

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

UNITED STATES OF AMERICA)
)
 v.) Criminal No. 08-3 Erie
)
 FRANK A. KARTESZ, II) (18 U.S.C. §§371 and 1343)

I N F O R M A T I O N

FILED

The United States Attorney charges:

JAN 31 2008

I. Persons and Entities

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At all times material to this Information:

1. The defendant, FRANK A. KARTESZ, II, resided in Erie County, Pennsylvania, and was the president of K&D Enterprises of Erie, Inc.

2. A&M Homes, Inc. was a Pennsylvania corporation, incorporated in May 2003, for the purpose of "Buying and Selling Real Estate".

3. RLD Enterprises of Erie, Inc. was a Pennsylvania corporation, incorporated on April 7, 2003, for "Investment in Real Estate."

4. K&D Enterprises of Erie, Inc. was a Pennsylvania corporation, incorporated on September 18, 2001, for "Broad" purposes.

5. Regal Financial Services, formerly known as Easy Mortgage, was a mortgage brokerage with both a Pittsburgh,

Pennsylvania branch office and an Erie, Pennsylvania branch office.

II. The Conspiracy and Its Objects

6. From in or around January 2003, and continuing thereafter until in or around March 2006, in the Western District of Pennsylvania and elsewhere, the defendant, FRANK A. KARTESZ, II, and other unnamed co-conspirators, knowingly, willfully and unlawfully conspired and agreed together to commit the crimes of mail fraud, in violation of Title 18, United States Code, Section 1341, wire fraud, in violation of Title 18, United States Code, Section 1343, and bank fraud, in violation of Title 18, United States Code, Section 1344.

III. Manner and Means by Which the Conspiracy was Carried Out

7. It was a part of the conspiracy that the defendant, FRANK A. KARTESZ, II, and other unnamed co-conspirators sought and obtained investors in A&M Homes, RLD Enterprises, and K&D Enterprises for the purpose of procuring funds for the purchase of distressed, low cost properties in Erie, Pennsylvania.

8. It was further a part of the conspiracy that the defendant, FRANK A. KARTESZ, II, and other unnamed co-conspirators, acting both personally and through A&M Homes, RLD Enterprises, and K&D Enterprises, purchased numerous distressed, low cost properties in Erie, Pennsylvania with the intent of selling these properties at drastically and artificially inflated prices.

9. It was further a part of the conspiracy that the defendant, FRANK A. KARTESZ, II, and other unnamed co-conspirators, targeted and actively sought individuals with limited economic resources as buyers for the properties offered for sale through A&M Homes, RLD Enterprises and K&D Enterprises.

10. It was further a part of the conspiracy that unnamed co-conspirators falsely inflated the sale prices of the properties by claiming that improvements had been made on the properties which were not, in fact, actually made or which had been performed in an incomplete and/or inferior manner.

11. It was further a part of the conspiracy that unnamed co-conspirators directed prospective home buyers to Regal Financial Services for the preparation and submission of mortgage loan applications and other necessary loan documentation.

12. It was further a part of the conspiracy that the defendant, FRANK A. KARTESZ, II, and other unnamed co-conspirators, placed, and caused to be placed, money into the bank accounts of prospective home buyers in order to artificially and fraudulently inflate the prospective home buyers' bank account balances.

13. It was further a part of the conspiracy that the defendant, FRANK A. KARTESZ, II, and other unnamed co-conspirators, provided private second and/or third mortgages to home buyers, which were not disclosed to the lending institutions

providing the primary mortgages for the purchases of the properties.

14. It was further a part of the conspiracy that the defendant, FRANK A. KARTESZ, II, and other unnamed co-conspirators, caused false and fraudulent information regarding the borrowers' income, assets, and down payments, as well as false and fraudulent contract sales prices for the properties to be purchased to be entered in borrowers' loan documents, including loan applications and HUD-1 settlement statements.

15. It was further a part of the conspiracy that the defendant, FRANK A. KARTESZ, II, and other unnamed co-conspirators, caused the false and fraudulent documents to be submitted, via the United States mail, and/or delivery by private or commercial interstate carrier, and/or interstate wire transmissions, to various commercial lenders for approval and funding of residential mortgage loans.

16. As a result of the conspiracy to commit mail fraud, wire fraud, and bank fraud, the defendant, FRANK A. KARTESZ, II, and other unnamed co-conspirators, defrauded numerous victims who suffered a loss of more than \$1,000,000.

IV. Overt Acts

17. On or about February 8, 2005, the defendant, FRANK A. KARTESZ, II, met T.S. at Erie General Electric Federal Credit Union, 2154 East Lake Road, Erie, Pennsylvania, and provided her a \$6,633.18 cashiers' check in order that T.S. could purchase a

cashiers' check for the same amount in her own name, so that T.S. would appear to have the funds needed to purchase and finalize the closing for the property at 1621 Plum Street, Erie, Pennsylvania, which T.S. purchased on or about February 8, 2005.

18. On or about May 27, 2005, the defendant FRANK A. KARTESZ II, met C.J. at Citizen's Bank, 1128 State Street, Erie, Pennsylvania, and provided her approximately \$7,750 in cash to purchase a cashiers' check so that C.J. would appear to have the funds needed to purchase and finalize the closing for the property at 610 Wallace Street, Erie, Pennsylvania, which C.J. purchased on or about May 31, 2005.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

The United States Attorney further charges:


19. From in and around January 2003, and continuing thereafter to in and around March 2006, in the Western District of Pennsylvania and elsewhere, the defendant, FRANK A. KARTESZ, II, devised and intended to devise a scheme and artifice to defraud and for obtaining money by means of false and fraudulent pretenses, representations and promises, well knowing at the time that the pretenses, representations and promises were false and fraudulent when made.

20. It was a part of the scheme and artifice that the defendant, FRANK A. KARTESZ, II, engaged in the actions set forth in paragraphs 1, and 6 through 18 of this Information, which are realleged and incorporated herein as if fully set forth.

21. On or about February 8, 2005, in the Western District of Pennsylvania and elsewhere, for the purpose of executing the aforesaid scheme and artifice to defraud described in paragraphs one through eighteen of Count One of this Information, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises and attempting to do so, the defendant, FRANK A. KARTESZ, II, did cause to be transmitted in interstate commerce, by means of a wire communication, certain signs, and signals, that is a wire transfer of \$66,420 from Wells Fargo Bank in San Francisco, California to the Resource Settlement Inc. escrow account (account no.

xxxxx1667) at National City Bank, Erie, Pennsylvania, related to the purchase of the property at 1621 Plum Street, Erie, Pennsylvania, which T.S. purchased on or about February 8, 2005.

In violation of Title 18, United States Code, Section 1343.



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