

FILED

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U. S. DISTRICT COURT
E. DISTRICT OF MO.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 v.) No.
)
 CHRISTOPHER RAKEL,)
)
 Defendant.)

4:07CR00653 CAS

INDICTMENT

**COUNT I
(Conspiracy)**

The Grand Jury charges that:

A. Introduction

1. At all relevant times, D. D., an individual known to the Grand Jury was engaged in the real estate business in St. Louis, Missouri within the Eastern District of Missouri.

2. At all relevant times, defendant Christopher Rakel ("Rakel") was engaged in the real estate business in St. Louis, Missouri within the Eastern District of Missouri as a mortgage broker and loan officer.

3. At all relevant times, part of D.D.'s business included the sale of homes in the St. Louis area. D.D. specialized in "distressed" or "as is" residential properties whose owners were generally interested in selling homes quickly and with little or no maintenance or improvements. Because of their special conditions, sellers were generally willing to sell "distressed" or "as is" properties at below market value.

4. This market of favorably priced real estate to which D.D. had access provided an opportunity. By matching distressed sellers with prospective real estate investors, D.D. and others exploited the difference between what a distressed seller was willing to take for a property and what a prospective investor, induced by special deals arranged by D.D. and others including the defendant, was willing to pay, i.e., the "spread."

B. The Conspiracy

5. Between on or about December 7, 2005 and the date of this indictment,

CHRISTOPHER RAKEL,

the defendants herein, and others known and unknown to the Grand Jury did knowingly conspire, combine, confederate and agree with each other and others known and unknown to the Grand Jury to commit offenses against the United States, to wit:

a. bank fraud in violation of Title 18, United States Code Section 1344, by devising a scheme and artifice to defraud financial institutions of money by means of false pretenses and material misrepresentations of fact;

b. mail fraud in violation of Title 18, United States Code Section 1341, by devising a scheme and artifice to defraud others out of money and things of value by means of false and fraudulent pretenses, representations and promises and to use the Postal Service and interstate commercial carriers in furtherance and execution of said scheme; and

c. wire fraud in violation of Title 18, United States Code Section 1343, by devising a scheme and artifice to defraud others out of money and things of value by means of false and fraudulent pretenses, representations and promises and transmitting wire and radio communications in and affecting interstate or foreign commerce in furtherance of said scheme.

C. Manner and Means of the Conspiracy

6. It was part of the conspiracy that, in order to exploit the spread, D.D. and others would tell a seller of distressed property that he had found a buyer at a particular price. D.D. would then tell the buyer that he could buy that same property at a different, much higher price. D.D. and others would then alter the sales contract price to which the seller agreed, producing a spread. D.D. would use this spread to pay himself (either directly or through businesses he controlled), other conspirators and, usually, the buyers. Buyers were often convinced to buy properties by D.D.'s promise of extra cash at closing which the buyers, who planned to rent the properties, could use for maintenance expenses or to cover periods of vacancy.

7. It was part of the conspiracy that, in order to obtain financing for his buyers, D.D. and others made multiple material misstatements of facts throughout the loan application and financing process. Typically, buyers obtained a "stated income" loan and misstated, among other things, their assets, income, liabilities, and intention to occupy a property as a primary residence. D.D. and others, enlisted Defendant Rakel, a loan officer and W.K., a real estate appraiser, to facilitate this process. Defendant Rakel would "back out" a buyer's income and assets from the amount to be financed. That is, he came up with financial representations to be made to financial institutions not based on reality but based upon what he thought lenders would require to finance the amount of the transaction. W.K. would "max out" or inflate the value of properties to support D.D.'s sales price and would sometimes sign off on improvements as having been completed when they had not, and in some cases, would not be completed. In exchange for their participation, Defendant Rakel and W.K. received a steady stream of large fees and commissions which were larger than would be charged a typical customer.

8. It was part of the conspiracy that, in all, D.D. arranged the sale of dozens of properties in this way and, either personally or through companies D.D. controlled, realized in excess of one million dollars through this scheme.

9. It was part of the conspiracy that D.D. and Defendant Rakel would obtain financing for the foregoing transactions by making false statements about the borrower's finances and other material aspects of the transactions and causing such false statements to be made to financial institutions and that such false statements were a foreseeable part of the conspiracy.

10. It was part of the conspiracy that D.D. and Defendant Rakel would use the United States Postal Service as well as interstate commercial carriers to transport materials used in the aforementioned real estate transactions between lenders, mortgage companies, title companies and borrowers and that the use of these instrumentalities was a foreseeable part of the conspiracy.

11. It was part of the conspiracy that D.D. and Defendant Rakel transmitted radio and wire communications in interstate commerce in furtherance and execution of the conspiracy by, for example, exchanging interstate telephone calls as well as obtaining financing for the foregoing real estate transactions by means of interstate wiring of funds and that such wire and radio transmissions were a foreseeable part of the conspiracy.

D. Overt Acts

12. On or about January 17, 2006, the defendants committed an overt act in furtherance of the aforementioned conspiracy by causing a financial institution to provide \$195,000.00 in financing for the purchase of 6902-04 Pennsylvania, St. Louis, Missouri within the Eastern District of Missouri.

13. On or about February 21, 2006, the defendants committed an overt act in furtherance of the aforementioned conspiracy by causing a financial institution to provide \$84,000.00 in financing for the purchase of 124 West Courtois St., St. Louis, Missouri within the Eastern District of Missouri.

14. On or about April 28, 2006, the defendants committed an overt act in furtherance of the aforementioned conspiracy by causing a mortgage company to provide \$160,000.00 in financing for the purchase of 2020 Wyoming St., St. Louis, Missouri within the Eastern District of Missouri.

15. On or about May 19, 2006, the defendants committed an overt act in furtherance of the aforementioned conspiracy by causing a financial institution to provide \$125,000.00 in financing for the purchase of 3402 Montana St., St. Louis, Missouri within the Eastern District of Missouri.

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

**COUNT II
(Money Laundering)**

The Grand Jury further charges that:

1. The allegations set forth in Count I are hereby incorporated by reference.

2. On or about March 16, 2006, the defendant,

CHRISTOPHER RAKEL,

did knowingly engage in a monetary transaction with a value in excess of \$10,000 relating to criminally derived property, to wit: the drawing of a Bankers and Lenders Title escrow account

check in the amount of \$15,000.00, disbursed at the closing on one of the foregoing real estate transactions, payable to Southpointe Credit Union which was endorsed by the defendant and deposited into the account of "Express Payday Loans, LLC" an entity organized by the defendant in an account owned by the defendant at said credit union and which proceeds were derived from the aforementioned conspiracy.

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

A TRUE BILL.

FOREPERSON

CATHERINE L. HANAWAY
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Thomas C. Albus, #96250
Assistant United States Attorney