

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

UNITED STATES OF AMERICA)	
)	Criminal No. 08-50
v.)	
)	(18 U.S.C. § 371)
JAMES ANDREW SPIKE)	[UNDER SEAL]

THE INDICTMENT

The Grand Jury Charges:

At all times material to this Indictment:

INTRODUCTION

1. Defendant JAMES ANDREW SPIKE was a mortgage loan borrower from Encore Credit Corporation, a national mortgage lender, located in Irvine, California.

2. An individual, identified as MMP, jointly operated with Tiffany Lynn Sprouts a business named Sprouts Mortgage, LLC, which was located in Pleasant Hills, Pennsylvania.

COUNT ONE

THE CONSPIRACY AND ITS OBJECTS

3. From in or around March 2005, and continuing thereafter until in or around December 2006, in the Western District of Pennsylvania and elsewhere, defendant JAMES ANDREW SPIKE, knowingly and willfully did conspire, combine, confederate and agree with persons known and unknown to the Grand Jury, to commit offenses against the United States, that is:

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(a) Mail Fraud, in violation of Title 18, United States Code, Section 1341;

(b) Wire Fraud, in violation of Title 18, United States Code, Section 1343;

(c) Bank Fraud, in violation of Title 18, United States Code, Section 1344; and

(d) Money Laundering, in violation of Title 18, United States Code, Section 1956.

MANNER AND MEANS OF THE CONSPIRACY

4. It was a part of the conspiracy that MMP and Tiffany Lynn Sprouts through Sprouts Mortgage recruited straw buyers, including JAMES ANDREW SPIKE, with favorable credit scores to separately apply for mortgage loans from various financial and mortgage lending institutions to purchase residential real estate selected by MMP and Tiffany Lynn Sprouts located in southwestern Pennsylvania in exchange for a portion of the loan proceeds.

5. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts created and obtained false and fraudulent documents in connection with the mortgage loans.

6. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts created and obtained the documents to falsely inflate the straw buyers' employment and financial condition, to overstate income and assets, in order to increase the dollar amount that could be borrowed against the properties.

7. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts used appraisals with an inflated opinion of market value of the properties in order to increase the dollar amount that could be borrowed against the properties.

8. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts directed defendant JAMES ANDREW SPIKE to sign some of the false and fraudulent documents.

9. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts submitted the false and fraudulent documents to the financial and mortgage lending institutions by United States mail, including overnight delivery, by interstate wire transmissions, and in person.

10. It was further a part of the conspiracy that Tiffany Lynn Sprouts purchased a single family residential property located on Scenery Ridge Drive, Pittsburgh, Pennsylvania.

11. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts, directed defendant JAMES ANDREW SPIKE, to apply to Encore Credit Corporation for a mortgage loan to be secured by and to purchase the property on Scenery Ridge Drive.

12. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts temporarily deposited funds into a checking account owned by defendant JAMES ANDREW SPIKE to make it falsely appear that defendant JAMES ANDREW SPIKE had sufficient assets of his own to qualify for the loan and make the down payment.

13. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts directed defendant JAMES ANDREW SPIKE to falsely represent to the mortgage lender that the property was to be the primary residence of defendant JAMES ANDREW SPIKE.

14. It was further a part of the conspiracy that MMP and Tiffany Lynn Sprouts sold, at an inflated price, the Scenery Ridge Drive property to defendant JAMES ANDREW SPIKE.

15. It was further a part of the conspiracy that MMP, Tiffany Lynn Sprouts and defendant JAMES ANDREW SPIKE made some loan repayments to lull the mortgage lender into believing that the loans would be repaid and to deter further examination and to avoid foreclosure of the loan.

16. It was further a part of the conspiracy that MMP, Tiffany Lynn Sprouts and defendant JAMES ANDREW SPIKE took some of the loan proceeds for their own use and benefit, including the purchase of additional properties and to further the scheme, and to the loss and detriment of the mortgage lender.

OVERT ACTS

17. In furtherance of the conspiracy, and to effect the objects of the conspiracy, defendant JAMES ANDREW SPIKE, MMP and Tiffany Lynn Sprouts, did commit and cause to be committed, the following overt acts, among others, in the Western District of Pennsylvania:

(a) In or around September 2005, defendant JAMES ANDREW SPIKE cashed a check for \$6,000 drawn on First National Bank issued to him from an individual identified as MS;

(b) In or around September 2005, defendant JAMES ANDREW SPIKE accepted into his checking account at National City Bank a wire transfer for \$49,900 drawn on National City Bank issued by a straw buyer identified as EM;

(c) In or around September 2005, defendant JAMES ANDREW SPIKE deposited into his checking account at National City Bank a check for \$34,000 drawn on First Commonwealth Bank by a straw buyer identified as EM;

(d) In or around October 2005, defendant JAMES ANDREW SPIKE signed an application for a mortgage loan to Encore Credit Corporation to be secured by the Scenery Ridge Drive property;

(e) In or around October 2005, defendant JAMES ANDREW SPIKE issued from his National City Bank account a check for \$22,560 to purchase a cashier's check for closing costs;

(f) In or around October 2005, defendant JAMES ANDREW SPIKE obtained a \$521,500 mortgage loan from Encore Credit Corporation secured by and to purchase the property located on Scenery Ridge Drive;

(g) In or around October 2005, defendant JAMES ANDREW SPIKE signed a settlement statement in connection with the purchase of the property;

(h) In or around October 2005, defendant JAMES ANDREW SPIKE issued from his National City Bank checking account a check for \$4,000 to a straw buyer identified as MS;

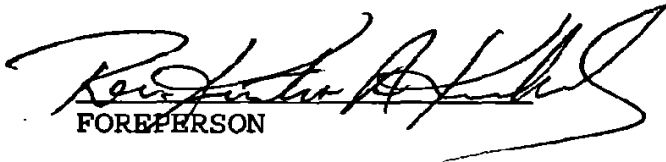
(i) In or around November 2005, defendant JAMES ANDREW SPIKE authorized a debit to his checking account at National City Bank for \$50,000 for benefit of Tiffany Lynn Sprouts;


(j) In or around January 2006, defendant JAMES ANDREW SPIKE deposited two checks totaling \$185,137 into his account at National City Bank; and

(k) In or around January 2006, defendant JAMES ANDREW SPIKE transferred \$185,137 from his National City Bank account for the benefit of Tiffany Lynn Sprouts.

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

True Bill,


FOREPERSON


MARY BETH BUCHANAN
United States Attorney
PA ID No. 50254