

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

UNITED STATES OF AMERICA

: CRIMINAL NO.

: **1:05CR--145**

v.

: PLEA AGREEMENT

CATHY YOCUM

2005 OCT 13 AM 9:11

JAMES J. ...

The United States Attorney for the Southern District of Ohio and the defendant, **Cathy Yocum**, also called "the parties" herein, agree that:

1. **Cathy Yocum** will waive Indictment by the Federal Grand Jury and will enter a plea of guilty before the United States District Judge to a two-count Information charging her with Bank Fraud, in violation of 18 U.S.C. § 1344 and Conspiracy, in violation of 18 U.S.C. § 371. Bank Fraud carries a maximum penalty of up to thirty (30) years imprisonment, a fine of up to \$1,000,000.00, a five (5) year term of supervised release, restitution, and a \$100 special assessment. Conspiracy carries a maximum penalty of five (5) years imprisonment, a \$250,000 fine, three years (3) of supervised release, a mandatory \$100 special assessment, and restitution.

2. The defendant understands that this Agreement permitting a guilty plea to the above-listed counts requires that the defendant abide by each term of this Agreement. The defendant understands that if the defendant makes any statement that is materially false in whole or in part or otherwise fails to comply with any term of this Agreement, the United States has the right to declare this Agreement void and to prosecute the defendant to the full extent of the law. If this Plea Agreement or the

or twice the gain to the Defendant or loss to the victims. See 18 U.S.C. § 3357 (b).

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defendant's conviction upon her guilty plea is voided for any reason, the defendant waives any statute of limitations with respect to the United States prosecuting her for any offense arising from her conduct in this case.

3. The sentence in this case will be imposed by the Court. There is no agreement as to what that sentence will be. The defendant understands that the United States Sentencing Guidelines ("U.S.S.G." or "Sentencing Guidelines") are advisory and not mandatory, although the Court is required to consider the Sentencing Guidelines and their application to this case in imposing sentence. Sentencing is within the discretion of the Court, and the defendant understands that the Court may or may not choose to impose sentence based on the applicable sentencing range under the Sentencing Guidelines for the offense charged in the Information. The defendant has thoroughly reviewed with her attorney how the Sentencing Guidelines might apply to this case. The defendant understands that she does not have the right to withdraw her guilty plea if the Court chooses to apply the Sentencing Guidelines including upward departures or otherwise imposes a sentence that is higher than expected. The defendant understands that the matter of sentence is reserved solely to the District Court and that the Court could impose the maximum penalty. No promises or representations have been made to the defendant as to what sentence the Court will impose.

4. The defendant will give complete cooperation to law enforcement authorities and others regarding her activities and those of others in relation to the offense of conviction and other matters on the following terms and conditions:

(a) **Ms. Yocum** shall cooperate fully, truthfully, completely and forthrightly with the United States Attorney's Office for the Southern District of Ohio and other Federal, state and local law enforcement authorities identified by this Office in any and all matters as to which the Government deems the cooperation relevant. **Ms. Yocum** acknowledges that her cooperation may include, but will not necessarily be limited to: answering questions; providing sworn written statements; taking government administered polygraph examination(s); and participating in covert law enforcement activities. Any refusal by **Ms. Yocum** to cooperate fully, truthfully, completely and forthrightly as directed by this Office and other Federal, state and local law enforcement authorities identified by this Office in any and all matters in which the Government deems her assistance relevant will constitute a breach of this agreement by **Ms. Yocum**, and will relieve the Government of its obligations under this agreement or any other agreement between the parties whether entered before or after this agreement. **Ms. Yocum** agrees, however, that such breach by her will not constitute a basis for withdrawal of her plea of guilty or otherwise relieve her of her obligations under this agreement.

(b) **Ms. Yocum** shall promptly turn over to the Government or other law enforcement authorities or direct such law enforcement authorities to any and all evidence of crime; all contraband and proceeds of crime; and all assets traceable to such proceeds of crime. **Ms. Yocum** agrees to the forfeiture of all assets which are proceeds of crime or traceable to such proceeds of crime and all instruments that she used to aid him in committing the crimes.

(c) **Ms. Yocum** shall submit a full and complete accounting of all of her financial assets, whether such assets are in her name or in the name of a third party.

(d) **Ms. Yocum** shall testify fully, completely and truthfully before any and all Grand Jury(ies) in the Southern District of Ohio, and elsewhere, and at any and all trials of cases or other court proceedings in the Southern District of Ohio and elsewhere, at which her testimony may be deemed relevant by the Government.

(e) **Ms. Yocum** understands and acknowledges that nothing in this agreement allows her to commit any criminal violation of local, state or federal law during the period of her cooperation with law enforcement authorities or at any time prior to the sentencing in this case. The commission of a criminal offense during the period of **Ms. Yocum**'s cooperation or at any time prior to sentencing will constitute a breach of this plea agreement and will relieve the Government of all of its obligations under this agreement or under any other agreement between the parties. **Ms. Yocum** acknowledges, however, and agrees that such a breach of this agreement will not entitle her to withdraw her plea of guilty or relieve him of her obligations under this agreement. **Ms. Yocum** further understands that, to establish a breach of this agreement, the Government need only prove her commission of a criminal offense by a preponderance of the evidence.

(f) Finally, **Ms. Yocum**'s cooperation also includes making restitution in this matter in a schedule and amount to be determined by the Court.

5. In exchange for the defendant's plea of guilty and complete cooperation, the United States Attorney for the Southern District of Ohio agrees that, after sentence has been imposed on the information, she will not file any additional charges against the defendant based on the defendant's conduct as described in the Information and Statement of Facts. This Agreement does not protect the defendant from prosecution for perjury, false statement, obstruction, or any other such charge for conduct after the date of this Agreement.

6. No promises have been made to the defendant that she will receive probation or that she will receive a lighter sentence on account of her plea of guilty.

7. The parties hereby state that the charges to which the defendant is pleading guilty adequately reflect the seriousness of the readily provable actual offense behavior and that the acceptance of the Agreement by the Court will not undermine the statutory purposes of sentencing.

8. The defendant agrees to pay the \$100.00 special assessment to the Clerk of the United States District Court for each count to which she pleads guilty no later than the date of her sentencing.

9. By signing this document, the defendant acknowledges the truth of the attached Statement of Facts.

10. In the event that the defendant does not plead guilty, the defendant agrees and understands that she thereby waives any protection afforded by Section 1B1.8(a) of the Sentencing Guidelines and rule 11(f) of the Federal Rules of Criminal Procedure, and that any statements made by her as part of the plea discussions or as part of her cooperation with the government will be admissible against her without any limitation in any civil or criminal proceeding.

11. The defendant is aware that Title 18, United States Code, Section 3742, affords the defendant the right to appeal the sentence imposed in this case. Acknowledging this, in exchange for the undertakings made by the United States in this plea agreement, the defendant hereby waives all rights conferred by Title 18, United States Code, Section 3742, to appeal any sentence imposed, or to appeal the manner in which the sentence was imposed, unless the sentence exceeds the maximum permitted by statute. The defendant further understands that nothing in this agreement shall affect the government's right and/or duty to appeal as set forth in 18 U.S.C. § 3742(b). However, if the

United States appeals the defendant's sentence pursuant to Section 3742(b), the defendant shall be released from the above waiver of appellate rights. The defendant understands that by this agreement the defendant waives the right to appeal the sentence on the basis that the sentence is unreasonable or the result of an incorrect application of the Sentencing Guidelines.

12. This Agreement does not resolve any civil liability of the defendant for tax, interest, and penalties relating to income from the offense of conviction or any other source. The defendant acknowledges that as part of the complete cooperation promised by her in this Agreement, she is obligated to give complete cooperation to Federal, state, and local tax authorities in the determination of her taxable income and determination and payment of any applicable tax, interest, and penalties. The defendant agrees as part of her complete cooperation to file accurate tax returns for herself, amending returns if necessary, by December 31, 2005. Additionally, the defendant agrees, as part of her complete cooperation, that she will cooperate fully with the Internal Revenue Service as follows:

a. Defendant agrees to pay restitution of the tax due and owing, together with any interest and penalties finally determined to the Department of Treasury, Internal Revenue Service.

The defendant agrees to pay all Federal, state and local taxes due and owing for tax years 2000, 2001, and 2002. The defendant agrees, as a term of her supervised release, to make all reasonable efforts to pay the tax liability due and owing to the Internal Revenue Service as a result of the offenses to which she is pleading guilty, including any relevant conduct amounts. Such payments will be completed within the period of her supervised release. In the event the defendant is unable to completely pay the tax liability prior to termination of the supervised release period, she agrees to make regular monthly

payments toward such liability in an amount to be determined by the Court at sentencing.

Such amount will be set in accordance with the defendant's financial ability.

b. Defendant agrees to provide the IRS Examination Division, prior to sentencing, with all requested documents and information for the purpose of a civil audit.


c. Defendant agrees that subparagraphs a and b are appropriate conditions of supervised release.

d. Defendant agrees that she will make no objection to the entry of an order under Fed.R.Crim.P. 6(e)(3) permitting the IRS Criminal Investigation Division to disclose to the IRS Examination Collection Divisions (for purposes of a civil audit) all of the documents obtained, and the IRS reports produced, during the criminal investigation, whether or not such documents or reports are considered to be grand jury material within the meaning of Rule 6(e)(3).

e. Nothing in this agreement shall limit the Internal Revenue Service in its collection of any taxes, penalties or interest due from the defendant.

13. This written Agreement embodies all of the agreements and understandings between the United States Attorney for the Southern District of Ohio and the defendant. No conversations, discussions, understandings, or other documents extraneous to the Agreement shall be considered part of this Agreement.

GREGORY G. LOCKHART
United States Attorney



AMUL R. THAPAR (DC459489)
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9/12/05

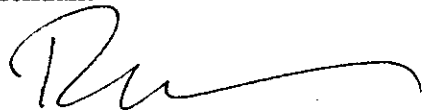
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CATHY YOCUM
Defendant

4-7-05

DATE



RAYMOND L. KATZ (0073655)
114 East Eighth Street
Cincinnati, OH 45202
(513) 241-3447 x232
Attorney for Defendant

April 7, 2005

DATE

STATEMENT OF FACTS

UNITED STATES v. CATHY YOCUM

Between January 31, 2000, and December 21, 2001, Cathy Yocum, along with others, conspired to defraud various federally insured financial institutions by, among other things, knowingly submitting false documents to those financial institutions in support of a loan application. Ms. Yocum, and her co-conspirators, also submitted false Housing and Urban Development forms in furtherance of this conspiracy. Finally, as part of the conspiracy, Ms. Yocum, and her co-conspirators, utilized the United States mail, commercial carriers, and wire services to carry out their scheme. The scheme involves the "flipping" of low-value homes located in the greater Cincinnati, Ohio, area.

A brief summary of the scheme is as follows: (1) a person would purchase a piece of real estate at a low value, e.g., \$20,000; (2) he/she, or someone else involved in the scheme, would then recruit a buyer for that property, usually someone that could not afford to otherwise purchase real estate, or an individual interested in properties as an investor; (3) after finding the buyer, one of the co-conspirators would create false documents, including pay stubs, W-2 forms, bank statements, and employment verifications; (4) the co-conspirators would then obtain a falsely inflated appraisal for the subject property; and (5) the co-conspirators would then submit the false loan package to the bank or lender for that same property in order to obtain a highly inflated loan, e.g. \$85,000 (for the property that was usually sold only months before for \$20,000).

Ms. Yocum furthered this scheme by serving as the mortgage broker of some of the "flipped" properties. Ms. Yocum prepared false Uniform Residential Loan Applications (Form 1003) for the buyer and created false IRS W-2 Forms and bank statements overstating the borrower's income or

assets. At the loan closings, the borrower signed a Department of Housing and Urban Development form known as a HUD-1 settlement statement. That form usually indicated that the buyer brought the down payment to closing. Ms. Yocum knew that the buyer did not bring the down payment, but rather she or one of her co-conspirators brought the down payment. Moreover, Ms. Yocum was aware that the buyer often received a "kickback" outside of the closing, which was not disclosed to the lender.

In furtherance of this conspiracy, on or about August 31, 2001, Christian Larson purchased a property at 114 N. 10th Street in Hamilton, Ohio, for \$75,000 from Ronald Trester. According to the HUD-1, Mr. Larson brought a down payment of \$9,744.28 to the closing. Ms. Yocum prepared a false Form 1003 listing a Fifth Third Bank account with a balance of \$39,000 as the source of the down payment. In reality, Mr. Larson did not have these funds and did not provide the funds used to make the down payment on this property. In fact, Ms. Yocum made the down payment. The loan package was submitted to ABN AMRO, a division of Interfirst Bank, whose deposits were then insured by the Federal Deposit Insurance Corporation. Ms. Yocum's actions were committed in furtherance of a scheme to defraud Interfirst Bank.

Finally, when Ms. Yocum conducted this transaction she was aware that (1) the lender would make wire transactions and (2) the United States mail and/or commercial carriers would be used in furtherance of these transactions.

The United States and Ms. Yocum agree that as a result of her fraud she caused an actual and/or intended loss to various financial and lending institutions of \$255,370.

All of the aforementioned conduct occurred in the Southern District of Ohio.

I have reviewed the above statement of facts with my attorney. I agree to the accuracy of the statement of facts and acknowledge the truth of the statement of facts as detailed above.



CATHY YOCUM
Defendant

4-7-05
DATE