

**ORIGINAL**

FILED IN OPEN COURT  
U.S.D.C. Atlanta

*5 0 10*  
FEB 24 2010

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

JAMES N. HATTEN, Clerk  
By: *[Signature]* Deputy Clerk

UNITED STATES OF AMERICA :  
 :  
 v. : CRIMINAL INFORMATION  
 :  
 KELSEY TORREY HULL : NO. 1:10-CR-78  
 :  
 Defendant. :

THE ACTING UNITED STATES ATTORNEY CHARGES THAT:

COUNT ONE  
Bank Fraud  
18 U.S.C. §§ 1344 and 2

1. From in or about February 2002, through on or about August 12, 2003, and in or about November 2007, in the Northern District of Georgia, defendant KELSEY TORREY HULL, aided and abetted by others, did knowingly execute and attempt to execute a scheme and artifice to defraud insured depository institutions as defined in Title 18, United States Code, Section 20, including the former Chase Manhattan Bank, now JP Morgan Chase Manhattan Bank (hereinafter Chase), SunTrust Bank, Wells Fargo Bank and others, all financial institutions then insured by the Federal Deposit Insurance Corporation (FDIC), and to obtain money and funds owned by and under the custody and control of said financial institutions by means of materially false and fraudulent pretenses, representations and promises, in that, the defendant obtained and attempted to obtain mortgage loans in the names of unqualified borrowers based upon materially false and fraudulent qualifying

information and other false pretenses, representations and promises regarding property valuations which the defendant submitted and caused to be submitted to said lenders.

2. At times during this scheme and in furtherance thereof, defendant KELSEY TORREY HULL, aided and abetted by others, acquired properties located in the metropolitan Atlanta, Georgia area, primarily in the 30310 zip code, in his own name and in his company names, Two Brothers Investment and Legacy Development Group, which properties he often "flipped" within days to unqualified borrower/purchasers for whom defendant HULL arranged mortgage loans in fraudulently inflated amounts, as follows:

(a) Recruited unqualified borrowers to apply for mortgage loans to purchase HULL properties at amounts substantially in excess of the fair market value by paying and promising to pay said borrower/purchasers.

(b) Submitted and caused to be submitted loan applications containing false borrower qualifying information, including employment, income, bank deposits and borrower down payments to FDIC insured financial institutions Chase, Wells Fargo and others, supported by bogus pay stubs, bank statements, leases and Verifications of Deposit, Employment and/or Rent.

(c) Used fraudulently inflated appraisals with property valuations substantially in excess of the true market value for the properties securing the mortgage loans.

(d) Paid kickbacks for the benefit of the loan officer who originated the fraudulent Chase and Wells Fargo mortgage loans for unqualified borrowers to purchase the HULL properties at inflated amounts.

(e) Increased borrower income and providing additional bogus supporting documentation for unqualified borrowers when notified by the Chase and Wells Fargo loan contract underwriter employed through GE Capital Mortgage Corporation that such additional information was needed for loan approval.

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT TWO  
Conspiracy  
18 U.S.C. § 1349

1. From in or about August 2008, through on or about November 10, 2009, in the Northern District of Georgia, defendant KELSEY TORREY HULL did willfully, knowingly and unlawfully combine, conspire, confederate, agree and have a tacit understanding with others, known and unknown, to commit certain offenses against the United States, including the following:

(a) 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 Allied Home Mortgage, Bank of America, First Reverse Financial Service, James B. Nutter and Company, Live Well Financial, Security One Lending, Urban

Financial Group, Value Financial Mortgage Services and others, being insured depository institutions, 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.

(b) To devise and intend to devise a scheme and artifice to defraud reverse mortgage lenders, and the FHA insurer of said reverse mortgage loans, of money and property by submitting and causing to be submitted materially false borrower qualifying information and other materially fraudulent pretenses, representations and promises regarding property valuation, causing interstate wire communications to be made in furtherance of said scheme to defraud, in violation of Title 18, United States Code, Section 1343.

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-reverses 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 KELSEY TORREY HULL and his conspirators to profit

from fraudulently obtained FHA insured reverse mortgage loans as follows:

(a) Recruit senior borrowers 62 years of age and older for both refi-reverses and purchase money reverses to be insured by the FHA and secured by properties located in Atlanta, Decatur and Stone Mountain, Georgia.

(b) Cause an official number to be assigned in West Virginia to FHA insured reverse mortgage loans for access by loan originators in the Northern District of Georgia, all such assignment requests and accesses made by interstate wire communication through the internet.

#### **Refinance Reverse Mortgage Fraud**

(c) Quit claim or otherwise convey properties owned by HULL controlled companies, including One Hand to Another and Legacy Development Group, or owned by other sellers to those recruited to be senior refi-reverse borrowers.

(d) Create false equity in the alleged senior-owned properties securing the FHA insured refi-reverses by causing intangible transfer taxes in inflated amounts to be placed on the deeds of conveyance to seniors when no money had changed hands.

(e) Document false equity in the alleged senior-owned properties securing the refi-reverses by obtaining fraudulently inflated appraisals with property valuations substantially in excess of the then true market value.

(f) Divert fraudulently inflated refi-reverse proceeds from senior borrowers and the FHA insurer to defendant KELSEY TORREY HULL through filed and unfiled "liens" placed on the properties in the name of HULL controlled companies, including One Hand to Another and Legacy Development.

(g) Divert fraudulently inflated refi-reverse proceeds from senior borrowers and the FHA insurer by directing the seniors to give defendant KELSEY TORREY HULL loan proceeds checks payable to the senior borrowers.

(h) Pay the sellers only a portion of the sales price reported to the refi-reverse lenders and the FHA insurer.

**Purchase Money Reverse Mortgage Fraud**

(i) Cause seniors recruited for purchase money reverses to sign property purchase agreements substantially in excess of the amount to be paid to the property sellers.

(j) Pay and promise to pay kickbacks to a loan officer who originated fraudulent purchase money reverse loans through a FHA approved mortgage brokerage firm.

(k) Document false equity in the properties used to secure the purchase money reverse loans by obtaining fraudulently inflated appraisals with property valuations substantially in excess of the then true market value.

(l) Create false equity in the properties securing the purchase money reverse loans by use of bogus senior down payments

of between \$50,000 and \$105,000, documented by fake HUD1 Settlement Statements purporting to show the sale of senior assets and by false gift letters and bank statements purportedly from relatives "gifting" down payments to seniors.

(m) Provide the required senior down payments to the attorney closing the purchase reverse loans by cashiers checks and wire transfers from the funds of defendant KELSEY TORREY HULL.

(n) Recruit persons to act as Powers of Attorney (POAs) for the sellers at the loan closings to conceal from the sellers the inflated purchase prices on the HUD1 Settlement Statements which were submitted to the purchase money reverse lenders and the FHA insurer.

(o) Divert purchase money reverse loan proceeds from the seniors and the FHA insurer by instructing the POAs for the seller to deliver seller proceeds checks which included the return of the fraudulently fronted down payments for deposit into bank accounts opened by defendant KELSEY TORREY HULL in the sellers' proper names with "Inc." affixed thereto.

(p) Divert purchase money reverse loan proceeds from the seniors and the FHA insurer by instructing the closing attorney to wire transfer seller proceeds into bank accounts opened by defendant KELSEY TORREY HULL in the sellers' proper names with "Inc." affixed thereto.

(q) Pay the sellers only a portion of the sales price



reported to the purchase money reverse lenders and the FHA insurer.

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

FORFEITURE PROVISION

4. Upon conviction of one or more of the offenses alleged in Counts One and Two of this Information, defendant KELSEY TORREY HULL shall forfeit to the United States pursuant to 18 United States Code, Sections 981(a) (1) (C), 982(a) (2), and 28 United States Code, Section 2461(c) any property, real or personal, constituting or derived from proceeds obtained directly or indirectly as a result of the said violation.

5. If, as a result of any act or omission of the defendant, any property subject to forfeiture:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty;

the United States intends, pursuant to Title 18, United States Code, Section 982 (b) and Title 21, United States Code, Section

853(p), and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of said defendant up to the value of the forfeitable property.

All pursuant to Title 18, United States Code, Sections 981(a)(1)(C), 982 (a) and (b); Title 28, United States Code, Section 2461(c); and Title 21, United States Code, Section 853(p).

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