

ORIGINAL

Approved: *Amy Lester*
AMY LESTER
Assistant United States Attorney

Before: THE HONORABLE THEODORE H. KATZ
United States Magistrate Judge
Southern District of New York

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UNITED STATES OF AMERICA : SEALED COMPLAINT

- v. - : Violation of
18 U.S.C. § 1349

LAVETTE M. BILLS and :
KIRK LACEY, : COUNTY OF OFFENSE:
 : BRONX
Defendants. :

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SOUTHERN DISTRICT OF NEW YORK, ss.:

JANE MASON, being duly sworn, deposes and says that she is a Special Agent with the Federal Bureau of Investigation ("FBI") and charges as follows:

COUNT ONE

1. From at least in or about 2007, up to and including in or about March 2009, in the Southern District of New York and elsewhere, LAVETTE M. BILLS and KIRK LACEY, the defendants, and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate, and agree together and with each other to commit an offense against the United States, to wit, to violate Section 1344 of Title 18, United States Code.

2. It was a part and an object of the conspiracy that LAVETTE M. BILLS and KIRK LACEY, the defendants, and others known and unknown, unlawfully, willfully, and knowingly would and did execute a scheme and artifice to defraud financial institutions, including IndyMac Bank, F.S.B. and JP Morgan Chase Bank, N.A., and to obtain moneys, funds, credits, assets, securities, and other property owned by, and under the custody and control of, such financial institutions, by means of false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Section 1344.

Overt Acts

3. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. In or about April 2007, LAVETTE M. BILLS, the defendant, held a meeting at her office in relation to the purchase of a property located at 1236 Tinton Avenue in the Bronx, New York.

b. On or about June 13, 2008, KIRK LACEY, the defendant, signed the Broker Certification section of a "Table Funding Form" submitted to the mortgage loan lender in connection with the purchase of a property located at 1236 Tinton Avenue in the Bronx, New York.

(Title 18, United States Code, Section 1349.)

The bases for my knowledge of the foregoing charge are, in part, as follows:

4. I am a Special Agent with the FBI, and am currently assigned to a squad that investigates mortgage fraud. The information contained in this affidavit is based upon my personal knowledge and my review of documents and records gathered during the course of this investigation, as well as information obtained, directly or indirectly, from other sources and agents, including information provided to me by witnesses who participated in conversations with LAVETTE M. BILLS and KIRK LACEY, the defendants. Because this affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all of the facts that I have learned during the course of the investigation. Where the contents of documents and the actions, statements and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

Relevant Entities and Individuals

5. Based on my review of documents obtained during the course of this investigation, I have learned the following:

a. LAVETTE M. BILLS, the defendant, is a licensed real estate broker and the Chief Executive Officer of MTC Real Estate, Inc. ("MTC"), which has an office located at 1200 Waters Place, Suite 102, in the Bronx, New York.

b. KIRK LACEY, the defendant, is a representative of NNI, LLC ("NNI"), a limited liability corporation involved in real estate transactions. BILLS is also associated with NNI.

The Scheme to Defraud

6. Based on my review of documents, my interviews with witnesses, and my conversations with law enforcement officers, among other things, including all of the facts and circumstances described herein, I have probable cause to believe the following:

a. As set forth more fully below, from in or about 2007 through in or about March 2009, LAVETTE M. BILLS and KIRK LACEY, the defendants, engaged in an illegal scheme to defraud various lenders by submitting applications and supporting documentation for mortgages with materially false or misleading information, in order to induce those lenders to make loans to persons and at terms that the lenders otherwise would not have funded. For example, among other things, BILLS, LACEY, and others submitted documents containing false employment and income information to IndyMac Bank F.S.B. ("IndyMac") in order to procure a home mortgage loan in the amount of \$337,500 for the purchase of a property located at 1236 Tinton Avenue, in the Bronx, New York ("1236 Tinton Avenue") and to JP Morgan Chase Bank, N.A. ("Chase") in order to procure a home mortgage loan in the amount of \$495,000 for the purchase of a property located at 1009 East 217th Street in the Bronx, New York ("1009 East 217th Street").

b. BILLS's MTC business card states that she is a "foreclosure specialist." BILLS generated business through, among other things, radio advertisements which represented that MTC could help a homeowner avoid foreclosure. In the advertisements, BILLS invited listeners to call her directly at MTC for a free consultation. In or about 2007, BILLS also hosted a radio program that aired three times per week on WBSL, 107.5 FM, and WLIB, 1190 AM, in which she discussed issues related to foreclosure and invited listeners to contact her for assistance.

1236 Tinton Avenue, Bronx, New York

7. As set forth in more detail below, based on my review of documents and my conversations with others, I have learned the following regarding 1236 Tinton Avenue. In or about early 2007, LAVETTE M. BILLS told the owner of the property ("Victim-1"), who was facing foreclosure because she owed \$38,000

on her home mortgage, that she could help Victim-1 save her home by obtaining a loan to pay off the existing mortgage and make home repairs. BILLS told Victim-1 that, in order to obtain the loan, Victim-1 would have to add BILLS's name to the title for a short period of time, after which title would be transferred to Victim-1's grandson ("Victim-2"). In fact, on or about June 4, 2007, BILLS fraudulently "purchased" 1236 Tinton Avenue from Victim-1 for \$395,000, which purchase was financed in part by a \$177,750 mortgage loan obtained by BILLS. BILLS also collected a \$50,000 broker's fee for the transaction. Approximately one year later, instead of returning title to 1236 Tinton Avenue to Victim-2 as BILLS had promised, BILLS, who had control over the property, sold the property to a straw buyer ("Straw Buyer-1") who thought she was buying an investment property. BILLS and KIRK LACEY, the defendant, submitted a loan application to IndyMac on behalf of Straw Buyer-1 that contained fraudulent misrepresentations, including false income and employment information for Straw Buyer-1, among other things. Thus, BILLS and LACEY caused Straw Buyer-1 to obtain a mortgage loan in the amount of \$337,500 to finance the purchase 1236 Tinton Avenue from BILLS for \$410,000. In connection with the closing for Straw Buyer-1's purchase of 1236 Tinton Avenue, BILLS, MTC, and NNI received checks totaling more than \$150,000 from the settlement agent.

8. Based upon my conversations with Victim-2, the grandson of Victim-1, I have learned the following:

a. Victim-2 currently resides at 1236 Tinton Avenue with Victim-1. In or about late 2006 or early 2007, Victim-1, who was the owner of 1236 Tinton Avenue at that time, began to fall behind on her mortgage payments.

b. Around this same time, Victim-2 learned that LAVETTE M. BILLS, the defendant, had a radio program in which she offered advice to homeowners facing foreclosure. Victim-2 called BILLS and BILLS came to 1236 Tinton Avenue to meet Victim-2. BILLS hired Victim-2 to write the theme music and script for her radio show. Victim-2 began to work at MTC's office in the Bronx.

c. In or about early 2007, Victim-1 and Victim-2 met with BILLS at MTC's office to discuss the possibility of refinancing 1236 Tinton Avenue. During the meeting, BILLS told Victim-2 that she needed to review the paperwork related to the house.

d. After reviewing the documents provided by Victim-2, BILLS told Victim-2 that BILLS could save 1236 Tinton

Avenue because only \$38,000 was owed on the mortgage. BILLS explained that Victim-1 and Victim-2 should obtain a loan in the amount of \$50,000 to pay off the mortgage and make necessary repairs to the house. BILLS also explained that, in order to obtain the loan, BILLS's name should be added to the deed because Victim-1 and Victim-2 would not qualify for a loan. BILLS told Victim-2 that her name would only be on the deed for a short period of time, and that Victim-1's name would not be removed from the deed. BILLS also told Victim-2 that the payments on the loan would be approximately the same as the current mortgage payments.

e. In or about April 2007, Victim-1 and Victim-2 met with BILLS at MTC's office again to discuss the closing for the loan.

f. On or about June 4, 2007, Victim-2 attended what he believed to be the closing for the loan for 1236 Tinton Avenue with Victim-1, BILLS, and others at an office in Queens, New York. At the closing, BILLS gave Victim-2 a check in the amount of approximately \$20,000 to pay off his debts and improve his credit. BILLS also told Victim-2 that the mortgage for 1236 Tinton Avenue had been paid off.

g. In or about early 2008, BILLS told Victim-2 that Victim-1's name had been taken off the deed to 1236 Tinton Avenue. BILLS also told Victim-2 that she wanted to put a third party's name on the deed instead of BILLS's name because owning the property was negatively affecting BILLS's credit score.

h. A short time later, Victim-1 and Victim-2 learned that BILLS had sold 1236 Tinton Avenue to Straw Buyer-1, and they had lost the equity in the property through BILLS's deceit. Victim-1 and Victim-2 also learned that a new mortgage had been taken out on 1236 Tinton Avenue in the amount of approximately \$337,500.

9. Based upon my conversation with Straw Buyer-1, I have learned the following:

a. In or about early 2008, Straw Buyer-1 went to MTC's offices at the request of two friends ("Individual-1" and "Individual-2") in order to inquire about the possibility of Straw Buyer-1 assisting Individual-1 and Individual-2 in saving their home, which was in danger of being placed in foreclosure. Straw Buyer-1 agreed to purchase the property in a "short sale" -- in which a lender agrees to the quick sale of a foreclosed home at a lower price -- and was told that the house would only

be in her name for one year, after which Individual-1 would repurchase it from her. In connection with this meeting, Straw Buyer-1 provided her social security number and copies of her pay stub, her W-2 form, her bank statement, and her driver's license to an employee of MTC.¹

b. Shortly after this meeting, Straw Buyer-1 was contacted by a representative from MTC who advised her that a house located in Huntington, Long Island (the "Long Island Property") was available for purchase as an investment opportunity. Straw Buyer-1 agreed to purchase the Long Island Property. An individual named "Kirk" drove Straw Buyer-1 to the closing for the Long Island Property.² Straw Buyer-1 and Individual-1 received approximately \$35,000 in connection with the purchase of the Long Island Property, which they shared.³

c. Shortly thereafter, LAVETTE M. BILLS, the defendant, told Straw Buyer-1 that BILLS owned 1236 Tinton Avenue and was willing to sell it to Straw Buyer-1. BILLS also told Straw Buyer-1 that the current residents of 1236 Tinton Avenue were BILLS's tenants, and that Straw Buyer-1 could continue

¹ Based upon my conversation with Individual-2, I have learned that the proposed "short sale" to Straw Buyer-1 never took place. In or about December 2008, Individual-1 and Individual-2 discussed with LAVETTE M. BILLS, the defendant, the possibility of having their daughter ("Individual-3") purchase their house. BILLS told Individual-1 and Individual-2 that "Kirk" would assist them. In or about early 2008, Individual-3 provided her social security number and copies of her pay stubs, bank statements, and W-2 form to "Kirk." Individual-2 provided a physical description of "Kirk" that is consistent with the appearance of KIRK LACEY, the defendant. Based upon this information and my investigation of this matter, I believe that the individual named "Kirk" described by Individual-2 is LACEY.

² Based upon my review of documents relating to Straw Buyer-1's purchase of the Long Island Property, the sale took place on or about June 12, 2008. The seller of the Long Island Property was NNI. KIRK LACEY, the defendant, signed the indenture between NNI and Straw Buyer-1. Based upon this information and my investigation of this matter, I believe that the individual named "Kirk" described by Straw Buyer-1 is LACEY.

³ Individual-1 also received approximately \$36,000 in connection with Straw Buyer-1's later purchase of 1236 Tinton Avenue.

renting to the tenants if Straw Buyer-1 purchased the property.

d. In connection with the purchase of 1236 Tinton Avenue, BILLS told Straw Buyer-1 that the first six months of mortgage payments would be paid from an escrow account and that, after that point, Straw Buyer-1 would be able to collect rent from the tenants to cover the mortgage payments.

e. As described below, IndyMac subsequently approved a mortgage in Straw Buyer-1's name, for \$337,500. The Form 1003 loan application falsely states that Straw Buyer-1 worked at Don Lou Entertainment and earned approximately \$9,370 per month in 2008. However, Straw Buyer-1 has never worked for Don Lou Entertainment and did not earn \$9,370 per month in 2008. The loan application also falsely states that Straw Buyer-1 intended to make 1236 Tinton Avenue her primary residence.

10. Based upon my conversation with the owner of a company called Don Louis Entertainment ("Individual-4"), I have learned the following:

a. Individual-4 was asked by KIRK LACEY, the defendant, to falsely verify that Straw Buyer-1 worked for Individual-4 at Don Louis Entertainment.

b. Contrary to the information provided in support of the IndyMac loan application for 1236 Tinton Avenue, Individual-4 has never employed Straw Buyer-1.

11. Based upon my review of documents relating to the home mortgage loan issued by First National Bank of Arizona ("First National") for the purchase of 1236 Tinton Avenue by LAVETTE M. BILLS, the defendant, from Victim-1, I have learned the following:

a. On or about June 4, 2007, First National funded a mortgage loan in the amount of approximately \$177,750 for the purpose of financing the purchase of 1236 Tinton Avenue. The seller of 1236 Tinton Avenue was Victim-1.

b. The purported purchaser of 1236 Tinton Avenue, and the borrower of the associated First National mortgage loan, was BILLS.

12. Based upon my review of additional documents relating to the purchase of 1236 Tinton Avenue by LAVETTE M. BILLS, the defendant, from Victim-1, I have learned the following:

a. On or about April 12, 2007, Victim-1 and BILLS entered into a contract of sale for 1236 Tinton Avenue, which provided that the purchase price was to be \$395,000 and that BILLS would obtain a \$177,750 mortgage loan to finance the purchase.

b. On or about June 4, 2007, Victim-1 signed a brokerage agreement which provided that Victim-1 would pay BILLS \$50,000 as a broker's fee for the transaction.

c. On or about that same day, Victim-1 also signed an amendment to the April 12, 2007 contract of sale which provided, among other things, that Victim-1 would give BILLS a gift of equity in the amount of the difference between the mortgage amount and the sale price of the property -- or approximately \$218,000 -- and that approximately six months after the closing, BILLS and Victim-1 would do what was necessary in order to sell the property to Victim-1's grandson, Victim-2.

13. Based upon my review of documents relating to the home mortgage loan issued by IndyMac for the purchase of 1236 Tinton Avenue by Straw Buyer-1 from LAVETTE M. BILLS, the defendant, I have learned the following:

a. On or about June 13, 2008, IndyMac funded a mortgage loan in the amount of approximately \$337,500 for the purpose of financing the purchase of 1236 Tinton Avenue. The seller of 1236 Tinton Avenue was BILLS. The purported purchaser of 1236 Tinton Avenue, and the borrower of the associated IndyMac mortgage loan, was Straw Buyer-1.

b. The Form 1003 loan application, which was signed by Straw Buyer-1 on or about June 13, 2008, listed Straw Buyer-1's employer as Don Lou Entertainment and represented that Straw Buyer-1 earned approximately \$9,370 per month as a marketing director. The loan application also represented that 1236 Tinton Avenue would be Straw Buyer-1's primary residence. KIRK LACEY, the defendant, was listed as the "Interviewer" on the loan application.

c. The contract of sale for 1236 Tinton Avenue from BILLS to Straw Buyer-1, which provides that the purchase price for the property is approximately \$410,000, was signed by both BILLS and Straw Buyer-1.

d. On or about June 13, 2008, LACEY signed the Broker Certification section of a "Table Funding Form" submitted to the mortgage loan lender in connection with the purchase of

1236 Tinton Avenue by Straw Buyer-1.

14. Based upon my review of various bank records, I have learned that LAVETTE M. BILLS and KIRK LACEY, the defendants, directly or through entities they control, obtained approximately \$150,000 from the "flip" of 1236 Tinton Avenue, as set forth below:

a. On or about June 16, 2008, a check in the amount of \$14,000 was issued to MTC by the settlement agent for the closing of the purchase of 1236 Tinton Avenue by Straw Buyer-1. The last name of Straw Buyer-1 was written in the memo line of the check. On or about June 17, 2008, the check was deposited into MTC's bank account.

b. Also on or about June 16, 2008, a check in the amount of \$62,835.68 was issued to NNI by the settlement agent for the closing of the purchase of 1236 Tinton Avenue by Straw Buyer-1. The last name of Straw Buyer-1 was written in the memo line of the check. On or about June 17, 2008, the check was deposited into NNI's bank account.

c. On or about June 17, 2008, a check in the amount of \$24,600 was issued to MTC by the settlement agent for the closing of the purchase of 1236 Tinton Avenue by Straw Buyer-1. The last name of Straw Buyer-1 was written in the memo line of the check. On or about June 20, 2008, the check was deposited into MTC's bank account.

d. Also on or about June 17, 2008, a check in the amount of \$49,175.79 was issued to LAVETTE M. BILLS, the defendant, by the settlement agent for the closing of the purchase of 1236 Tinton Avenue by Straw Buyer-1. The last name of Straw Buyer-1 was written in the memo line of the check. On or about June 20, 2008, the check was deposited into BILLS's bank account.

1009 East 217th Street, Bronx, New York

15. As set forth in more detail below, based on my review of documents and my conversations with others, I have learned the following regarding 1009 East 217th Street. On or about December 31, 2007, the owners of 1009 East 217th Street sold the property to NNI for approximately \$300,000.⁴ On that

⁴ According to Victim-2, he received \$3,000 from LAVETTE M. BILLS, the defendant, in connection with the sale of 1009 East 217th Street to NNI because he referred the owners of the

same date, 1009 East 217th Street was sold -- or "flipped" -- by NNI to an individual ("Straw Buyer-2") who obtained a mortgage loan in the amount of \$495,000 from Chase to fund the purchase.

16. Based upon my conversation with Straw Buyer-2, I have learned the following:

a. Straw Buyer-2 was introduced to LAVETTE M. BILLS, the defendant, by his father, in order to inquire of BILLS whether he would qualify for a mortgage. BILLS told Straw Buyer-2 that if he was interested in participating in a "short sale," all he would have to do was sign some paperwork. BILLS told Straw Buyer-2 that no verification of employment or income was required. At BILLS's request, Straw Buyer-2 faxed his signature and his social security number on a blank piece of paper to BILLS.

b. BILLS notified Straw Buyer-2 of the closing for 1009 East 217th Street the day before it was scheduled to take place. In connection with the purchase of 1009 East 217th Street, Straw Buyer-2 was told that he would be able to collect rent from the current tenants to cover the mortgage payments. In fact, the purported tenants moved out of the property approximately one month after the closing and did not make any rental payments to Straw Buyer-2.

c. As described below, Chase subsequently approved a mortgage in Straw Buyer-2's name for \$495,000. The Form 1003 loan application falsely states that Straw Buyer-2 worked at John Watson Financial Corporation and earned approximately \$11,825 per month in 2007. However, Straw Buyer-2 has never worked for John Watson Financial Corporation and did not earn approximately \$11,825 per month in 2007. The loan application also falsely states that Straw Buyer-2 intended to make 1009 East 217th Street his primary residence.

17. Based upon my review of an Internet website on which real estate transactions in New York City are recorded, I have learned that, on or about December 31, 2007, 1009 East 217th Street was sold to NNI for approximately \$300,000.

18. Based upon my review of documents relating to a home mortgage loan issued by Chase in connection with the purchase of 1009 East 217th Street by Straw Buyer-2 from NNI, I have learned the following:

property to BILLS.

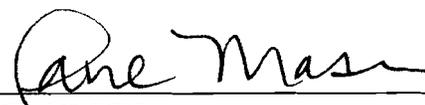
a. On or about December 31, 2007, Chase funded a mortgage loan in the amount of approximately \$495,000 for the purpose of financing the purchase of 1009 East 217th Street. The seller of 1009 East 217th Street was NNI. LAVETTE M. BILLS, the defendant, was present at the closing and signed the closing documents on behalf of NNI. The purported purchaser of 1009 East 217th Street, and the borrower of the associated Chase mortgage loan, was Straw Buyer-2.

b. The Form 1003 loan application, which was signed by Straw Buyer-2 on or about December 31, 2007, listed Straw Buyer-2's employer as John Watson Financial Corporation and represented that Straw Buyer-2 earned approximately \$11,825 per month as a marketing director. The loan application also represented that 1009 East 217th Street would be Straw Buyer-2's primary residence.

c. The contract of sale for 1009 East 217th Street from NNI to Straw Buyer-2, which provides that the purchase price for the property is approximately \$550,000, was signed by both BILLS and Straw Buyer-2.

19. Based upon my review of publicly available information, I know that IndyMac and Chase were FDIC insured.

WHEREFORE, deponent respectfully requests that an arrest warrant be issued for LAVETTE M. BILLS and KIRK LACEY, the defendants, and that they be arrested and imprisoned, or bailed, as the case may be.



JANE MASON
SPECIAL AGENT
FEDERAL BUREAU OF INVESTIGATION

Sworn to before me this
17th day of March, 2009



HONORABLE THEODORE H. KATZ
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK