

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	
)	No.
vs.)	
)	Violations: Title 18, United States Code,
STEVEN KLEBOSITS,)	Sections 1341 and 1343
THOMAS HYLAND,)	
JOSEPH NATALIZIO,)	
DIOMEDE CARDONE,)	
JASON STREVER,)	
JOSEPH ABATE, and)	
YUSEF ALLAN)	

COUNT ONE

The SPECIAL FEBRUARY 2011-1 GRAND JURY charges:

1. At times material to this indictment:
 - a. Defendants STEVEN KLEBOSITS and THOMAS HYLAND owned SNAP Holdings, LLC, through which defendants KLEBOSITS and HYLAND purchased and sold properties located in Chicago, Illinois.
 - b. Defendant JOSEPH NATALIZIO was a loan originator licensed in the State of Illinois and the President and co-owner of JNC Mortgage, Inc., which did business under the name United Mortgage Services and had an office in Addison, Illinois.
 - c. Defendant DIOMEDE CARDONE was a loan originator licensed in the State of Illinois and employed as a mortgage broker at United Mortgage Services.
 - d. Defendant JASON STREVER owned JMS Management Corporation.
 - e. Defendant JOSEPH ABATE owned APJ Consulting, Inc.
 - f. Defendant YUSEF ALLAN was a loan originator licensed in the State

of Illinois and owned Silver Key Lending and Investment Group, LLC, located in Orland Park, Illinois.

g. CitiMortgage, HSBC Mortgage, Flagstar Bank, Suntrust Mortgage, Equity Mortgage Corporation, Homecomings Financial, Countrywide Home Loans, U.S. Bank Home Mortgage, Provident Funding, HLB Mortgage, and AMPRO Mortgage were lenders that made loans secured by mortgages.

h. Lenders required applicants for mortgage loans to provide truthful information, including information about the sales price of the property and about the borrower's employment, income, financial condition, assets, liabilities, source of down payment, and intention to occupy the property, which information was material to the lenders' approval, terms, and funding of the loans.

i. Lenders sold the mortgage loans to other lenders and institutions. Lenders disclosed that the mortgage loans could be sold and the likelihood that the mortgage loans would be sold. The information provided in loan applications and supporting documents, including the sales price of the property and the borrower's employment, income, assets, liabilities, source of down payment, and intention to occupy the property purchased, was material to the successors' decision to purchase the mortgage loans.

2. Beginning in or about March 2007, and continuing until in or about November 2008, in the Northern District of Illinois, Eastern Division, and elsewhere,

STEVEN KLEBOSITS,
THOMAS HYLAND,
JOSEPH NATALIZIO,
DIOMEDE CARDONE,
JASON STREVER,
JOSEPH ABATE, and
YUSEF ALLAN,

defendants herein, devised, intended to devise, and participated in a scheme to defraud lenders and successors and to obtain money and property from lenders by means of materially false and fraudulent pretenses, representations, and promises, which scheme is further described below.

3. It was part of the scheme that defendants STEVEN KLEBOSITS, THOMAS HYLAND, JOSEPH NATALIZIO, DIOMEDE CARDONE, JASON STREVER, JOSEPH ABATE, and YUSEF ALLAN, and others, fraudulently obtained over 20 mortgage loans in a total amount of at least approximately \$8.5 million from lenders by making and causing to be made materially false representations in documents submitted to lenders, including loan applications, real estate contracts, and HUD-1 settlement statements, concerning, among other things, the sales price of the property and the buyers' income, employment, financial condition, source of down payment, and intention to occupy the property, and for the purpose of executing the scheme caused interstate wire transmissions and deliveries by interstate carriers.

4. It was further part of the scheme that defendants STEVEN KLEBOSITS and THOMAS HYLAND, in their own names and using entities including SNAP Holdings, knowingly sold properties at inflated sales prices to buyers whom defendants KLEBOSITS

and HYLAND knew were fraudulently qualified for mortgage loans, which properties were located in or around the Englewood and West Englewood neighborhoods of Chicago, and included 5422 S. Laflin Street, 5821 S. Carpenter Street, 5724 S. Hoyne Avenue, 5331 S. Honore Street, 5144 S. Princeton Avenue, 5210 S. Wood Street, 5633 S. Bishop Street, 6014 S. Elizabeth Street, 6338 S. Laflin Street, 5648 S. Laflin Street, 5741 S. Justine Street, 6510 S. Winchester Avenue, 5701 S. Damen Avenue, 5535 S. Honore Street, 5708 S. Elizabeth Street, 5121 S. Union Avenue, 5625 S. Hermitage Avenue, 6713 S. Sangamon Street, 5131 S. Justine Street, 5151 S. Laflin Street, 5621 S. Normal Avenue, and 5412 S. Honore Street.

5. It was further part of the scheme that defendants STEVEN KLEBOSITS, THOMAS HYLAND, DIOMEDE CARDONE, JASON STREVER, and JOSEPH ABATE recruited and caused to be recruited buyers to purchase properties from entities that defendants KLEBOSITS and HYLAND owned and controlled, including SNAP Holdings, knowing that the buyers would be qualified for mortgage loans to purchase the properties through false statements made to lenders, including false statements about the sales price of the property and about the buyers' income, assets, liabilities, employment, financial condition, source of down payment, and intention to occupy the property.

6. It was further part of the scheme that defendants STEVEN KLEBOSITS and THOMAS HYLAND prepared and submitted, and caused to be prepared and submitted, to lenders real estate sales contracts that defendants KLEBOSITS and HYLAND knew contained materially false and fraudulent information, including inflated sales prices of the properties being sold.

7. It was further part of the scheme that defendants STEVEN KLEBOSITS, THOMAS HYLAND, JOSEPH NATALIZIO, and DIOMEDE CARDONE prepared and submitted, and caused to be prepared and submitted, to lenders loan applications that defendants KLEBOSITS, HYLAND, NATALIZIO, and CARDONE knew contained materially false and fraudulent information about buyers' qualifications, including false and fraudulent information about buyers' income, assets, liabilities, employment, source of down payment, and intention to occupy the property.

8. It was further part of the scheme that defendants STEVEN KLEBOSITS and THOMAS HYLAND caused to be prepared and submitted to lenders HUD-1 settlement statements that defendants KLEBOSITS and HYLAND knew contained materially false and fraudulent information, including false and fraudulent information about the true source of the buyers' down payments and about payments provided to the buyers for purchasing the properties.

9. It was further part of the scheme that defendants STEVEN KLEBOSITS, THOMAS HYLAND, JOSEPH NATALIZIO, DIOMEDE CARDONE, and JASON STREVER prepared and submitted, and caused to be prepared and submitted, other fraudulent documents to lenders that made buyers falsely appear qualified for loans, including false verifications of deposit that inflated buyers' assets and gift letters that falsely stated that the buyers' down payments were gifts from relatives.

10. It was further part of the scheme that defendants STEVEN KLEBOSITS and THOMAS HYLAND provided funds to buyers knowing that the funds would be falsely

represented to the lenders as the buyers' down payments, and defendants KLEBOSITS and HYLAND knowingly caused these funds to be falsely represented to lenders as the buyers' down payments.

11. It was further part of the scheme that defendant JASON STREVER, through his company, JMS Management, and defendant YUSEF ALLAN, through his company, Silver Key Lending, received funds from defendants STEVEN KLEBOSITS and THOMAS HYLAND, and provided those funds to buyers, knowing that the funds were being used to falsely represent to lenders that the buyers were using their own funds to make down payments for the properties purchased.

12. It was further part of the scheme that defendant JOSEPH ABATE, through his company, APJ Consulting, received funds from defendants STEVEN KLEBOSITS and THOMAS HYLAND, and provided a portion of those funds to defendant JASON STREVER, through his company, JMS Management, knowing that the funds would be given to buyers and used to falsely represent to lenders that the buyers were using their own funds to make down payments for the properties purchased.

13. It was further part of the scheme that defendants STEVEN KLEBOSITS, THOMAS HYLAND, and JASON STREVER paid and caused to be paid the buyers for purchasing the properties, knowing that these payments had not been disclosed to lenders that made loans to the buyers to purchase the properties.

14. It was further part of the scheme that defendants STEVEN KLEBOSITS and THOMAS HYLAND fraudulently obtained mortgage loan proceeds by causing materially

false closing documents to be prepared that concealed from lenders that funds represented as the buyers' contribution to the purchase price were provided by defendants KLEBOSITS and HYLAND, that the purchase price was inflated, and that, therefore, lenders were financing all or a greater portion of the transaction than represented for buyers who were contributing little or no equity.

15. It was further part of the scheme that defendant DIOMEDE CARDONE purchased a property from SNAP Holdings located at 5741 S. Justine Street, Chicago, Illinois, knowing that he obtained a mortgage loan from a lender to finance the purchase of that property by signing and submitting documents that contained false statements, including: (a) loan applications that falsely represented that defendant CARDONE intended to occupy the property as his primary residence and that falsely listed the source of defendant CARDONE's down payment; (b) a gift letter that falsely represented that defendant CARDONE obtained his down payment through a gift from Individual A; and (c) a HUD-1 settlement statement that falsely represented the true source of defendant CARDONE's down payment and that did not disclose a payment that defendant CARDONE received from defendant KLEBOSITS for purchasing the property.

16. It was further part of the scheme that defendant DIOMEDE CARDONE received money from Individual A for his down payment to purchase 5741 S. Justine Street from SNAP Holdings, knowing that defendant STEVEN KLEBOSITS gave the money to Individual A for defendant CARDONE's down payment and knowing that the true source of the funds was falsely represented to the lender that financed the transaction.

17. It was further part of the scheme that defendant DIOMEDE CARDONE received approximately \$35,000 from defendant STEVEN KLEBOSITS for purchasing 5741 S. Justine Street from SNAP Holdings, knowing that this payment was concealed from the lender that financed his mortgage loan.

18. It was further part of the scheme that defendants STEVEN KLEBOSITS, THOMAS HYLAND, JOSEPH NATALIZIO, DIOMEDE CARDONE, JASON STREVER, JOSEPH ABATE, and YUSEF ALLAN did misrepresent, conceal, and hide, and caused to be misrepresented, concealed, and hidden, acts done in furtherance of the scheme and the purpose of those acts.

19. On or about October 19, 2007, at Lombard, in the Northern District of Illinois, Eastern Division, and elsewhere,

STEVEN KLEBOSITS,
THOMAS HYLAND,
JOSEPH NATALIZIO,
JASON STREVER, and
JOSEPH ABATE,

defendants herein, for the purpose of executing the scheme to defraud, knowingly deposited and caused to be deposited, to be sent and delivered by United Parcel Service, an interstate commercial carrier, according to the directions thereon, an envelope containing a payoff

check in the amount of \$168,738.98, addressed to ZDE Investments, Inc., 2915 North Southport Ave., Chicago, IL 60657-4112, for payment relating to the purchase of a property located at 5422 S. Laflin Street, Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT TWO

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 18 of Count One of this indictment are incorporated here.

2. On or about October 23, 2007, at Lombard, in the Northern District of Illinois, Eastern Division, and elsewhere,

STEVEN KLEBOSITS,
THOMAS HYLAND, and
JOSEPH NATALIZIO,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer processed through the Federal Reserve System in New Jersey in the amount of approximately \$345,476 from a CitiMortgage account at Citibank to an Attorneys' Title Guaranty Fund account at LaSalle Bank, which funds represented the proceeds of a mortgage loan from CitiMortgage to finance the purchase of a property located at 5821 S. Carpenter Street, Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT THREE

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 18 of Count One of this indictment are incorporated here.

2. On or about November 5, 2007, at Lombard, in the Northern District of Illinois, Eastern Division, and elsewhere,

STEVEN KLEBOSITS,
THOMAS HYLAND,
JOSEPH NATALIZIO, and
JOSEPH ABATE,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer processed through the Federal Reserve System in New Jersey in the amount of approximately \$343,408 from an HSBC Mortgage Corporation account at HSBC Bank to an Attorneys' Title Guaranty Fund account at LaSalle Bank, which funds represented the proceeds of a mortgage loan from HSBC Mortgage Corporation to finance the purchase of 5724 S. Hoyne Avenue, Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT FOUR

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 18 of Count One of this indictment are incorporated here.

2. On or about November 14, 2007, at Lombard, in the Northern District of Illinois, Eastern Division, and elsewhere,

STEVEN KLEBOSITS,
THOMAS HYLAND,
JOSEPH NATALIZIO, and
JOSEPH ABATE,

defendants herein, for the purpose of executing the scheme to defraud, knowingly deposited and caused to be deposited, to be sent and delivered by United Parcel Service, an interstate commercial carrier, according to the directions thereon, an envelope containing a payoff check in the amount of \$194,822.76, addressed to Smith Rothchild Financial Company, Suite 1850, 221 N. LaSalle Street, Chicago, IL 60601, for payment relating to the purchase of a property located at 5331 S. Honore Street, Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT FIVE

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 18 of Count One of this indictment are incorporated here.

2. On or about March 14, 2008, at Oak Brook, in the Northern District of Illinois, Eastern Division, and elsewhere,

STEVEN KLEBOSITS,
THOMAS HYLAND, and
JOSEPH NATALIZIO,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer processed through the Federal Reserve System in New Jersey in the amount of approximately \$322,894 from Flagstar Bank to a Stewart Title account at Chase Bank, which funds represented the proceeds of a mortgage loan from Flagstar Bank to finance the purchase of 5144 S. Princeton Avenue, Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT SIX

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 18 of Count One of this indictment are incorporated here.

2. On or about May 2, 2008, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

STEVEN KLEBOSITS, and
THOMAS HYLAND,

defendants herein, for the purpose of executing the aforesaid scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer processed through the Federal Reserve System in New Jersey in the amount of approximately \$283,543 from a CitiMortgage account at Citibank to a First American Title Company account at First American Trust, which funds represented the proceeds of a mortgage loan from CitiMortgage to finance the purchase of 5633 S. Bishop Street, Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT SEVEN

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 18 of Count One of this indictment are incorporated here.

2. On or about June 25, 2008, at Oakbrook, in the Northern District of Illinois, Eastern Division, and elsewhere,

STEVEN KLEBOSITS,
THOMAS HYLAND, and
DIOMEDE CARDONE,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer processed through the Federal Reserve System in New Jersey in the amount of approximately \$292,147 from a Suntrust Mortgage account at Suntrust Bank to a Stewart Title account at J.P. Morgan Chase Bank, which funds represented the proceeds of a mortgage loan from Suntrust Mortgage to finance the purchase of 6014 S. Elizabeth Street, Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT EIGHT

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 18 of Count One of this indictment are incorporated here.

2. On or about June 25, 2008, at Lombard, in the Northern District of Illinois, Eastern Division, and elsewhere,

STEVEN KLEBOSITS,
THOMAS HYLAND, and
JOSEPH NATALIZIO,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer processed through the Federal Reserve System in New Jersey in the amount of approximately \$293,814 from a CitiMortgage account at Citibank to a First American Title account at First American Trust, which funds represented the proceeds of a mortgage loan from CitiMortgage to finance the purchase of 6338 S. Laflin Street, Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT NINE

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 18 of Count One of this indictment are incorporated here.

2. On or about June 30, 2008, at Park Ridge, in the Northern District of Illinois, Eastern Division, and elsewhere,

STEVEN KLEBOSITS, and
THOMAS HYLAND,

defendants herein, for the purpose of executing the scheme to defraud, knowingly deposited and caused to be deposited, to be sent and delivered by Federal Express, an interstate commercial carrier, according to the directions thereon, an envelope containing mortgage and closing documents, from Stewart Title in Park Ridge, Illinois, addressed to Post Closing, First Funding Group, LLC, 2323 S. 109th Street, Suite 175, West Allis, WI 53227, relating to the purchase of a property located at 5648 S. Laflin Street, Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1341 and 2.

COUNT TEN

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 18 of Count One of this indictment are incorporated here.

2. On or about July 30, 2008, at Lombard, in the Northern District of Illinois, Eastern Division, and elsewhere,

STEVEN KLEBOSITS,
THOMAS HYLAND, and
DIOMEDE CARDONE,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer processed through the Federal Reserve System in New Jersey in the amount of approximately \$284,059 from a Countywide account at Bank of New York to a First American Title account at First American Trust, which funds represented the proceeds of a mortgage loan from Countrywide Home Loans to finance the purchase of 5741 S. Justine Street, Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT ELEVEN

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 18 of Count One of this indictment are incorporated here.

2. On or about August 13, 2008, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

STEVEN KLEBOSITS,
THOMAS HYLAND, and
JOSEPH NATALIZIO,

defendants herein, for the purpose of executing the scheme to defraud, knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, an interstate wire transfer processed through the Federal Reserve System in New Jersey in the amount of approximately \$296,842 from a CitiMortgage account at Citibank to a First American Title account at First American Trust, which funds represented the proceeds of a mortgage loan from CitiMortgage to finance the purchase of a property located at 6510 S. Winchester Avenue, Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1343 and 2.

COUNT TWELVE

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges:

1. The allegations in paragraphs 1 through 18 of Count One of this indictment are incorporated here.

2. On or about November 17, 2008, at Lombard, in the Northern District of Illinois, Eastern Division, and elsewhere,

STEVEN KLEBOSITS,
THOMAS HYLAND, and
YUSEF ALLAN,

defendants herein, for the purpose of executing the scheme to defraud, knowingly deposited and caused to be deposited, to be sent and delivered by Federal Express, an interstate commercial carrier, according to the directions thereon, an envelope containing mortgage and closing documents, from First American Title in Lombard, Illinois, addressed to Closing Department, Provident Funding Group, Inc., 11 S. LaSalle St., Post Closing Suite 2150, Chicago, IL 60603, relating to the purchase of a property located at 5701 S. Damen Avenue, Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1341 and 2.

FORFEITURE ALLEGATION

The SPECIAL FEBRUARY 2011-1 GRAND JURY further charges:

1. The allegations of Counts One through Twelve are incorporated here for the purpose of alleging forfeiture to the United States pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

2. As a result of their violations as alleged in Counts One through Twelve of the foregoing indictment,

STEVEN KLEBOSITS,
THOMAS HYLAND,
JOSEPH NATALIZIO,
DIOMEDE CARDONE,
JASON STREVER,
JOSEPH ABATE, and
YUSEF ALLAN,

defendants herein, shall forfeit to the United States any and all right, title, and interest they may have in any property, real and personal, which constitutes and is derived from proceeds traceable to the offenses charged in Counts One through Twelve.

3. The interests of the defendants subject to forfeiture to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) as incorporated by Title 28, United States Code, Section 2461(c), include but are not limited to approximately \$8,555,185.

4. If any of the forfeitable property described above, as a result of any act or omission by defendants:

(a) cannot be located upon the exercise of due diligence;

- (b) has been transferred or sold to, or deposited with, a third party;
- (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 divided without difficulty;

the United States of America shall be entitled to forfeiture of substitute property pursuant to the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c);

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

A TRUE BILL:

FOREPERSON

ACTING UNITED STATES ATTORNEY