

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS

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UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
LYDELL A. FLOWERS,)
)
Defendant.)

U.S. DISTRICT COURT
BY mfmad DEPUTY
ATTORNEY GENERAL

Case No. 07-20160-01-CM-JPU

INFORMATION

At all times relevant to the charges in this Information:

COUNT ONE

I. THE CONSPIRACY

1. During the period from on or about October, 2002, and continuing until in or about January, 2004, the exact dates being unknown, in the District of Kansas and elsewhere, the defendant,

LYDELL A. FLOWERS,

knowingly and willfully conspired and agreed with other persons known and unknown, to commit and to conceal an offense against the United States, that is: to commit the crime of conspiracy to commit money laundering in violation of Title 18, United States Code, Section 1956(h).

II. MANNER AND MEANS OF THE CONSPIRACY

2. It was part of the conspiracy and in furtherance of it that the defendant, while employed as an apprentice real estate appraiser for various business entities would submit

and cause to be submitted false and fraudulent loan applications and property appraisals to lenders to obtain money and funds and would aid and abet the transfer of all or part of the proceeds to bank accounts controlled by other conspirators so that the funds would be available for the conspirators' own use.

3. During the course of the conspiracy, the conspirators would target borrowers, often low-income individuals or those lacking knowledge of or experience with the real estate industry, who were in need of money or were seeking to purchase a home. The conspirators would process those loans through various entities owned or controlled by one or more of the conspirators, including T.E.R.M. Appraisals, Ryan Miller Appraisals, and J.T.F. Enterprises.

4. The conspirators would convince the borrowers to apply for real estate loans or refinancing by promising them that a loan could be obtained for them regardless of their credit rating and financial situation. The conspirators failed to disclose to the borrowers that the loans would be obtained through the use of fraudulently inflated real estate appraisals and false financial information. Additionally, at or near the time of closing, the conspirators would also impose excessive and unexpected loan origination fees, appraisal fees and higher interest rates on the borrowers.

5. During the conspiracy the conspirators knowingly submitted false and fraudulent property appraisal reports to various lenders. Many of the appraisal reports submitted contained inflated property values and contained the forged signatures of licensed appraisers whose identities had been stolen. The conspirators obtained the identity of licensed appraisers by searching internet web sites for legitimate appraisers and appropriating their identifying information and legitimate state license numbers found on

those sites. Additionally, the conspirators, using a "cut and paste" method, appropriated the names, license numbers and signatures of legitimate appraisers which were then transferred to false appraisal reports and submitted to lenders.

6. The fraudulent appraisal reports and loan applications were submitted by the conspirators to the lenders via wire transmissions or through the U.S. mails or private commercial carriers. After the fraudulent loans were closed, the loan proceeds were transported across state lines via wire transfers or by mail carriers and some of those proceeds were disbursed to the conspirators.

III. OVERT ACTS

7. It was part of the conspiracy and in furtherance of it that the defendants committed and caused to be committed the following overt acts:

8. On or about September 26, 2003, the defendant, Lydell A. Flowers, prepared and submitted an appraisal on a residence located in the 7000 block of Kensington, Kansas City, Missouri, knowing that the value of the residence had been inflated and that the signature of the supervisory appraiser had been forged on the document and knowing that the appraisal would be sent from JTF Enterprises in Kansas City, Missouri, to Legacy Enterprises in Overland Park, Kansas, and then to Hamilton Mortgage in Phoenix, Arizona, as part of a packet of loan documents needed to secure a mortgage loan on the property;

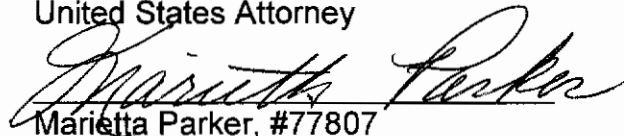
9. On or about October 20, 2003, loan proceeds in the amount of \$63,405.23 derived from the sale of the property located in the 7000 block of Kensington, Kansas City, Missouri, were transmitted by wire from the bank account of Hamilton Mortgage in Chicago, Illinois, to the bank account of Realty Title Company in Independence, Missouri;

10. On or about October 21, 2003, with the intent to promote the carrying on of specified unlawful activity, the defendant caused and aided and abetted a monetary transaction involving the proceeds of a specified unlawful activity, that is; wire fraud, in violation of Title 18, United States Code, Section 1343 and mail fraud in violation of Title 18, United States Code, Section 1341, which monetary transaction was the deposit of funds fraudulently obtained from a loan by Hamilton Mortgage on property located in the 7000 block of Kensington, Kansas City, Missouri, that is, a deposit in the amount of \$745 by check No. 10-152551 drawn on the account of Realty Title Company at Hillcrest Bank in Independence, Missouri into the bank account of The Brown Insurance Agency at Brotherhood Bank in Kansas City, Kansas;

All in violation of Title 18, United States Code, Section 1956(h).

Respectfully submitted,

Eric F. Melgren
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Penalties

Count 1: 18 U.S.C. §1956
Class C Felony

- NMT 20 years incarceration;
- \$500,000 fine or twice the value of the property involved in the transaction, whichever is greater;
- NMT 3 years supervised release;
- mandatory \$100 special assessment for each count of conviction