

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FILED

JUL 31 2002

MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

UNITED STATES OF AMERICA)
)
 v.)
)
 DEMETRIUS BARREN,)
 CARL MILLER,)
 JULIAN BISHOP, and)
 KENNETH WASHINGTON)

02CR0752

Violations: Title 18,
United States Code,
Sections 2, 1341, and 1343

DOCKETED
AUG 02 2002

JUDGE GOTTSCHALL

MAGISTRATE SIDNEY I. SCHENKIER

COUNT ONE

The SPECIAL MARCH 2001 GRAND JURY charges:

1. At times relevant to this indictment:

(a) Defendant DEMETRIUS BARREN was engaged in the business of buying and selling residential properties, doing business as Allegria Realty Consultants, 104 South Michigan Avenue, Chicago, Illinois.

(b) Defendant CARL MILLER was employed as a mortgage loan officer by Oxford Financial Services, 175 West Jackson Boulevard, Chicago, Illinois.

(c) Defendant JULIAN BISHOP was employed as a mortgage loan broker at Illinois Capital Corporation, 900 West Jackson Boulevard, Chicago, Illinois.

(d) Defendant KENNETH WASHINGTON was a licensed real estate appraiser, conducting appraisals of residential properties in the Chicago area.

(e) Melva Wynn was a licensed real estate appraiser, doing business as Wynnstar Appraisals. Wynn shared office space with defendant DEMETRIUS BARREN

at 104 South Michigan Avenue, Chicago, Illinois.

2. From at least 1997 through at least February 1999, in the Northern District of Illinois, Eastern Division, and elsewhere,

DEMETRIUS BARREN,
CARL MILLER,
JULIAN BISHOP, and
KENNETH WASHINGTON,

defendants herein, together with Melva Wynn and others, devised and participated in a scheme to defraud and to obtain money and property, specifically, funds from various residential mortgage lending institutions (hereinafter referred to as "lenders"), by means of materially false and fraudulent pretenses, representations, promises, and material omissions, as described below.

3. It was part of the scheme that defendant DEMETRIUS BARREN purchased residential properties in the City of Chicago. Defendant DEMETRIUS BARREN typically purchased properties which were dilapidated and in need of rehabilitation and repair. Defendant DEMETRIUS BARREN purchased such properties with the intent of immediately reselling them for a profit.

4. It was further part of the scheme that defendant DEMETRIUS BARREN paid real estate appraisers, including Melva Wynn and defendant KENNETH WASHINGTON, to prepare appraisals which inflated the true value of the properties which defendant DEMETRIUS BARREN was trying to resell. Defendant DEMETRIUS BARREN sought inflated appraisals so that he could sell the properties at prices greater than what he had paid

for them. Melva Wynn and defendant KENNETH WASHINGTON in fact prepared inflated appraisals for defendant DEMETRIUS BARREN, which appraisals failed to disclose that the properties were in need of rehabilitation and which compared the properties to other properties of greater value. At least one of the appraisals contained a picture of a different property than the property being appraised. As defendant DEMETRIUS BARREN, Melva Wynn, and defendant KENNETH WASHINGTON well knew, mortgage lenders would rely on the false and fraudulent appraisals in approving mortgage loans in amounts greater than the true values of the properties.

5. It was further part of the scheme that defendant DEMETRIUS BARREN sought individuals to buy properties from him at inflated prices (hereinafter referred to as “buyers”). Defendant DEMETRIUS BARREN enticed potential buyers by promising to pay for the rehabilitation of the properties and to pay the first few mortgage payments or assist them with mortgage payments until the properties began generating rental income. Defendant DEMETRIUS BARREN also promised the buyers that they would not have to make a down payment or pay any closing costs. Based on these promises, defendant DEMETRIUS BARREN persuaded numerous individuals to buy properties from him, often persuading them to buy two or three properties at a time. Many of these individuals had never purchased property before.

6. It was further part of the scheme that defendant DEMETRIUS BARREN made false representations, and caused false representations to be made, on his real estate contracts

with the buyers. Specifically, defendant DEMETRIUS BARREN falsely represented, and caused others to falsely represent, that the buyers had paid thousands of dollars as earnest money to be applied to the purchase prices for the properties, when in fact the buyers had not paid anything, and did not intend to pay anything based on defendant DEMETRIUS BARREN's representations to them that they did not have to put down any money in order to acquire the properties from him. On at least one such real estate contract, the buyer's signature was forged. Defendant DEMETRIUS BARREN caused these fraudulent real estate contracts to be prepared for purposes of misleading mortgage lending companies into believing that the buyers had made down payments and were financially qualified for mortgage loans.

7. It was further part of the scheme that, in an attempt to qualify buyers for mortgage loans, defendant DEMETRIUS BARREN provided them with money to deposit into their bank accounts in order to inflate their account balances. On one occasion, defendant DEMETRIUS BARREN gave funds to the buyer's brother, with instructions for him to write a check to the buyer and then sign a fraudulent gift affidavit, thereby creating the appearance that the money was a gift from a relative, when in fact the money had been fronted by defendant DEMETRIUS BARREN. After defendant DEMETRIUS BARREN's money was deposited into the buyers' bank accounts, bank employees were asked to sign forms verifying the amounts then on deposit in the buyers' accounts. After the banks' verifications of deposit were obtained, defendant DEMETRIUS BARREN directed the

buyers to withdraw his money from their accounts and repay him. Defendant DEMETRIUS BARREN took these actions for the purpose of causing banks to issue false verifications of deposit, knowing that such false verifications of deposit would be relied on by lenders in issuing mortgage loans to the buyers.

8. It was further part of the scheme that defendant DEMETRIUS BARREN referred buyers to certain mortgage loan brokers, including defendants CARL MILLER and JULIAN BISHOP, to procure mortgage loans for the buyers. Defendants CARL MILLER and JULIAN BISHOP sought out and located mortgage lending companies to finance the buyers' purchases of the properties at the inflated prices at which defendant DEMETRIUS BARREN was seeking to sell the properties.

9. It was further part of the scheme that defendants CARL MILLER and JULIAN BISHOP submitted, and caused to be submitted, false and fraudulent documents to the mortgage loan companies, including, but not limited to, the following: inflated appraisal reports; false verifications of deposit; fabricated employment records, such as fabricated earnings statements and W-2 Wage and Tax Statements which inflated the buyers' true earnings; and fraudulent loan applications. The loan applications falsely stated, among other things, that the buyers intended to use the properties as their "primary residence," when in fact they did not intend to do so; and that the buyers had made payments toward the purchase of the properties, when in fact they had not done so. Some loan applications also overstated the buyers' gross monthly income. In addition, defendants CARL MILLER and JULIAN

BISHOP intentionally concealed from lenders the fact that certain buyers were purchasing multiple properties from defendant DEMETRIUS BARREN and were seeking multiple mortgage loans from different lenders. These false statements and omissions were material to the lenders' decisions to issue mortgage loans to the buyers, and were made for the purpose of inducing the lenders to issue loans in amounts greater than the true values of the properties and to individuals who were not qualified for the loans. As defendants well knew, the lenders would rely on the false statements contained in the loan documents which they had submitted and caused to be submitted to the lenders.

10. As a result of the fraudulent acts and omissions of defendants DEMETRIUS BARREN, CARL MILLER, JULIAN BISHOP, and KENNETH WASHINGTON, and Melva Wynn and others, various lenders issued loans to individuals who were not qualified for the loans and could not afford to make payments on the loans. As a further result of the fraudulent acts and omissions of defendants DEMETRIUS BARREN, CARL MILLER, JULIAN BISHOP, and KENNETH WASHINGTON, and Melva Wynn and others, many buyers defaulted on the loans, causing losses to the lenders.

11. On or about August 4, 1997, at Oakbrook Terrace, in the Northern District of Illinois, Eastern Division,

DEMETRIUS BARREN and
CARL MILLER,

defendants herein, for the purpose of executing and attempting to execute the scheme described above, knowingly deposited and caused to be deposited, a package, to be sent and delivered according to the directions thereon, by Federal Express, a commercial interstate carrier, such package being sent from Attorneys' Title Guaranty Fund, Inc., 17W200 22nd Street, Oakbrook Terrace, Illinois 60181, to The Money Store, 1625 North Market Boulevard, Suite 230, Sacramento, California 95834, and which contained loan documents, including a note and a mortgage, pertaining to an individual's purchase of the property located at 1011 North Karlov, Chicago, Illinois, from defendant DEMETRIUS BARREN;

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT TWO

The SPECIAL MARCH 2001 GRAND JURY further charges:

1. Paragraphs 1 through 10 of Count One of this indictment are hereby realleged and incorporated herein by reference.

2. On or about August 8, 1997, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

DEMETRIUS BARREN,
JULIAN BISHOP, and
KENNETH WASHINGTON,

defendants herein, for the purpose of executing the scheme described in Count One, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, a funds transfer of approximately \$95,138.00 from the account of Mortgage Lenders Network USA, Inc., at BankBoston, Boston, Massachusetts, to American National Bank & Trust Company of Chicago, Chicago, Illinois, for credit to the account of Attorneys' Title Guaranty Fund, Inc., in connection with a mortgage loan issued to an individual who purchased the property located at 647 North Laramie, Chicago, Illinois, from defendant DEMETRIUS BARREN;

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT THREE

The SPECIAL MARCH 2001 GRAND JURY further charges:

1. Paragraphs 1 through 10 of Count One of this indictment are hereby realleged and incorporated herein by reference.

2. On or about September 8, 1997, at Chicago, in the Northern District of Illinois, Eastern Division,

DEMETRIUS BARREN and
CARL MILLER,

defendants herein, for the purpose of executing the scheme described in Count One, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, a mortgage loan note and other closing documents pertaining to an individual's purchase of the property located at 608 North Christiana, Chicago, Illinois, from defendant DEMETRIUS BARREN, which documents were transmitted from the facsimile machine located at the offices of Attorneys' Title Guaranty Fund, Inc., 33 North Dearborn Street, Second Floor, Chicago, Illinois 60602, to the facsimile machine located at the offices of The Money Store, 1625 North Market Boulevard, Suite 230, Sacramento, California 95834;

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT FOUR

The SPECIAL MARCH 2001 GRAND JURY further charges:

1. Paragraphs 1 through 10 of Count One of this indictment are hereby realleged and incorporated herein by reference.

2. On or about November 19, 1997, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

DEMETRIUS BARREN and
JULIAN BISHOP,

defendants herein, for the purpose of executing the scheme described in Count One, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, closing instructions pertaining to an individual's purchase of the property located at 4019 West Monroe, Chicago, Illinois, from defendant DEMETRIUS BARREN, which instructions were transmitted from the facsimile machine located at the offices of The Money Store, 2450 Del Paso Boulevard, Suite 200, Sacramento, California 95834, to the facsimile machine located at the offices of Attorneys' Title Guaranty Fund, Inc., 33 North Dearborn Street, Second Floor, Chicago, Illinois 60602;

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT FIVE

The SPECIAL MARCH 2001 GRAND JURY further charges:

1. Paragraphs 1 through 10 of Count One of this indictment are hereby realleged and incorporated herein by reference.

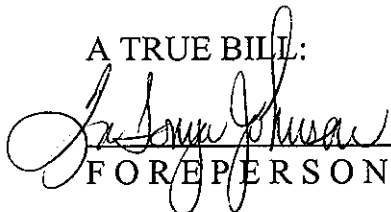
2. On or about February 5, 1999, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

DEMETRIUS BARREN,

defendant herein, for the purpose of executing the scheme described in Count One, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, a funds transfer of approximately \$125,381.70 from the account of First Franklin Financial Corporation at Texas Commerce Bank, Houston, Texas, to LaSalle National Bank, Chicago, Illinois, for credit to the account of Chicago Title & Trust Company, in connection with a mortgage loan issued to an individual who purchased the property located at 4942 West Washington, Chicago, Illinois, from defendant DEMETRIUS BARREN;

In violation of Title 18, United States Code, Sections 1343 and 2.

A TRUE BILL:


FOREPERSON


UNITED STATES ATTORNEY

No. 00 GJ 119

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA

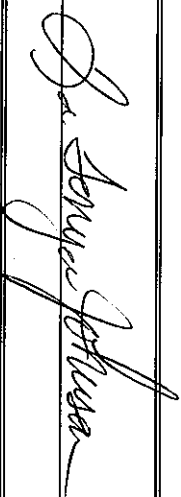
vs.

DEMETRIUS BARREN, CARL MILLER,
JULIAN BISHOP, and KENNETH
WASHINGTON

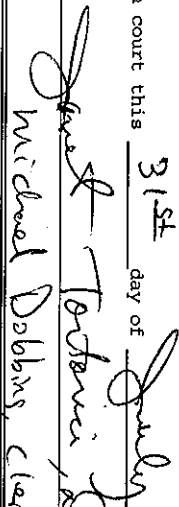
I N D I C T M E N T

Violations: Title 18, USC §§ 2, 1341, and
1343

A true bill,



Foreman

Filed in open court this 31st day of July, A.D. 2002

Michael Dobbs, Clerk

Bail, \$ _____