

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA
Criminal No. 07-213 (JMR/JJG)

REDACTED

UNITED STATES OF AMERICA,)	SUPERSEDING INDICTMENT
)	
Plaintiff,)	(18 U.S.C. § 1343)
)	(18 U.S.C. § 1956(a)(1)(A)(i))
v.)	(26 U.S.C. § 7203)
)	(18 U.S.C. § 1957)
1. MOLLY L. HEISE and)	(18 U.S.C. § 982(a)(1))
2. CHRISTINE A. HEIN,)	
)	
Defendants.)	

THE UNITED STATES GRAND JURY CHARGES THAT:

BACKGROUND

1. At all times relevant to this Superseding Indictment, defendants Molly L. Heise and Christine A. Hein were individual residents of Greenfield, Minnesota, and Buffalo, Minnesota, respectively.

2. From and after June of 2002, defendant Heise was the sole shareholder and President of Profile Title & Escrow Corporation ("Profile"), a Minnesota Corporation that closed real estate transactions for its clients at offices located in New Hope and Bloomington, Minnesota, and accepted wire transfers and check deposits from buyers and lenders to be held in trust for the purpose of closing such real estate transactions.

3. From and after June of 2002, defendant Hein was the Chief Financial Officer of Profile responsible for accounting for and reconciling monies held in trust by Profile to close real estate transactions.

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U.S. DISTRICT COURT MPLS

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JUDGMENT ENTD _____
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4. At all times relevant to this Superseding Indictment, Chicago Title Insurance Company ("Chicago Title") issued title insurance policies through its agents such as Profile and provided underwriting services to businesses such as Profile engaged in the business of closing real estate transactions.

5. From and after June of 2002, Chicago Title acted as the sole title insurer and underwriter for Profile, and authorized Profile to act as its agent in issuing title insurance policies on properties with respect to which Profile performed closing services.

6. At all relevant times, Profile was required to submit a settlement statement on a Form HUD-1 (the "HUD-1") to each lending institution advancing funds for a particular transaction setting forth precisely how Profile was to disburse loaned funds at the closing of the transaction, including the nature and the amount of all fees to be paid to Profile for its services and, in each case, the lender relied upon the HUD-1 in deciding whether or not to fund a particular loan.

7. In performing underwriting services for Profile, Chicago Title issued closing protection letters for certain of the transactions closed by Profile in which Chicago Title agreed to reimburse the lender involved in the transaction for losses arising out of Profile's failure to abide by the closing instructions given

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by the lender or arising out of Profile's fraud, dishonesty or negligence. In return for rendering such services, Chicago Title required Profile, Heise and Hein to deposit all of the funds received from lenders or others into a particular escrow account, namely, Eagle Valley account number XXX-XXX in the name of "Profile Title & Escrow Corporation Escrow Account" (the "Eagle Valley Escrow Account") to be used solely to close those real estate transactions to which the funds related.

8. In or about June of 2002, Chicago Title conducted a formal training of Heise and Hein with respect to accounting for and reconciling escrow accounts, and required Heise and Hein strictly to adhere to such standards with respect to monies deposited into the Eagle Valley Escrow Account.

THE SCHEME

9. Beginning in approximately June of 2002 and continuing through January of 2004, in the State and District of Minnesota, the defendants,

**MOLLY L. HEISE and
CHRISTINE A. HEIN,**

each aiding and abetting the other, did unlawfully, willingly and knowingly devise and intend to devise a scheme and artifice to defraud i) Chicago Title, ii) the clients of Profile, and iii) the lenders of Profile's clients, and to obtain money and property by

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means of false and fraudulent pretenses from I) Chicago Title, ii) the clients of Profile and iii) the lenders of Profile's clients by means of false and fraudulent pretenses, representations and promises and the concealment of material facts.

10. It was part of the scheme and artifice to defraud Chicago Title that, in or about June of 2002, defendant Heise owned and controlled account number XXX-XXX at Eastbank in the name of "Profile Title & Escrow Corp. Escrow Account - Bloomington" (hereinafter, the "Eastbank Escrow Account") which she utilized as a secret depository for funds coming in from various lenders without the knowledge of Chicago Title.

11. It was part of the scheme and artifice to defraud Chicago Title that, although defendants Heise and Hein maintained the Eagle Valley Escrow Account in apparent scrupulous adherence to the training provided by Chicago Title from June of 2002 through December of 2003, the defendants caused more than \$370 million in loan proceeds to be deposited secretly into the Eastbank Escrow Account in direct violation of Chicago Title's instruction that all of Profile's loan proceeds be deposited into the Eagle Valley Escrow Account.

12. It was further part of the scheme and artifice to defraud Chicago Title and the lenders of Profile's clients that, between June of 2002 and January of 2004, and despite Profile's

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representations in the HUD-1s that Profile and Heise would be paid standard closing-services fees, defendant Heise transferred over \$2 million from the Eastbank Escrow Account into account number XXX-XXX at US Bank in the name of "Molly L. Heise sole Prop Integrity Title Services" (the "Integrity Account"), which she then used to pay personal expenses.

13. It was part of the scheme and artifice to defraud that, in some cases, defendant Heise deposited the proceeds of Profiles' customers' loans directly into the Integrity Account.

14. It was part of the scheme and artifice to defraud Chicago Title, Profile's clients and its clients' lenders that, from December 12, 2003 through January of 2004, and after Chicago Title withdrew as Profile's underwriter and revoked Profile's authority to act on its behalf, defendants Heise and Hein continued without Chicago Title's knowledge to operate as though Chicago Title continued to function as Profile's underwriter by, among other things, issuing counterfeit Chicago Title closing protection letters to its clients' lenders in connection with real estate transactions.

15. It was part of the scheme and artifice to defraud certain clients of Profile who were selling real property not to pay off prior loans encumbering the real property despite representations by Profile in the HUD-1 that such prior loans would be paid.

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16. It was part of the scheme and artifice to defraud the lenders of Profile's clients that, after approximately June of 2003, Profile failed to file hundreds of mortgages with the county recorder's offices because Heise and Hein had embezzled the funds designated on the HUD-1s to pay the state deed tax, the mortgage registration tax and the recording fees required to file such mortgages.

17. It was part of the scheme and artifice to defraud that, from between December of 2003 though January of 2004, defendant Hein sent and caused to be sent lulling letters to certain customers of Profile whose liens Profile failed to satisfy, falsely assuring them that Profile had the funds and the intention to pay off such liens when, in fact, Profile was insolvent at the time Hein wrote such letters and had no ability to pay off such liens.

18. It was part of the scheme and artifice to defraud that defendant Hein falsified entries in the ledger relating to expenditures from the Eagle Valley Escrow Account to conceal from Chicago Title unauthorized payments to an unindicted coconspirator made from that account.

19. It was part of the scheme and artifice to defraud that, when the defendants' scheme began to collapse, the defendants caused checks to be sent to certain sellers of real estate, and

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their lenders, which were not backed by sufficient funds and which they knew would bounce.

THE WIRES

(18 U.S.C. §1343: FRAUD BY MEANS OF INTERSTATE WIRE)

20. On or about the dates set forth below, in the State and District of Minnesota, the defendants,

**MOLLY L. HEISE and
CHRISTINE A. HEIN,**

for the purpose of executing the aforementioned scheme to defraud, did knowingly transmit and cause to be transmitted in interstate commerce, by means of wire communications, certain signals and sounds, as further described below:

COUNT	ON OR ABOUT DATE	WIRE COMMUNICATION	FOR THE BENEFIT OF THE REAL ESTATE TRANSACTION RELATED TO THE INDICATED ADDRESS
1	October 20, 2003	Wire transfer of \$153,911.51 from Principal Residential Mortgage to Eastbank Escrow Account (wired to Minnesota from Iowa)	XXX-XXX Cottage Grove, MN 55016
2	October 27, 2003	Wire transfer of \$263,264.07 from Principal Residential Mortgage to Eastbank Escrow Account (wired to Minnesota from Iowa)	XXX-XXX Woodbury, MN 55125
3	November 20, 2003	Wire transfer of \$171,562.40 from Long Beach Mortgage to Eastbank Escrow Account (wired to Minnesota from Texas)	XXX-XXX Minneapolis, MN 55407

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COUNT	ON OR ABOUT DATE	WIRE COMMUNICATION	FOR THE BENEFIT OF THE REAL ESTATE TRANSACTION RELATED TO THE INDICATED ADDRESS
4	December 15, 2003	Wire transfer of \$134,461.73 from Principal Residential Mortgage to Eastbank Escrow Account (wired to Minnesota from Iowa)	XXX-XXX Minnetonka, MN 55345
5	January 14, 2004	Wire transfer of \$582,277.22 from Long Beach Mortgage to Eastbank Escrow Account (wired to Minnesota from Texas)	XXX-XXX Shorewood, MN 55331

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

COUNTS 6-8

(18 U.S.C. § 1957: Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity)

21. The grand jury realleges and incorporates by reference paragraphs 1 through 19 of this Superseding Indictment as though fully stated herein for purposes of alleging counts 6-8.

22. At all times relevant to this Superseding Indictment, the Integrity Account contained proceeds of the wire fraud scheme described in paragraphs 1 through 19 above.

23. On or about the dates set forth in the table below, in the State and District of Minnesota, the indicated defendant did knowingly engage in a monetary transaction by and through a financial institution affecting interstate and foreign commerce in criminally derived property of a value greater than \$10,000.00

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which was derived from specified unlawful activity, that is, the wire fraud scheme described in paragraphs 1 through 19 above.

COUNT	DEFENDANT RESPONSIBLE FOR TRANSACTION	NATURE OF TRANSACTION	ACCOUNT INVOLVED IN TRANSACTION	PURPOSE OF TRANSACTION
6	Molly L. Heise	Check 2456 dated 6/27/2002 in the amount of \$66,874.94 payable to cash.	Integrity Title	Down payment for Greenfield house
7	Molly L. Heise	Check 2458 dated 7/01/2002 in the amount of \$12,125.06 payable to cash.	Integrity Title	Down payment for Greenfield house
8	Christine A. Hein	Check 74137 dated 8/18/2003 in the amount of \$134,965.85 payable to Upland Mortgage.	Eastbank Escrow	Down payment for Buffalo house

All in violation of Title 18, United States Code, Section 1957.

COUNT 9

(18 U.S.C. §1956(a)(1)(A)(i): Promotion Money Laundering)

24. The Grand Jury realleges and incorporates by reference paragraphs 1-19 above as though fully stated in this Count.

25. On or about November 20, 2003, in the State and District of Minnesota, the defendants,

**MOLLY L. HEISE and
CHRISTINE A. HEIN,**

did knowingly conduct a financial transaction affecting interstate and foreign commerce which involved the proceeds of a specified unlawful activity, that is, the wire fraud scheme described in

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paragraphs 1-19 of this Superseding Indictment, with the intent to promote the carrying on of a specified unlawful activity, namely, the continuing scheme to steal funds from the lenders of Profile's clients, and knowing that the property involved in the financial transaction represented the proceeds of some form of unlawful activity, namely, on November 20, 2003, defendant Heise wrote check 3006 drawn on the Integrity Account in the amount of \$47,000 payable to Profile Financial Services and defendant Hein deposited the said check into the US Bank account of Profile Financial Services to generate more business for Profile.

All in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i) and 2 and 1956(c)(7)(D).

COUNT 10

(26 U.S.C. § 7203: Willful Failure to File Federal Individual Tax Return)

26. On or about April 15, 2003, in the State and District of Minnesota, the defendant,

MOLLY L. HEISE,

an individual required under Title 26 of the United States Code to make a federal individual income tax return for the taxable year ended December 31, 2002, did willfully fail to make such federal individual income tax return at the time required by law and regulations, specifically, April 15, 2003.

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All in violation of Title 26, United States Code, Section 7203.

COUNT 11

(26 U.S.C. § 7203: Willful Failure to File Federal Individual Tax Return)

27. On or about April 15, 2004, in the State and District of Minnesota, the defendant,

MOLLY L. HEISE,

an individual required under Title 26 of the United States Code to make a federal individual income tax return for the taxable year ended December 31, 2003, did willfully fail to make such federal individual income tax return at the time required by law and regulations, specifically, April 15, 2004, all in violation of Title 26, United States Code, Section 7203.

All in violation of Title 26, United States Code, Section 7203.

Forfeiture Allegations

If convicted of any of Counts 1-5 of this Indictment, the defendants shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(2)(A), any property constituting, or derived from, proceeds obtained directly or

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indirectly as a result of the violations of Title 18, United States Code, Section 1343.

If convicted of any of Counts 6-9 of this Indictment, the defendants shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1) all property, real or personal, involved in said money laundering violations and all property traceable to such property, including the sum of money involved in each of Counts 6-9.

If any of the above-described forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

All in violation of Title 18, United States Code, Sections 982(a)(1), 982(a)(2)(A), 1343, 1956(a)(1)(A)(i), and 1957.

A TRUE BILL

UNITED STATES ATTORNEY

FOREPERSON