

4. Defendant fully understands the nature and elements of the crimes with which she has been charged.

Charge to Which Defendant is Pleading Guilty

5. By this Plea Agreement, defendant agrees to enter a voluntary plea of guilty to Count One of the indictment. Count One charges defendant with conspiring to defraud the United States, in violation of Title 18, United States Code, Section 371.

Factual Basis

6. Defendant will plead guilty because she is in fact guilty of the charge contained in Count One of the indictment. In pleading guilty, defendant admits the following facts and that those facts establish her guilt beyond a reasonable doubt:

(a) With respect to Count One of the indictment, defendant admits that from at least February 2001, through approximately November 2003, at Rockford, Illinois, and elsewhere, she conspired with the defendants named in the indictment and other individuals to defraud the United States by causing the Department of Housing and Urban Development (“HUD”) to insure loans through the Federal Housing Administration (“FHA”) for unqualified applicants.

(b) Specifically, defendant admits that during the time period covered by the indictment, she was employed at Prism Mortgage/RBC Mortgage Company (“Prism/RBC”), located at 4960 East State Street in Rockford, Illinois. Prism/RBC was a mortgage lender and mortgage brokerage company owned by RBC Financial Group.

While she was employed at Prism/RBC, defendant worked as a loan officer. From approximately May 2001, through approximately February 2003, defendant Nancy C. Rodriguez worked as an assistant to defendant.

Defendant frequently obtained loan customers who were referred to her by defendant Cesar O. Arenas. Arenas was a real estate agent who worked for a realty company in Rockford. Defendant obtained financing for the customers referred by Arenas. Usually, Torossian obtained FHA-insured loans for Arenas' customers.

Under federal law, an applicant must possess a valid social security number in order to qualify for an FHA-insured loan. Some of the customers referred to Torossian by Arenas did not possess valid social security numbers. In order to evade the FHA regulations, Arenas instructed his customers to obtain a valid social security numbers from relatives or other persons, and then provide those valid social security numbers to defendant. Defendant was aware that the social security numbers provided by some of Arenas' customers were not valid or did not belong to the customers. Defendant and Rodriguez placed these false social security numbers on documents that were placed into the customers' loan files.

Federal law also required that applicants for FHA-insured loans establish that they had made a minimum equity investment of at least 3% of the cost of the home. Most of the customers referred to defendant by Arenas did not have the funds necessary to make the minimum 3% equity investment in homes they were seeking to purchase. For many of these customers, defendant directed Rodriguez to create fraudulent official bank checks. Copies

of these fraudulent checks were then placed in the customers' loan files. These fraudulent checks were intended to create the false impression that the customers had the necessary funds to invest 3% in equity into their home purchases. Rodriguez created these fraudulent checks by "whiting out" the payees and amounts on real official checks, typing in false payees and amounts, and then photo-copying these checks. The false official bank checks were created for many of defendant's loan customers and were placed in the customers' loan files.

Federal law also required that applicants for FHA insured loans have income that was sufficient to meet their mortgage payments. Many of the customers referred to defendant by Arenas did not have sufficient income to qualify for FHA insured loans. Over time, defendant became aware that Arenas often solicited small business owners and other individuals he knew, including defendants Raul Raygoza and Israel Quintero, to sign and provide fraudulent "Verification of Employment" forms and other fake documents which falsely stated that the customers were employed at the businesses. These false employment documents were placed in the customers' loan files.

Federal law further required that applicants for FHA insured loans establish that they had satisfactory credit standing. Satisfactory credit standing could be established through a traditional credit report. If buyers did not yet have established credit histories or sufficient entries in their credit reports, HUD allowed these buyers to establish their satisfactory credit standing through alternative sources. These alternative sources often consisted of letters or

other verifications from the buyers' creditors stating that the buyers had made timely payments on their debts.

Many of the customers referred to defendant by Arenas did not have satisfactory credit standing. Over time, defendant became aware that Arenas often solicited small business owners and other individuals he knew, including defendants Raul Raygoza and Israel Quintero, to sign and provide fraudulent credit letters which falsely stated that the customers had purchased items on credit from the businesses and had made their payments in a timely fashion. These false credit letters were placed in the customers' loan files.

All of the false and fraudulent documents described in the preceding paragraphs were placed in the customers' loan files for the purpose of causing Prism/RBC's underwriting department to approve the loans for FHA-insurance. In addition, the false and fraudulent documents were placed in the customers' loan files for the purpose of deceiving HUD into concluding that the requirements for the issuance of FHA-insurance certificates had been met.

On September 9, 2001, at Rockford, in the Northern District of Illinois, Western Division, in furtherance of the conspiracy and to accomplish its objectives, defendant created and caused to be submitted to HUD a materially false document, namely a fraudulent official check number 5344288647, drawn on National City Bank, that was purportedly payable to an individual referred to herein as "Buyer B", in the amount of \$2,500.

7. Defendant also acknowledges that for the purpose of computing her sentence under the Sentencing Guidelines, the following conduct, to which she stipulates, constitutes relevant conduct under Guideline §1B1.3: During the time period covered by the indictment, defendant created, and caused to be created, fraudulent cashier's checks and documents containing false social security numbers, which fraudulent documents were placed in FHA loan files for customers that were not referred to her by defendant Cesar O. Arenas. These fraudulent documents caused HUD to issue FHA-insurance certificates for unqualified applicants.

Maximum Statutory Penalties

8. Defendant understands that the charge to which she is pleading guilty carries the following statutory penalties:

a. A maximum sentence of 5 years' imprisonment. This offense also carries a maximum fine of \$250,000, or twice the gross gain or gross loss resulting from that offense, whichever is greater. Defendant further understands that the judge also may impose a term of supervised release of at least two years but not more than three years.

b. Defendant further understands that the Court must order restitution to HUD in an amount determined by the Court.

c. In accord with Title 18, United States Code, Section 3013, defendant will be assessed \$100 on the charge to which she has pled guilty, in addition to any other penalty or restitution imposed.

Sentencing Guidelines Calculations

9. Defendant understands that in imposing sentence the Court will be guided by the United States Sentencing Guidelines. Defendant understands that the Sentencing Guidelines are advisory, not mandatory, but that the Court must consider the Guidelines in determining a reasonable sentence.

10. For purposes of calculating the Sentencing Guidelines, the parties agree on the following points, except as specified below:

a. **Applicable Guidelines.** The Sentencing Guidelines to be applied in this case are those in effect at the time of sentencing. The following statements regarding the calculation of the Sentencing Guidelines are based on the Guidelines Manual currently in effect, namely the November 2006 Guideline Manual.

b. **Offense Level Calculations.**

i. The base offense level for the charge in Count One of the indictment is 6, pursuant to Guideline §2B1.1(a)(2).

ii. It is the government's position that the offense level must be increased by 14 levels, pursuant to Guideline §2B1.1(b)(1)(H), because the estimated anticipated loss caused to HUD by defendant's offense exceeds \$400,000. Defendant reserves the right to object to the government's loss calculation.

iii. It is the government's position that the offense level must be increased by 2 levels, pursuant to Guideline §2B1.1(b)(10)(C)(ii), because defendant's

offense involved the possession of 5 or more means of identification that unlawfully were produced from, or obtained by the use of, another means of identification. Defendant reserves the right to challenge this enhancement.

iv. The offense level must be increased by 2 levels, pursuant to Guideline §3B1.1(c), because the defendant was a leader of the criminal activity charged in the indictment.

v. Defendant has clearly demonstrated a recognition and affirmative acceptance of personal responsibility for her criminal conduct. If the government does not receive additional evidence in conflict with this provision, and if defendant continues to accept responsibility for her actions within the meaning of Guideline §3E1.1(a), including by furnishing the U.S. Attorney's Office and the Probation Office with all requested financial information relevant to her ability to satisfy any fine or restitution that may be imposed in this case, a two-level reduction in the offense level is appropriate. Defendant acknowledges that if she falsely denies or frivolously contests any of the facts underlying this offense or any relevant conduct that the court determines to be true, such a denial would be inconsistent with acceptance of responsibility, and the government's position as to acceptance of responsibility may change.

vi. In accord with Guideline §3E1.1(b), defendant has timely notified the government of her intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the Court to allocate its resources efficiently.

Therefore, as provided by Guideline §3E1.1(b), if the Court determines the offense level to be 16 or greater prior to determining that defendant is entitled to a two-level reduction for acceptance of responsibility, the government will move for an additional one-level reduction in the offense level.

c. **Criminal History Category.** With regard to determining defendant's criminal history points and criminal history category, based on the facts known to the government, defendant's criminal history points equal zero and defendant's criminal history category is I.

d. **Anticipated Advisory Sentencing Guidelines Range.** Therefore, based on the facts now known to the government, if the court accepts the government's positions regarding the Sentencing Guidelines, the anticipated offense level is 21, which, when combined with the anticipated criminal history category of I, results in an anticipated advisory Sentencing Guidelines range of 37 to 46 months' imprisonment, in addition to any supervised release, fine, and restitution the Court may impose.

e. Defendant and her attorney and the government acknowledge that the above Guideline calculations are preliminary in nature, and are non-binding predictions upon which neither party is entitled to rely. Defendant understands that further review of the facts or applicable legal principles may lead the government to conclude that different or additional Guideline provisions apply in this case. Defendant understands that the Probation Office will conduct its own investigation and that the Court ultimately determines the facts