

IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION

UNITED STATES OF AMERICA,)	
)	
Plaintiff,	)	No. _____
)	
v.	)	COUNT ONE:
	)	[all defendants]
ANTHONY EDWARD LONG,	)	18 U.S.C. §§ 1343 and 2
[DOB: xx/xx/70]	)	NMT 5 years and \$250,000
	)	Class D Felony
MITCHELL DAVID MEDLIN,	)	NMT 3 years Supervised Release
[DOB: xx/xx/62])	
	)	COUNT TWO:
and	)	[all defendants]
	)	18 U.S.C. §§ 1957 and 2
CARL EDWARD LONG,	)	NMT 10 years and \$250,000
[DOB: xx/26/49]	)	Class C Felony
	)	NMT 3 years Supervised Release
Defendants.)	
	)	COUNT THREE:
	)	[defendant Carl Edward Long]
	)	18 U.S.C. § 1343
	)	NMT 20 years and \$250,000
	)	Class C Felony
	)	NMT 3 years Supervised Release
)	
	)	\$100 Special Assessment on each
	)	count.
)	
	)	Restitution may be ordered.

I N F O R M A T I O N

THE UNITED STATES ATTORNEY CHARGES THAT:

COUNT ONE

Introduction

1. At all times material herein:

a. Defendant ANTHONY EDWARD LONG was engaged in the mortgage lending business, doing business with others first as Community HomeBanc, then as Community HomeBanc of America, and then as First Equity Banc, all in Independence, Missouri.

b. Defendant MITCHELL DAVID MEDLIN was engaged in residential and light commercial construction, doing business as M&R Construction, LLC, Lee's Summit, Missouri.

c. Defendant CARL EDWARD LONG was engaged in the mortgage lending business, doing business with others as Community HomeBanc, then as Community HomeBanc of America, both in Independence, Missouri.

d. Community HomeBanc was engaged in the business of mortgage banking, including borrowing and loaning monies on real estate, and acted as an agent and broker for persons relating to borrowing and loaning monies on real estate. It obtained funding for loans through banks, including Flagstar Bank and ABN AMRO Bank. Community HomeBanc had a bank account at Bank of America, Kansas City, Missouri.

e. Flagstar Bank, the primary subsidiary of Flagstar Bancorp, Inc., has its headquarters in Troy, Michigan, and banking locations throughout Michigan and Indiana. It is one of the largest originators of residential mortgage loans in the United States. It is a federally-insured financial institution, that is, its deposits are insured by the Federal Deposit Insurance Corporation.

f. ABN AMRO Bank, a subsidiary of ABN AMRO Holding N.V., is an internationally-operating bank, with its headquarters in the Netherlands. It has offices in New York City, New York, and Chicago, Illinois, inter alia.

2. Beginning on or about December 4, 2000, and continuing through on or about August 20, 2003, at Independence, Lee's Summit, Raytown, and Kansas City, in the Western District of Missouri, and elsewhere, defendants ANTHONY EDWARD LONG, MITCHELL DAVID MEDLIN, and CARL EDWARD LONG, and others known and unknown to the United States Attorney, knowingly executed a scheme and artifice to defraud and to obtain money, funds, credits, and other property by means of material false and fraudulent pretenses and representations.

Summary of the Fraudulent Scheme

3. The scheme to defraud involved the following:

a. Defendants solicited and induced individuals to purchase duplexes in developments known as Westwind Properties, Westvale Properties, and Viking Place Properties, located in Lee's Summit and Independence, Missouri, and to obtain loans in connection therewith, by promising that the purchasers would pay no down payments for the properties and have no expenses or obligations in connection with the properties, would be paid monies at closing, and by other material false and fraudulent representations and omissions of fact;

b. Defendants caused inflated appraisals to be prepared in relation to the properties, and in connection therewith created and provided false lease agreements and rental fee information, and caused false comparable listings and sales to be entered in the Multiple Listing Service database;

c. Defendants prepared and caused to be prepared false and fraudulent loan applications and supporting documentation for submission to lending institutions in the names of the purchasers, making material false and fraudulent representations and omissions of fact therein;

d. Defendants submitted false and fraudulent loan applications, appraisals, documentation, and other representations to lending institutions, making material false and fraudulent representations and omissions of fact therein, including that the borrowers made down payments and, in some instances, that the purchases were refinances;

e. Defendants caused lending institutions to approve said loan applications in reliance on the material false and fraudulent representations and omissions of fact;

f. Defendants caused lending institutions to wire loan proceeds in interstate commerce from other locations into the State of Missouri; and

g. Defendants obtained personal benefit from the proceeds of the loans and from fees and commissions resulting therefrom.

4. It was part of the scheme to defraud that, in order to repay a loan obtained in December 2000, between in or about December 2000 and early 2001, defendants agreed to raise money by a property-flipping scheme that involved defendant CARL LONG purchasing duplexes in the Westwind Properties development, Lee's Summit, Missouri, for \$114,000; obtaining inflated appraisals for

the duplexes, valuing them at \$158,400 based on inflated rental figures and false lease agreements; finding purchasers for the duplexes; preparing false loan applications and Settlement Statements for submission to the lending institutions; and paying the down payment for the purchasers at closing.

5. It was further part of the scheme that, from on or about December 2000 through 2001, in relation to the Westwind duplex development, Lee's Summit, Missouri, defendants discussed using inflated rent figures to justify inflated appraisals, calculated the amount of money to be made off the scheme, and calculated the false rent figures needed to obtain the appraised property values necessary to obtain the desired money from the closings.

6. It was further part of the scheme that between in or about late 2000 and in or about August 20, 2003, defendants made and caused to be made material false and fraudulent representations and promises to individuals in order to induce them to purchase real estate, including that they would pay no down payment for the properties, would have no expenses or obligations in connection with the properties, would be paid money at closing, and by other material false and fraudulent representations and omissions of fact.

7. It was further part of the scheme that, during December 2000, defendant CARL LONG ordered appraisals of some of the duplexes to be sold and provided the false rent information to the appraiser for use in preparing the appraisals.

8. It was further part of the scheme that from 2001 to 2003, defendants ANTHONY LONG and MEDLIN ordered appraisals of some of the duplexes to be sold, and created and caused to be created false HUD-1 Settlement Statements and false lease agreements to support inflated appraisals, and caused the false HUD-1 Settlement Statements and false lease agreements to be submitted to lending institutions.

9. It was further part of the scheme that between in or about December 2000 and August 20, 2003, defendants ANTHONY LONG and MEDLIN created false contracts for deeds, which they caused to be recorded as sales in the Multiple Listing Service database to support inflated appraisals of the properties.

10. It was further part of the scheme that between on or about February 22, 2001, and April 17, 2001, defendant CARL LONG in the name Haven Development Corp. purchased eight duplexes for \$114,000 each and on the same day sold each duplex to defendant MEDLIN for \$157,000, and in connection therewith defendant CARL LONG made material false statements on the HUD-1 Settlement Statements, that is, he falsely certified that the statements were true and accurate statements of all receipts and disbursements, whereas defendant CARL LONG knew the down payments were not funded by defendant MEDLIN as reflected on the HUD-1 Settlement Statements.

11. It was further part of the scheme that between on or about February 22, 2001, and April 17, 2001, defendant CARL LONG received loan proceeds from which he paid or caused to be paid to

defendant MEDLIN the down payments defendant MEDLIN represented on HUD-1 Settlement Statements he had paid on the Westwind properties he acquired.

12. It was further part of the scheme that between on or about February 22, 2001, and April 17, 2001, having obtained loan proceeds in eight instances based on the inflated appraisals and false representations, defendants CARL LONG and MEDLIN split the proceeds between themselves.

13. It was further part of the scheme that between on or about April 17, 2001, and May 18, 2001, defendant MEDLIN, personally and through M&R Construction LLC, purchased seven duplexes and resold the units the same day to relatives with an average mark-up of 68%, and in loans obtained in connection therewith made material false statements on the HUD-1 Settlement Statements, that is, he falsely certified that the statements were true and accurate statements of all receipts and disbursements, whereas defendant MEDLIN knew the down payments were not funded by him as reflected on the HUD-1 Settlement Statements.

14. It was further part of the scheme that between on or about February 22, 2001, and November 27, 2002, in relation to sales of Westwind duplexes, defendants submitted and caused to be submitted to lending institutions 35 false and fraudulent loan applications for total loan amounts of \$5,075,030, in reliance on which the lending institutions approved the loans and transferred

funds in interstate commerce, and defendants paid on behalf of the borrowers a total of \$424,796.56 in down payments.

15. It was further part of the scheme that between on or about October 31, 2002, and November 1, 2002, in four instances when property sales were falsely characterized as refinances, defendants ANTHONY LONG and MEDLIN caused to be reflected on HUD-1 Settlement Statements that sellers were to be paid "management fees," thereby ensuring sellers were paid money at closing.

16. It was further part of the scheme that between on or about April 17, 2001, and August 20, 2003, with the knowledge and concurrence of defendant CARL LONG, defendants ANTHONY LONG and MEDLIN continued the scheme described in the preceding paragraphs in relation to the Westvale Properties duplex development, located in Lee's Summit, Missouri, that is,

a. They created and provided to the appraiser false lease agreements, false rental information, and false property sale information, causing inflated appraisals to be prepared and submitted with loan applications;

b. They caused the false lease agreements to be submitted to lending institutions;

c. They caused false sales to be entered in the Multiple Listing Service database;

d. They caused false loan applications to be submitted to lending institutions;

e. They caused false HUD-1 Settlement Statements to be prepared and submitted to lending institutions;

f. They paid or reimbursed borrowers for down payments due in connection with the purchase of properties; and

g. They falsely characterized initial purchases of properties as refinances, placing the buyers' names on title by means of a contract for deed before applying for a loan so that buyers could submit loan applications as refinances and misrepresenting obligations of the sellers as obligations of the buyers, thereby avoiding the requirement that the buyers make down payments in connection with their purchases and thereby also making the loan application subject to less scrutiny by the lending institutions.

17. It was further part of the scheme that between on or about May 31, 2001, and December 9, 2002, as a result of and in reliance on the false and fraudulent loan applications and misrepresentations in connection with the Westvale Properties, defendants caused lending institutions to approve and fund 59 loans in the total loan amount of \$7,554,560, transferring funds in interstate commerce by wire transfer and otherwise, and defendants made down payments of \$209,707.27 in connection with those loans.

18. Between on or about September 25, 2001, and July 24, 2003, defendants ANTHONY LONG and MEDLIN continued the scheme described in the preceding paragraphs in relation to the Viking Place Properties duplex developments, located in Independence, Missouri, that is,

a. They created and provided to the appraiser false lease agreements, false rental information, and false property sale information, causing inflated appraisals to be prepared and submitted with loan applications;

b. They caused the false lease agreements to be submitted to lending institutions;

c. They caused false sales to be entered in the Multiple Listing Service database;

d. They caused false loan applications to be submitted to lending institutions;

e. They caused false HUD-1 Settlement Statements to be prepared and submitted to lending institutions;

f. They paid or reimbursed borrowers for down payments due in connection with the purchase of properties; and

g. They falsely characterized initial purchases of properties as refinances, placing the buyer's name on title by means of a contract for deed before applying for a loan so that the buyer could submit loan applications as refinances, misrepresenting obligations of the seller as obligations of the buyer, and misrepresenting the date of acquisition of the property and the cost of acquisition, thereby avoiding the requirement that the buyer make down payments in connection with the purchases and thereby also making the loan application subject to less scrutiny by the lending institutions.

19. It was further part of the scheme that between on or about September 25, 2001, and July 24, 2003, as a result of and

in reliance on the false and fraudulent loan applications and misrepresentations in connection with the Viking Place Properties, defendants ANTHONY LONG and MEDLIN caused lending institutions to fund 26 loans in the total loan amount of \$5,317,480, transferring funds in interstate commerce by wire transfer and otherwise, and defendants made down payments of \$350,702.50 in connection with those loans.

20. It was further part of the scheme that between on or about December 4, 2000, and August 20, 2003, defendants caused to be submitted to lending institutions a total of 120 false and fraudulent loan applications in the names of the investor-purchasers, which contained material false and fraudulent representations and omissions of fact, in reliance on which lending institutions made loans in the total amount of \$17,947,070, transferring the funds in interstate commerce, and in connection therewith defendants paid on behalf of the borrowers down payments of \$985,206.33.

21. As a result of the scheme to defraud, between on or about December 4, 2000, and August 20, 2003, defendants obtained, and caused to be obtained, funds, credits and other property in the approximate total amount of \$6,898,548.

22. In furtherance of and for the purpose of executing the aforesaid scheme, on or about May 18, 2001, at Lee's Summit, in the Western District of Missouri, and elsewhere, defendants ANTHONY EDWARD LONG, MITCHELL DAVID MEDLIN, and CARL EDWARD LONG knowingly and willfully caused to be transmitted by means of wire

communication in interstate commerce, between Troy Michigan, and Lee's Summit, Missouri, funds, writings, signs, and signals, that is, the transfer by wire from Flagstar Bank, Troy, Michigan, to Bank of America, Lee's Summit, Missouri, for credit to the account of Metro One Title, of \$111,754.94, which funds were in connection with the sale of 410 Westwind Drive, Lee's Summit, Missouri, which M&R Construction purchased that day for \$85,000 from JTL Properties and sold on the same day for \$125,700, a 68% mark-up, to family members of defendant MEDLIN.

All in violation of Title 18, United States Code, Section 1343.

COUNT TWO

1. The United States Attorney incorporates by reference paragraphs one through 21 of Count One of this Information as if fully set forth herein.

2. On or about May 18, 2001, at Kansas City, in the Western District of Missouri, and elsewhere, defendants ANTHONY EDWARD LONG, MITCHELL DAVID MEDLIN, and CARL EDWARD LONG, did knowingly engage and cause to be engaged in a monetary transaction affecting interstate commerce, in criminally derived property of a value greater than \$10,000, that is,

A. On May 18, 2001, defendant MEDLIN received \$80,008 from Metro One Title and deposited the funds to the account of M&R Construction LLC, which funds were the proceeds of the \$111,754.94 wire transferred on May 18, 2001, as described in paragraph 22 of Count One;

B. Thereafter, on May 18, 2001, defendant MEDLIN purchased, and defendants ANTHONY LONG and CARL LONG caused to be purchased, a cashier's check in the amount of \$27,211.70 from Blue Ridge Bank and Trust Co., a federally-insured bank, payable to cash, using funds from the account of M&R Construction LLC at the said bank to make the purchase;

C. Thereafter, on May 18, 2001, defendant delivered and caused to be delivered the cashier's check for \$27,211.70 to Metro One Title for the down payment on two properties being purchased by family members of defendant MEDLIN; and

D. The funds used to purchase the said cashier's check had been derived from a specified unlawful activity, that is, wire fraud as alleged in Count One of this Information.

All in violation of Title 18, United States Code, Sections 1957 and 2.

COUNT THREE

1. The United States Attorney realleges and incorporates by reference the allegations in paragraph one, Count One of this Information as if fully set forth herein.

2. Beginning on or about March 2000, and continuing to on or about July 15, 2004, at Independence and Kansas City, in the Western District of Missouri, and elsewhere, defendant CARL EDWARD LONG knowingly executed a scheme and artifice to defraud and to obtain money, funds, credits, and other property by means of material false and fraudulent pretenses and representations.

3. It was part of the scheme to defraud that defendant CARL EDWARD LONG solicited individuals to invest in Community HomeBanc and Live Interactive Network Connection, a company owned and operated by defendant for the purpose of providing Internet banking services for Community HomeBanc, by means of material false and fraudulent pretenses and representations, including but not limited to funds invested that would be used to purchase computer equipment and assist Community HomeBanc in becoming a publicly-traded entity.

4. It was further part of the scheme that in June 2000 defendant obtained approximately \$79,500.86 from investors, who invested in reliance on the material false and fraudulent pretenses and representations.

5. It was further part of the scheme that defendant misapplied the said funds, using the majority of the funds for his personal benefit and not for the purposes represented when defendant solicited the investments.

6. It was further part of the scheme that defendant thereafter concealed his fraud by oral and written misrepresentations and promises.

7. On or about October 30, 2002, in the Western District of Missouri, and elsewhere, defendant CARL EDWARD LONG, in furtherance of and for the purpose of executing the aforesaid scheme, knowingly and willfully transmitted and caused to be transmitted by means of wire communication in interstate commerce, between the Western District of Missouri and Bonita Springs, Florida, writings, signs, and signals, for the purpose

of executing such scheme, in that on or about October 30, 2002, defendant sent a letter by facsimile transmission from Bonita Springs, Florida, to Terry Merrill at xxx-xxx-xxxx in the Western District of Missouri, dated October 26, 2002, in which he represented that the investors' funds had not been repaid due to financial problems experienced by Community HomeBanc but that defendant would repay the funds from monies he earned.

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

Todd P. Graves
United States Attorney

By */s/ Linda Parker Marshall*

Linda Parker Marshall
Assistant United States Attorney