

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION

UNITED STATES OF AMERICA)

07CR50040

v.)

No. _____

RAYMOND S. TALAN)

Violations: Title 18, United States
Code, Sections 1341, 1343, & 1001

COUNT ONE

The DECEMBER 2006 GRAND JURY charges:

1. At times material to this indictment:

a. Defendant Raymond S. Talan was employed as a real estate agent in

Rockford, Illinois.

b. Commercial lenders, including Argent Mortgage Company and USA Funding, Inc., typically required documentation to verify the amount of the borrowers' income. Often, commercial lenders required that borrowers provide copies of recent pay stubs and IRS Forms W-2. In addition, commercial lenders often requested that the borrowers' employers complete and submit "Verification of Employment" forms verifying the borrowers' current wages and wages for the preceding two years.

c. Commercial lenders also typically required that borrowers provide, from their own funds, a certain percentage of the money needed for the closings on the properties that the borrowers were purchasing.

d. The United States Department of Housing and Urban Development ("HUD"), through the Federal Housing Administration ("FHA"), administered a mortgage insurance program (hereinafter "FHA insured loan program") that was designed to ensure adequate housing for

FILED
JUL - 3 2007

Magistrate Judge P. Michael Mahoney
U.S. DISTRICT COURT

individuals of low and moderate incomes by providing mortgage insurance to lenders who made home loans to these individuals.

e. To be eligible to receive an FHA insured loan, home buyers were required to establish that they had stable income and that their income was sufficient to meet the mortgage payments. HUD required that the lenders making the loans verify the home buyers' employment for the two most recent years. These verifications could be accomplished by having the home buyers' employers complete and sign "Verification of Employment" forms. HUD also required that the buyers provide copies of their most recent pay stubs.

f. Home buyers were also required to establish that they had satisfactory credit standing in order to qualify for an FHA insured loan. The payment history of the home buyers' prior housing obligations was a significant part of the evaluation of the home buyers' credit histories. HUD required that the lenders making the loans verify the home buyers' rent payments for the most recent twelve month period. These verifications could be accomplished by having the home buyers' landlords complete and sign "Verification of Rent" forms.

g. To be eligible to receive an FHA insured loan, home buyers were also required to make a minimum equity investment of at least 3% of the cost of the home. Home buyers were permitted to use gifts from relatives, employers, unions, charitable organizations, or governmental agencies to meet this 3% equity investment. Home buyers were not, however, permitted to meet the equity requirement with gifts from persons or entities with an interest in the sale of the home, such as sellers, real estate agents or brokers, or builders.

h. Lenders were required to verify that the home buyers had the necessary funds to make the required 3% equity investment in their homes. Lenders were also required to verify that

the home buyers had the necessary funds for the loan closings, including funds needed to cover the borrowers' expenses and closing costs.

2. From at least as early as June 26, 2002, and continuing to at least March 7, 2004, at Rockford, in the Northern District of Illinois, Western Division, and elsewhere,

RAYMOND S. TALAN,

defendant herein, knowingly devised and engaged in a scheme with other individuals to defraud commercial lenders, including Argent Mortgage Company and USA Funding, Inc., and HUD, and to obtain money, funds, credit, and property belonging to commercial lenders and HUD by means of materially false and fraudulent pretenses, representations, and promises, which scheme is further described below.

3. It was the object of this scheme that defendant RAYMOND S. TALAN would enrich himself through commissions earned on real estate sales of properties located in Rockford, Illinois, and elsewhere, by causing unqualified loan applicants to receive loans, thereby placing the commercial lenders and HUD at risk of losing more than \$200,000.

4. It was a part of the scheme to defraud that because many of his real estate customers had insufficient income to meet the mortgage payments for the houses they were buying, defendant prepared fraudulent "Verification of Employment" forms, false pay stubs and false IRS Forms W-2, all of which falsely represented that his real estate customers were employed at certain businesses, including businesses that he and his family members owned or were connected with.

5. It was further a part of the scheme to defraud that defendant caused the fraudulent Verification of Employment forms, the false pay stubs, and the false W-2s, to be placed in the loan files that were sent to the commercial lenders and HUD.

6. It was further a part of the scheme to defraud that because many of his real estate customers had insufficient rental payment histories, defendant caused false "Verification of Rent" forms to be created, which falsely represented that his real estate customers had rented certain properties and paid their rental obligations in a timely manner.

7. It was further a part of the scheme to defraud that defendant caused the fraudulent Verification of Rent forms to be placed in the loan files that were sent to the commercial lenders and HUD.

8. It was a part of the scheme that, because some of his real estate customers did not have the funds needed for the earnest money, down payments, and other costs of the closings on their proposed loans, defendant purchased cashier's checks with the intention that these cashier's checks would be fraudulently altered in order to deceive the commercial lenders and HUD into believing that the customers had provided the funds needed for the closings.

9. It was further a part of the scheme to defraud that defendant caused the fraudulently altered cashier's checks to be placed in the loan files that were sent to the commercial lenders and HUD.

10. On or about July 23, 2002, at Rockford and Chicago, in the Northern District of Illinois,

RAYMOND S. TALAN,

defendant herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be deposited for delivery by commercial interstate carrier, according to the direction thereon, a package containing documents relating to an FHA insured loan for individuals

referred to herein as "Buyers A," who were purchasing a property located on Grace Street in Rockford, that package being addressed to:

United States Department of Housing & Urban Development
Atlanta Home Ownership Center
Five Points Plaza
40 Marietta Street
Atlanta, Georgia 30303-2806;

In violation of Title 18, United States Code, Section 1341.

COUNT TWO

The DECEMBER 2006 GRAND JURY further charges:

On or about July 23, 2002, at Rockford and Chicago, in the Northern District of Illinois,

RAYMOND S. TALAN,

defendant herein, in a matter within the jurisdiction of HUD, an agency of the United States, knowingly and willfully did make and use, and cause to be made and used, a materially false document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries, namely a letter which represented that "Buyer A" had been hired as a full-time customer service representative, earning \$7.50 per hour, by a business referred to herein as "Company A" whereas, as defendant well knew, "Buyer A" had not been hired as a full-time customer service representative by "Company A";

In violation of Title 18, United States Code, Section 1001.

COUNT THREE

The DECEMBER 2006 GRAND JURY further charges:

1. Paragraphs 1 through 9 of Count One of this indictment are realleged and incorporated herein as if fully set forth.

2. On or about January 8, 2003, at Rockford and Chicago, in the Northern District of Illinois,

RAYMOND S. TALAN,

defendant herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be deposited for delivery by commercial interstate carrier, according to the direction thereon, a package containing documents relating to an FHA insured loan for an individual referred to herein as "Buyer B," who was purchasing a house located on Arcadia Terrace in Rockford, that package being addressed to:

United States Department of Housing & Urban Development
Atlanta Home Ownership Center
Five Points Plaza
40 Marietta Street
Atlanta, Georgia 30303-2806;

In violation of Title 18, United States Code, Section 1341.

COUNT FOUR

The DECEMBER 2006 GRAND JURY further charges:

On or about January 8, 2003, at Rockford and Chicago, in the Northern District of Illinois,

RAYMOND S. TALAN,

defendant herein, in a matter within the jurisdiction of HUD, an agency of the United States, knowingly and willfully did make and use, and cause to be made and used, a materially false document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries, namely a "Verification of Employment" form which represented that "Buyer B" was employed in "shipping" for a business referred to herein as "Company B" and had earned \$9,932 in 2002, \$11,867 in 2001, and \$4,651 in 2000, whereas, as defendant well knew, "Buyer B" was never employed by "Company B";

In violation of Title 18, United States Code, Section 1001.

COUNT FIVE

The DECEMBER 2006 GRAND JURY further charges:

1. Paragraphs 1 through 9 of Count One of this indictment are realleged and incorporated herein as if fully set forth.

2. On or about January 17, 2003, in the Northern District of Illinois, Western Division,

RAYMOND S. TALAN,

defendant herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be transmitted by means of a wire communication in interstate commerce from Michigan City, Indiana, to Rockford, in the Northern District of Illinois, Western Division, certain signals, namely a bank transfer in the amount of \$80,373.96 for a loan to an individual referred to herein as "Buyer C," who was purchasing a property located on Pennsylvania Avenue in Lovcs Park, which funds were deposited into Security Title, Inc.'s account at Amcore Bank in Rockford, Illinois;

In violation of Title 18, United States Code, Section 1343.

COUNT SIX

The DECEMBER 2006 GRAND JURY further charges:

1. Paragraphs 1 through 9 of Count One of this indictment are realleged and incorporated herein as if fully set forth.

2. On or about January 21, 2004, in the Northern District of Illinois, Western Division,

RAYMOND S. TALAN,

defendant herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be transmitted by means of a wire communication in interstate commerce from New York, New York, to Freeport, in the Northern District of Illinois, Western Division, certain signals, namely a bank transfer in the amount of \$77,195.78 for a loan to an individual referred to herein as "Buyer D," who was purchasing a property located on Jackson Street in Rockford, which funds were deposited into Security First Title Company's account at Midwest Community Bank in Freeport, Illinois;

In violation of Title 18, United States Code, Section 1343.

COUNT SEVEN

The DECEMBER 2006 GRAND JURY further charges:

1. Paragraphs 1 through 9 of Count One of this indictment are realleged and incorporated herein as if fully set forth.

2. On or about January 30, 2004, in the Northern District of Illinois, Western Division,
RAYMOND S. TALAN,
defendant herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be transmitted by means of a wire communication in interstate commerce from New York, New York, to Freeport, in the Northern District of Illinois, Western Division, certain signals, namely a bank transfer in the amount of \$42,490.64 for a loan to an individual referred to herein as "Buyer E," who was purchasing a home located on Claremont in Rockford, which funds were deposited into Security First Title Company's account at Midwest Community Bank in Freeport, Illinois;

In violation of Title 18, United States Code, Section 1343.

COUNT EIGHT

The DECEMBER 2006 GRAND JURY further charges:

1. Paragraphs 1 through 9 of Count One of this indictment are realleged and incorporated herein as if fully set forth.

2. On or about February 17, 2004, in the Northern District of Illinois, Western Division, **RAYMOND S. TALAN**, defendant herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be transmitted by means of a wire communication in interstate commerce from New York, New York, to Freeport, in the Northern District of Illinois, Western Division, certain signals, namely a bank transfer in the amount of \$51,589.71 for a loan to an individual referred to herein as "Buyer F," who was purchasing a home located on Alida Street in Rockford, which funds were deposited into Security First Title Company's account at Midwest Community Bank in Freeport, Illinois;

In violation of Title 18, United States Code, Section 1343.

COUNT NINE

The DECEMBER 2006 GRAND JURY further charges:

1. Paragraphs 1 through 9 of Count One of this indictment are realleged and incorporated herein as if fully set forth.

2. On or about February 10, 2004, in the Northern District of Illinois, Western Division,

RAYMOND S. TALAN,

defendant herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be transmitted by means of a wire communication in interstate commerce from New York, New York, to Freeport, in the Northern District of Illinois, Western Division, certain signals, namely a bank transfer in the amount of \$67,806.90 for a loan to an individual referred to herein as "Buyer G," who was purchasing a property located on Grant Avenue in Rockford, which funds were deposited into Security First Title Company's account at Midwest Community Bank in Freeport, Illinois;

In violation of Title 18, United States Code, Section 1343.

COUNT TEN

The DECEMBER 2006 GRAND JURY further charges:

On or about March 7, 2004, at Rockford and Chicago, in the Northern District of Illinois,

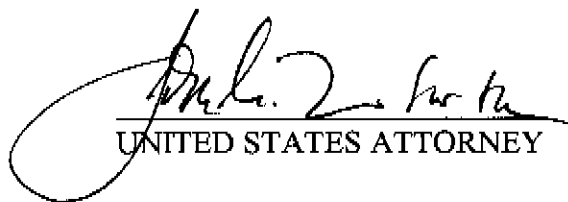
RAYMOND S. TALAN,

defendant herein, in a matter within the jurisdiction of HUD, an agency of the United States, knowingly and willfully did make and use, and cause to be made and used, a materially false document, knowing the same to contain materially false, fictitious, and fraudulent statements and entries, namely a 2002 IRS Form W-2 which represented that "Buyer H" had earned \$16,156.07 from "Company A" in 2002, whereas, as defendant well knew, "Buyer H" was not employed by "Company A" during 2002;

In violation of Title 18, United States Code, Section 1001.

A TRUE BILL:


FOKPERSON


UNITED STATES ATTORNEY

FILED

JUL - 3 2007

Magistrate Judge F. Michael Mahoney
U.S. DISTRICT COURT

No.:

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION

UNITED STATES OF AMERICA

VS.

RAYMOND S. TALAN

INDICTMENT

Violation(s): Title 18, United States Code, Sections 1341, 1343, and 1001

A true bill

[Signature]
Foreman

Filed in open court this 3rd day of July, A.D. 2007

[Signature]
Clerk

Bar. S.