

UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,	)	<b>INDICTMENT</b>	
	)		
Plaintiff,	)	(18 U.S.C. § 1341)	
	)	(18 U.S.C. § 1343)	
v.	)	(18 U.S.C. § 1957)	
	)	(18 U.S.C. § 982(a)(1))	
RONALD CLARK JOSEPH,	)		
	)		
Defendant.	)		

CR-07-70 DWF/AJB

THE UNITED STATES GRAND JURY CHARGES THAT:

**COUNTS 1-3**  
**(Mail and Wire Fraud)**

1. At all relevant times, defendant RONALD CLARK JOSEPH was a licensed mortgage broker, licensed by the State of Minnesota, and worked as a broker for LHS, Inc., a Minnesota corporation.

**PURPOSE OF THE SCHEME**

2. From in or about 2004, and continuing through in or about 2006, in the State and District of Minnesota, the defendant, **RONALD CLARK JOSEPH,** devised and intended to devise a scheme and artifice to defraud and to obtain money by means of material false or fraudulent pretenses.

**THE SCHEME**

3. The defendant, acting as a mortgage broker and otherwise, devised and participated in a scheme whereby concealed payments from mortgage loan proceeds were diverted to buyers of real properties and other individuals through the use of fraudulent underwriting and closing documentation.

**SCANNED**  
MAR 13 2007  
U.S. DISTRICT COURT MPLS

**FILED MAR 13 2007**  
RICHARD D. SLETTEN, CLERK  
JUDGMENT ENTERED \_\_\_\_\_  
DEPUTY CLERK'S INITIALS \_\_\_\_\_

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4. As a mortgage broker, the defendant caused fraudulent loan application documentation to be provided to potential lenders for purposes of loan underwriting. The fraudulent documentation misrepresented the true terms of the proposed transaction. Among other things, the documentation falsely overstated the true purchase price to be paid by a buyer for a real property (typically, a residence) and concealed payments that were to be made from the loan proceeds to the buyers and other individuals, including the defendant. The false representations were material. Based on the fraudulent documentation, the proposed loans were approved.
5. After the loan was approved based on the fraudulent underwriting package provided by the defendant, the lender would disburse loan proceeds to a title company. The defendant then worked with a closing agent to execute the fraudulent scheme by disbursing the funds in a manner other than what was understood by the lender. Namely, concealed payments were made to the buyer and other third parties, including the defendant. In order to effect the scheme, the closing agent also provided fraudulent documentation, namely settlement statements, to the lenders so as to conceal the fraudulent scheme.

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6. The defendant and his company received substantial broker fees for arranging the fraudulent transactions.
7. The defendant also participated in the scheme as a buyer and seller of real properties. In two instances, the defendant personally purchased real properties and received nearly \$200,000 in concealed payments from the transactions. In one instance, the defendant sold a real property to another individual who received approximately \$75,000 in a concealed payment; the defendant received approximately \$125,000 in proceeds from the transaction.
8. In approximately forty separate real estate transactions in which the defendant was involved, there were approximately \$2.5 million in concealed payments made.

**THE MAILINGS - Counts 1 & 2**

9. On or about the dates set forth below, for the purpose of executing the above-described scheme and artifice, the defendant,

**RONALD CLARK JOSEPH,**

did place or cause to be sent and delivered by private or commercial carrier, according to the directions thereon, the matters or things identified below as follows:

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Count	Date	Carrier	Description
1	10/27/05	DHL	Fraudulent Settlement Statement
2	1/30/06	DHL	Fraudulent Settlement Statement

All in violation of Title 18, United States Code, Section 1341.

**THE WIRE - Count 3**

10. On or about January 30, 2006, in the State and District of Minnesota, the defendant,

**RONALD CLARK JOSEPH,**

for the purpose of executing the above-described scheme and artifice, did knowingly cause to be transmitted in interstate commerce certain signs and signals by wire, namely a wire transfer of \$369,329.56 sent in interstate commerce from a New Century Mortgage account at Deutsche Bank Trust Co. in New York to a First Advantage Title Company account in Minnesota; all in violation of Title 18, United States Code, Section 1343.

**COUNT 4**  
**(Money Laundering)**

11. The Grand Jury realleges and incorporates paragraphs 1 through 10 of this Indictment.
12. On or about January 30, 2006, in the State and District of Minnesota, the defendant,

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**RONALD CLARK JOSEPH,**

did knowingly engage and attempt to engage in a monetary transaction by, through, or to a financial institution, affecting interstate commerce, in criminally derived property of a value greater than \$10,000, namely a \$27,859.75 check written by the defendant as payment for a Cadillac, using proceeds derived from a specified unlawful activity set forth above; all in violation of Title 18, United States Code, Section 1957.

**FORFEITURE ALLEGATIONS**

13. The Grand Jury realleges and incorporates paragraphs 1 through 12 of the Indictment, and makes it a part of these forfeiture allegations.
14. As the result of the offenses alleged in Counts 1 through 3 of this Indictment, the defendant RONALD CLARK JOSEPH shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), all his right, title and interest in any property constituting, or derived from, proceeds traceable to the violations of Title 18, United States Code, Sections 1341 and 1343.
15. As a result of the offenses alleged in Count 4 of the Indictment, the defendant RONALD CLARK JOSEPH shall forfeit to

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the United States pursuant to Title 18, United States Code, Section 982(a)(1), all his right, title and interest in all property, real and personal, involved in said money laundering violations and in all property traceable to such property, including the sum of money involved in each of Count 4.

16. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:
- (1) cannot be located upon the exercise of due diligence;
  - (2) has been transferred or sold to, or deposited with, a third person;
  - (3) has been placed beyond the jurisdiction of the Court;
  - (4) has been substantially diminished in value; or
  - (5) has been commingled with other property which cannot be subdivided without difficulty;

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it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of said defendant up to the value of the above forfeitable property. All in violation of Title 18, United States Code, Sections 981(a)(1)(C), 982(a)(1), 1341, 1343, 1957 and Title 28, United States Code, Section 2461(c).

A TRUE BILL

\_\_\_\_\_  
UNITED STATES ATTORNEY

\_\_\_\_\_  
FOREPERSON