FHA in connection with the Title II FHA home mortgage
11 insurance program. Specifically, it refers to the use of a real
12 person's name and identifying information, such as driver's
13 license and social security number, to apply for a loan in that
14 person's name. In truth, a straw buyer spends none of his or her
15 own money or assets to purchase the property, does not intend to
16 occupy the property, and only nominally holds title to the
17 property.

18 10. The term "fictitious buyer" also describes a tactic
19 used to defraud the FHA in connection with the Title II FHA home
20 mortgage insurance program. Specifically, it refers to the use
21 of an alias or fabricated name and identifying information, such
22 as driver's license and social security number, to apply for a
23 loan and hide the identity of the true buyer.

24 11. The term "loan application" refers to the Uniform
25 Residential Loan Application (a standardized loan application
26 form required for FHA-insured mortgages), and all supporting
27 documentation, such as social security numbers, driver's license,
28 IRS Forms W-2, paycheck stubs, employer verifications of the

1 borrower's employment, landlord verification of rent, rental
2 agreements, and credit reports.

3 12. The United States Attorney incorporates by reference
4 and re-alleges these Introductory Allegations into each count of
5 this information.

6 //

7 //

8 //

9 //

10 //

11 //

12 //

13 //

14 //

15 //

16 //

17 //

18 //

19 //

20 //

21 //

22 //

23 //

24 //

25 //

26 //

27 //

28 //

COUNTS ONE THROUGH THREE

[18 U.S.C. §§ 1343, 2]

Beginning in or about August 1993, and continuing to in or about May 2001, in Los Angeles County, within the Central District of California, defendant ROBERT DURAN, aided and abetted by others known and unknown to the United States Attorney, knowingly and with the intent to defraud, devised and intended to devise a scheme to defraud HUD, and to obtain money and property from HUD by false and fraudulent pretenses, representations, and promises.

A. THE SCHEME TO DEFRAUD

The means used by defendant ROBERT DURAN and others to effectuate the scheme to defraud were as follows:

1. Defendant ROBERT DURAN acted as a real estate agent on sales of real property to non-qualifying buyers.

2. Defendant ROBERT DURAN also assisted investors in facilitating sales of real property to non-qualified buyers and, in many instances, acted as an investor himself.

3. Defendant ROBERT DURAN caused fraudulently prepared employment, income, credit, and identification documents to be submitted to FHA along with loan applications for funding and approval by the FHA.

4. Defendant ROBERT DURAN enlisted notaries to falsely notarize that they witnessed buyers signing loan documents, when, in fact, they did not. Defendant ROBERT DURAN used the notary books of others to falsely notarize loan documents, without the knowledge of those notaries.

5. Defendant ROBERT DURAN caused the false employment

1 documents, including false, signed verifications of employment,
2 to be submitted to HUD-approved lenders for approval and funding
3 of FHA-insured loans, and to HUD for the issuance of mortgage
4 loan insurance on the loans.

5 6. Defendant ROBERT DURAN placed down payments for the
6 purchase of property on behalf of non-qualifying buyers into
7 escrow.

8 7. Defendant ROBERT DURAN, aided and abetted by others,
9 caused the funding and insurance of approximately \$11,454,147 in
10 fraudulent FHA-insured home mortgage loans on at least 73
11 properties in Los Angeles and Riverside Counties. All of these
12 properties went into default and were resold at a loss to HUD of
13 approximately \$3,556,612.

14 B. EXECUTION OF THE SCHEME TO DEFRAUD

15 In carrying out the scheme to defraud, defendant ROBERT
16 DURAN and others engaged in the following fraudulent and
17 deceptive acts, practices, and devices, among others:

18 THE SALE OF 12812 SOUTH WILLIAMS AVENUE

19 COMPTON, CALIFORNIA

20 8. In or about January 2000, defendant ROBERT DURAN caused
21 an FHA-insured home mortgage loan application to be submitted to
22 a HUD-approved lender in the name of non-qualifying buyers, E.V.
23 and D.G., for the purchase of a property located at 12812 South
24 Williams Avenue, Compton, California.

25 9. The loan application for E.V. and D.G. contained false
26 and fraudulent information and supporting documentation, verified
27 by defendant, showing that:

28 (a) E.V. was employed as a dispatcher at Moore

1 Interstate Transport;

2 (b) E.V. had worked at Moore Interstate Transport for
3 2 years and 2 months;

4 (c) E.V. was earning \$830.40 biweekly at Moore
5 Interstate Transport, and had earned \$20,532.96 in 1997 and
6 \$20,952.02 in 1998;

7 (d) D.G. was employed as a claims clerk at Sanders &
8 Hall Insurance Adjusters;

9 (e) D.G. had worked at Sanders & Hall Insurance
10 Adjusters for 4 years; and

11 (f) D.G. was earning \$784 biweekly at Sanders and Hall
12 Insurance Adjusters, and had earned \$19,392.24 in 1997 and
13 \$19,788.46 in 1998.

14 10. Based upon the false and fraudulent loan application,
15 the lender approved and funded a \$143,814 mortgage loan to E.V.
16 and D.G. for the purchase of 12812 South Williams Avenue,
17 Compton, California.

18 11. On or about March 3, 2000, the HUD Case Binder
19 containing the false and fraudulent loan application and other
20 documents was delivered to HUD, which then insured the mortgage
21 on 12812 South Williams Avenue, Compton, California on or about
22 March 3, 2000.

23 12. E.V. and D.G. did not make the monthly mortgage
24 payments. The FHA-insured property went into default and was
25 resold at a loss to HUD of approximately \$58,659.

26 THE SALE OF 4512 WESLEY AVENUE

27 LOS ANGELES, CALIFORNIA

28 13. In or about October 2000, defendant ROBERT DURAN caused

1 an FHA-insured home mortgage loan application to be submitted to
2 a HUD-approved lender in the name of non-qualifying buyers, A.C.
3 and C.C., for the purchase of a property located at 4512 Wesley
4 Avenue, Los Angeles, California.

5 14. The loan application for A.C. and C.C. contained false
6 and fraudulent information and supporting documentation, verified
7 by defendant, showing that:

8 (a) A.C. was employed as a supervisor at Computel
9 Technology;

10 (b) A.C. had worked at Computel Technology for 4
11 years;

12 (c) A.C. was earning \$1476.92 biweekly at Computel
13 Technology, and had earned \$36,780.42 in 1998 and \$37,359.88 in
14 1999;

15 (d) C.C. was employed as a supervisor at Sanders &
16 Hall Insurance Adjusters;

17 (e) C.C. had worked at Sanders & Hall Insurance
18 Adjusters for 4 years; and

19 (f) C.C. was earning \$2,215.38 biweekly at Sanders and
20 Hall Insurance Adjusters, and had earned \$55,718.92 in 1998 and
21 \$56043.27 in 1999.

22 15. Based upon the false and fraudulent loan application,
23 the lender approved and funded a \$292,588 mortgage loan to C.C.
24 and A.C. for the purchase of 4512 Wesley Avenue, Los Angeles,
25 California.

26 16. On or about November 8, 2000, the HUD Case Binder
27 containing the false and fraudulent loan application and other
28 documents was delivered to HUD, which then insured the mortgage

1 on 4512 Wesley Avenue, Los Angeles, California on or about
2 November 9, 2000.

3 17. A.C. and C.C. did not make the monthly mortgage
4 payments. The FHA-insured property went into default and was
5 resold at a loss to HUD of approximately \$102,450.

6 THE SALE OF 6122 MIRAMONTE BOULEVARD, LOS ANGELES, CALIFORNIA

7 18. In or about October 2000, defendant ROBERT DURAN caused
8 an FHA-insured home mortgage loan application to be submitted to
9 a HUD-approved lender in the name of non-qualifying buyer, P.A.,
10 for the purchase of a property located at 6122 Miramonte
11 Boulevard, Los Angeles, California,

12 19. The loan application for P.A. contained false and
13 fraudulent information and supporting documentation, verified by
14 defendant, showing that:

15 (a) P.A. was employed as a supervisor at National
16 Engineering;

17 (b) P.A. had worked at National Engineering for 5
18 years;

19 (c) P.A. was earning \$1,938.46 biweekly at National
20 Engineering, and had earned \$48,274.30 in 1998 and \$49,038.21 in
21 1999;

22 20. Based upon the false and fraudulent loan application,
23 the lender approved and funded a \$246,000 mortgage loan to A.A.
24 for the purchase of 6122 Miramonte Boulevard, Los Angeles,
25 California.

26 21. On or about October 26, 2000, the HUD Case Binder
27 containing the false and fraudulent loan application and other
28 documents was delivered to HUD, which then insured the mortgage

1 on 6122 Miramonte Boulevard, Los Angeles, California on or about
 2 May 25, 2001.

3 22. P.A. did not make the monthly mortgage payments. The
 4 property went into default and was resold at a loss to HUD of
 5 approximately \$21,385.

6 C. INTERSTATE WIRE TRANSMISSIONS

7 On or about the dates set forth below, in Los Angeles
 8 County, within the Central District of California, defendant
 9 ROBERT DURAN and others, having devised and intended to devise
 10 the above-described scheme to defraud and to obtain money by
 11 false and fraudulent pretenses, representations and promises, for
 12 the purpose of executing the above-described scheme to defraud,
 13 caused to be transmitted in interstate commerce by wire
 14 communications the following wire transfers from lenders in
 15 California to HUD's account at Mellon Bank in Pennsylvania:

16	<u>COUNT</u>	<u>DATE</u>	<u>DESCRIPTION OF WIRE TRANSMISSION</u>
17	ONE	January 28, 2000	FHA insurance premium for loan for
18			Mortgage Capital Resource
19			Corporation's loan for the purchase
			of 12812 South Williams Avenue,
			Compton, California.
20	TWO	October 11, 2000	FHA insurance premium for loan for
21			First Banc Mortgage's loan for the
22			purchase of 4512 Wesley Avenue, Los
			Angeles, California.
23	///		
24	///		
25	///		
26	///		
27	///		
28	///		

