

FEB 24 2010

ORIGINAL

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

By:  **JAMES N. HATTEN**, Clerk
Deputy Clerk

UNITED STATES OF AMERICA	:	
	:	CRIMINAL INDICTMENT
v.	:	
	:	NO. 1 10 - CR - 082
GIA HARRIS	:	
	:	
Defendant.	:	

THE GRAND JURY CHARGES THAT:

COUNT ONE
Conspiracy
18 U.S.C. § 1349

1. From on or about May 20, 2009, through on or about February 24, 2010, in the Northern District of Georgia, defendant GIA HARRIS did willfully, knowingly and unlawfully combine, conspire, confederate, agree and have a tacit understanding with others, both know and unknown to the Grand Jury, to commit certain offenses against the United States, including the following:

To knowingly execute and attempt to execute a scheme and artifice to defraud financial institutions, as defined in Title 18, United States Code, Section 20, including Generation Mortgage Company, Value Financial Mortgage Services and others, being mortgage lending businesses and entities making federally related Federal Housing Administration (FHA) insured reverse mortgage loans, in violation of Title 18, United States Code, Section 1344.

2. During the course of this conspiracy, the legitimate FHA insured Reverse Mortgage Loan Program operated as follows:

(a) Both refinance reverses and purchase money reverse mortgage loans, also known as Home Equity Conversion Mortgages (HECMs), were designed to assist with the financial security of seniors, ages 62 or older. The Reverse Mortgage Program provided refinance funding for a portion of the equity in primary residences already owned by seniors (refi-reverses) since 1989. In October 2008, funding for primary residence property acquisition (purchase money reverses) was added to the Reverse Mortgage Program. Unlike a "regular" or "forward" mortgage where the homeowner makes monthly mortgage payments to the lender, the senior homeowner in a "reverse" mortgage receives money from the lender for a portion of their equity in the home currently owned, or money toward the purchase of a new home, but does not have to pay anything back to the lender for as long as the senior lives in the house.

(b) Senior reverse mortgage borrowers have to pay only for property maintenance, property taxes and insurance.

(c) Refi-reverse fund only a percentage of property value, requiring a significant equity to remain therein; and purchase money reverses require a significant down payment from senior borrowers to establish such equity.

(d) The substantial equity is required because the Federal Housing Administration (FHA), an agency of the United States Department of Housing and Urban Development (HUD), insures all reverse mortgages and must recoup reverse mortgage principal amounts, loan origination costs, mortgage insurance premiums, loan servicing costs and interest from sale of the properties when seniors die or move elsewhere, unless relatives wish to repay these amounts to FHA. The ability of FHA to recoup reverse mortgage costs depends on non-inflated valuations of the properties securing said reverse mortgages.

3. It was a part of this conspiracy and the objects thereof for defendant GIA HARRIS and her conspirators to profit from fraudulently obtained FHA insured reverse mortgage loans as follows:

(a) Recruit WS and FD, senior borrowers over 62 years of age, for both refi-reverses and purchase money reverses through two different lenders, to be insured by the FHA and secured by the same property located at 142 First Street in Atlanta, Georgia.

Refinance Reverse Mortgage Fraud

(b) Convey the property located at 142 First Street in Atlanta, Georgia to WS, a senior recruited to be a reverse mortgage refi borrower, for a reported sales price of \$150,000 in February 2009, although no money changed hands, the property had been purchased for \$25,900 in September 2008 and the true owner was

unaware of this conveyance of his property.

(c) File a \$95,000 security deed on the property on May 20, 2009, as a means to divert fraudulently inflated refi-reverse loan proceeds to defendant HARRIS, using the name of a purported non-existent attorney as the deed preparer.

(d) Cause an official FHA number to be assigned to the WS refi-reverse loan process in December 2009.

(e) Arrange for the creation of a backdated HUD1 Settlement Statement in January 2010, without the knowledge or consent of the property owner, to support the sale of 142 First Street to WS which was then being questioned by the refi-reverse lender.

Purchase Money Reverse Mortgage Fraud

(f) Recruit senior FD for a purchase money reverse mortgage for the property located at 142 First Street when the WS refi-reverse was not approved as soon as expected, directing FD to sign an inflated purchase agreement in the amount of \$125,000, without the knowledge or consent of the property owner.

(g) Cause an official FHA number to be assigned to the FD purchase money reverse loan process in September 2009.

(h) Create false equity in the property to be used to secure the FD purchase money reverse loan in September 2009, by using a bogus \$70,000 down payment documented by the copy of a \$70,000 cashiers check, a false letter from FD's "cousin"

purportedly "gifting" the required senior down payment and copies of the cousin's bank statements.

(i) Document false equity in the property to be used to secure the FD purchase money reverse loan by obtaining a fraudulently inflated appraisal for \$95,000 substantially in excess of the then true market value.

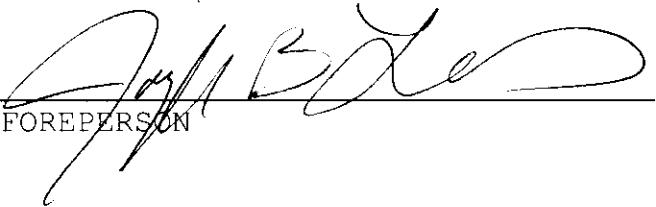
(j) Amend the purchase agreement to \$95,000 when the appraisal did not support a purchase price inflated to \$125,000, and arrange to pay for another bogus "gift" letter in November 2009, allegedly from another FD "cousin" in the amount \$44,000, also supported by a check and bank statements.


(k) Obtain a third bogus down payment "gift" letter with a \$44,000 check purportedly from FD's "cousin" AJ in December 2009, when the November gift letter was not acceptable to the loan originator due to the name of this "cousin" already being used on another down payment gift letter on a purchase money reverse loan for a senior borrower unrelated to AJ.

(l) Instruct the loan officer in late December 2009, to continue to seek lender approval of the WS refi-reverse loan on 142 First Street.

(m) Begin arrangements to place senior FD on a refi-reverse loan to be secured by another property to be quit claimed or otherwise transferred to FD with payment to be made only upon approval of the reverse mortgage.

All in violation of Title 18, United States Code, Section
1349.

A TRUE BILL

FOREPERSON

SALLY QUILLIAN YATES
ACTING UNITED STATES ATTORNEY

GALE MCKENZIE
ASSISTANT UNITED STATES ATTORNEY

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