

UNITED STATES DISTRICT COURT
for the
District of Columbia

United States of America
v.

Carline M. Charles

Defendant(s)

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)
)
)
)
)

Case No.

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date(s) of April 2005 and August 2007 in the county of Washington, D.C. in the
District of Columbia & elsewhere, the defendant(s) violated:

Code Section

18 U.S.C. Section 1341
18 U.S.C. Section 1343
18 U.S.C. Section 2(b)

Offense Description

Mail Fraud
Wire Fraud
Causing an Act to be Done

This criminal complaint is based on these facts:

SEE ATTACHED AFFIDAVIT

Continued on the attached sheet.

Complainant's signature

Mary E. Soudrette, Special Agent

Printed name and title

Sworn to before me and signed in my presence.

Date: 05/07/2010

Judge's signature

City and state: Washington, D.C.

United States Magistrate Judge

Printed name and title

**AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT
AND ARREST WARRANT**

I, MARY E. SOUDRETTE (hereinafter “affiant”), a Special Agent with the Federal Bureau of Investigation (hereinafter “FBI”), having been duly sworn, hereby depose and state as follows:

I. OBJECTIVE

This affidavit is presented in support of a criminal complaint against and an arrest warrant for Carline Marie Charles (hereinafter “CHARLES”) charging her with wire and mail fraud in violation of 18 U.S.C. §§ 1343 and 1341 and § 2(b) (causing an act to be done). As shown below, there is probable cause to believe CHARLES is responsible for these offenses of wire and mail fraud.

II. CREDENTIALS

Affiant is employed as an FBI Special Agent and has been so employed since March 1995. Affiant is assigned to a white-collar crime squad at the Northern Virginia Resident Agency of the Washington Field Office, Manassas, Virginia, and has been so assigned since July 2004. Affiant’s duties include, but are not limited to, the preparation, presentation and service of criminal complaints, search warrants, and arrest warrants pursuant to the investigation of financial crimes, particularly those involving bank fraud and mortgage fraud. Affiant has participated in numerous investigations and prosecutions involving financial fraud. By virtue of affiant's training and experience as a Special Agent, affiant is familiar with investigations involving individuals who have devised or intended to devise schemes and/or artifices to defraud, or obtain money or property by means of false or fraudulent pretenses, representations, or promises.

III. SOURCE OF EVIDENCE

As a result of affiant’s personal participation in the investigation of matters referenced in this affidavit, and the investigative actions taken by other federal law enforcement officers, including

witness interviews and the review of documents, consisting of real estate records, loan records, and bank and other business records, affiant is familiar with the facts and circumstances of this investigation. Affiant has not set forth every detail known about this investigation, rather only those facts affiant believes are sufficient to establish a finding of probable cause.

IV. RELEVANT STATUTES

Title 18, United States Code, Sections 1343 and 1341, make it illegal for anyone, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations or promises, to use interstate wires or the mails for the purpose of executing such scheme or artifice.

Title 18, United States Code, Section 2(b), provides that “[w]hoever, willfully causes an act to be done which if directly performed by him[, her] or another, would be an offense against the United States, is punishable as a principal.”

V. FACTUAL BACKGROUND

A. The Real Estate Investment Scheme

On the basis of affiant's familiarity with this investigation, affiant has determined this mortgage fraud scheme has the following characteristics:

1. CHARLES engaged in a mortgage fraud scheme in which she represented herself as a company which offered refinancing options to homeowners whose properties were facing imminent foreclosure. CHARLES, acting with others, including mortgage brokers, straw purchasers and settlement agents, deceived homeowners into selling their property, and thereafter skimmed proceeds from the sales transactions. A straw purchaser in this matter is a person whose identity and credit is used to purchase real property. The straw purchaser, however, neither pays any of his or her

own money toward the purchase nor intends to occupy the property or pay the mortgage.

2. CHARLES and others contacted homeowners through solicitation postcards sent through the United States mail or by telephone. Homeowners were identified as being in default on their home loan through the use of records obtained from the District of Columbia Recorder of Deeds office or the land records office for Prince George's County, Maryland.

3. Homeowners were often in financial distress, desperate to keep their property, avoid foreclosure, and avoid having to file personal bankruptcy.

4. CHARLES' solicitation offered "financial solutions" including mortgage refinancing, the lowering of interest rates, the payoff of property taxes, and the elimination of debt.

5. CHARLES made false and fictitious promises and representations to the homeowners. Homeowners were told that due to their impaired credit score and the pending foreclosure of their property, they would not qualify to refinance their property on their own. CHARLES offered homeowners an alternative program whereby homeowners could refinance their property for a period of time, typically six months to one year, with the assistance of a financial partner or investor. CHARLES told the homeowners they could rebuild their credit during the six months to one year time period. After the time period had elapsed, homeowners were led to believe they could refinance their property again, terminating their participation in defendant's foreclosure program, and removing the financial partner/investor from the homeowner's property.

6. CHARLES required the homeowners to pay a monthly mortgage payment to defendant's company while the homeowners were participating in the foreclosure program. Homeowners were told CHARLES would make the mortgage payments to the lender. Some homeowners were led to believe the money they paid to CHARLES was being placed into an escrow

account which would be available to the homeowner when they refinanced at the end of the program.

7. CHARLES assured homeowners their property could not be sold while they were participating in defendant's foreclosure program because all parties' names would be recorded on the property deed which would prohibit one party from selling the property without the consent of the other.

8. While the homeowners were led to believe they were refinancing their property, in actuality, the homeowners unknowingly sold their property to straw purchasers recruited by CHARLES. CHARLES sought out unsophisticated individuals, with good credit scores, to act as straw purchasers, also known as credit partners, for these transactions. The straw purchasers were typically paid a fee of \$5,000 to \$10,000 per transaction in exchange for the use of his or her personal information to purchase a respective property. The straw purchasers understood that defendant would make the monthly mortgage payments and the straw purchaser would not be otherwise financially responsible for the property or required to live there.

9. In furtherance of the scheme, CHARLES and others obtained financial information from the straw buyers which was then falsified in order to qualify the applicants for their mortgage loans. The mortgage loan applications were falsified in a number of ways, including inflating the gross income of the applicant; falsifying the job position of the applicant; falsifying bank account verification documents; falsifying rental verification documents; and falsely reporting that the straw purchaser intended to occupy the property as his or her primary residence.

10. Defendant, along with the straw purchasers and others, misrepresented and concealed from the mortgage lenders material information relating to the loans obtained for the purchase of the properties. These materially false statements and omissions of material facts

included the assertion that the straw purchasers were the true purchasers of the properties; that the straw purchasers intended to occupy the properties; and that the straw purchasers intended to repay the mortgage loans themselves.

11. As part of the settlement process, excessive fees were disbursed to CHARLES for items variously described on the HUD-1 settlement statements as “security escrow” fees, “property management” fees, “consulting” fees, and “foreclosure prevention” fees. Not only were the homeowners unaware they were selling their property, the homeowners were also unaware that said fees were being disbursed from their seller proceeds as part of the settlement process. Defendant used some of the proceeds to make mortgage payments on the properties for a period of time. Eventually, however, defendant stopped making the mortgage payments, resulting in the foreclosure of more than a dozen properties and the eviction of some of the homeowners.

B. Facts Developed by Affiant’s Investigation

1. Beginning in or about December 2008, affiant initiated an investigation into an alleged real estate investment scheme being orchestrated by CHARLES doing business as C&O Property Solutions, LLC, and others, after learning that CHARLES was recruiting straw purchasers to purchase real estate properties in the District of Columbia and Maryland. From this investigation, affiant has determined the following:

2. Beginning in or about April 2005 and continuing thereafter, CHARLES, date of birth X/XX/XX, possessing Maryland driver’s license number ****5993, with an associated address of ****, Silver Spring, Maryland, was the principal operator of the mortgage fraud scheme conducted under the name C&O Property Solutions, LLC.

3. Maryland Department of Assessment and Taxation records indicate that C&O

Property Solutions, LLC, Department Identification Number W*****, was incorporated on January 10, 2006 with a principal office address of ****, Silver Spring, Maryland. C&O Property Solutions' mail name and address is recorded as CARLENE CHARLES, 1229 15th Street, NW, Washington, DC.

4. On or about January 6, 2006, CHARLES rented a private mail box in the name of Carline Charles; C&O Property Solutions; and Bahn Group, at a UPS Store located at 14625 Baltimore Avenue, #618, Laurel, Maryland. CHARLES provided her Maryland driver's license number, ****5993, as proof of identification.

Savannah Place Property

5. On or about November 23, 2009, affiant interviewed homeowner O.W. regarding O.W.'s property located in the **** block of Savannah Place, Southeast, Washington, DC, (hereinafter "the Savannah Place property"). O.W. advised affiant of the following regarding her involvement with CHARLES and C&O Property Solutions:

a. O.W. began to experience financial difficulties beginning in or about September 2003 and continuing through 2005 during which time O.W. lost her job causing O.W. to fall behind on her mortgage payments to her lender.

b. On or about the end of December 2005, O.W. received several solicitation postcards in the United States mail from C&O Property Solutions which offered financial assistance to homeowners facing foreclosure. O.W. telephoned the number on the postcard and set up a meeting with CHARLES to discuss C&O Property Solutions' foreclosure program. During the meeting, CHARLES made the following representations to O.W.:

i. C&O Property Solutions would assist O.W. avoid the foreclosure

of O.W.'s property by having O.W. refinance her property with a co-borrower or investor while allowing O.W. to continue living in the property. The investor would be responsible for paying O.W.'s arrearage to O.W.'s mortgage lender, which O.W. would then be obligated to repay to the investor at the end of O.W.'s participation in the foreclosure program;

ii. Both O.W. and the investor would be listed on the property deed and note for a period of six months to one year during which time neither party would be able to sell the Savannah Place property without the consent of the other. During this time, O.W. could improve her credit score. At the end of the time period, O.W. could refinance her property again, removing the investor from the property deed and note, and;

iii. O.W. would be required to make monthly mortgage payments to CHARLES which CHARLES would forward to the mortgage lender.

c. Based on the information presented by CHARLES and because O.W. trusted CHARLES, O.W. agreed to participate in the C&O Property Solutions foreclosure program. O.W. identified CHARLES' photograph, obtained from CHARLES' Maryland driver's license number, ****5993, as the operator of C&O Property Solutions.

d. On or about April 4, 2006, O.W. signed settlement documents with EK Settlements, Inc., 10262 Baltimore National Pike , Ellicott City, Maryland. The settlement took place at O.W.'s job, a supermarket in Washington, DC. O.W. signed settlement documents in the supermarket aisle while O.W. worked and assisted customers. O.W. was distracted during the closing and was never shown a HUD-1 Settlement Statement describing the financial terms of what O.W. understood to be a refinance of her property.

e. Beginning in or about June 2006 until in or about April 2007, O.W. paid

CHARLES a monthly mortgage payment of approximately \$1,000.00 to \$1,100.00, which was paid in the form of personal checks, money orders, and cashier's checks, made payable to C&O Properties.

f. In or about 2007, while attempting to refinance her property, O.W. learned that investor R.B. actually owned the Savannah Place property and that O.W.'s equity in her property was gone.

6. On or about November 23, 2009, your affiant reviewed settlement records received from EK Settlements, Inc. relating to the settlement transaction of the Savannah Place property. A review of the records revealed the following information:

a. On or about April 4, 2006, O.W. sold real property located in the **** block of Savannah Place, Southeast, Washington, DC to R.B. for \$220,000.

b. Disbursements from the sale of the Savannah Place property which were paid to C&O Property Solutions totaled \$74,995.15 and included a "reinstatement payoff" of \$25,869.46; a "consultant fee" of \$22,125.69; and a "security escrow" fee of \$27,000.00.

c. The Itemized Disbursement Statement indicated that on or about April 5, 2006, EK Settlements, LLC sent a wire transfer, in the amount of \$74,995.15, from EK Settlements's Sandy Spring Bank account number, ****5401 to C&O Property Solutions.

7. On or about February 2, 2010, affiant reviewed records received from the Federal Reserve Bank of New York. Federal Reserve Bank records show that on or about April 7, 2006, a wire transfer that traveled interstate through the Fedwire system, in the amount of \$74,995.15 – which represented a portion of the proceeds of the transaction involving the Savannah Place property – was sent from EK Settlements, Inc./Sandy Spring Bank, located in Olney, Maryland, to

CHARLES' AFL-CIO Employees Federal Credit Union account number ****3275, located in Washington, DC.

8. On or about February 2, 2010, affiant reviewed PNC Bank records for account number ****3998, in the name of C&O Property Solutions, LLC, 324 Hammonton Place, Silver Spring, Maryland. Bank records indicate that on or about April 7, 2006, check #271, in the amount of \$10,000.00 was paid by CHARLES to R.B. for “***** Savannah NE.”

9. On or about November 23, 2009, O.W. advised affiant of the following regarding the sale of her property:

a. O.W. understood the closing documents O.W. signed with EK Settlements, Inc. to be a refinance in which investor R.B. was added to the mortgage loan and title to her property. O.W. never knew the settlement was for a sales transaction resulting in the sale of the Savannah Place property to R.B.

b. O.W. was unaware proceeds from the sales transaction, in the amount of \$74,995.15, were disbursed to CHARLES, dba C&O Property Solutions, for reinstatement payoff fees, consultant fees, and security escrow fees, nor would O.W. ever have authorized such disbursements.

The M Street Property

10. On or about December 30, 2009, affiant interviewed homeowners A.S. and F.S., a married couple, regarding their property located in the **** block of M Street (hereinafter “the M Street property”), Northeast, Washington, DC. A.S. provided the following information regarding his and F.S.'s involvement with CHARLES and C&O Property Solutions:

a. In or about 2006, A.S. and F.S. were experiencing financial problems

including the foreclosure of their property. A.S. and F.S. were interested in refinancing in order to cash-out equity from their property. A.S. was introduced to CHARLES by A.S.' brother who was also experiencing financial difficulties and was refinancing his property with CHARLES.

b. A.S. and F.S. met CHARLES at CHARLES' office in Lanham, Maryland where CHARLES explained that C&O Property Solutions offered two programs. After running A.S.' and F.S.' credit, CHARLES advised that based on their credit scores, A.S. and F.S. did not qualify for a refinance on their own, but instead would qualify for a second program, whereby A.S. and F.S. could put their property into C&O Property Solutions' name for a period of six months. During this time, A.S. and F.S. were told they could repair their credit. CHARLES told A.S. she could get A.S. either \$10,000 or \$15,000 in cash from the equity in his property.

c. On or about June 14, 2006, a settlement was conducted by T.W. of Superior Settlements, LLC at the M Street property. A.S. understood the settlement to be for a refinance. A.S. signed several documents, but denied signing a deed which transferred title of the M Street property.

d. A.S. mailed mortgage payments of \$1,100.00 per month to CHARLES to an address CHARLES provided in Laurel, Maryland. A.S. later learned the address was a post office box at a UPS store.

e. On or about June 2006, A.S. received approximately \$16,000.00 from Superior Settlements which A.S. understood to be a cash-out from the equity in his property.

f. In or about January 2007, the M Street property caught fire and burnt down. Immediately after the fire, A.S. learned from CHARLES that A.S.'s name was not listed on the title to the M Street property, rather R.M.'s name was listed as the owner of the property.

CHARLES instructed A.S. to tell a State Farm Insurance claims adjuster that R.M. was a friend of his, however, A.S. had never met R.M.

g. Following the fire, CHARLES paid for A.S., F.S., and their six children to stay at a Red Roof Inn for two to three days, after which CHARLES told A.S. he needed to get an apartment. A.S. and his family were forced to seek shelter with family members.

h. A.S. contacted R.M. regarding the M Street property. R.M. stated he wanted A.S. to get his property back, and that R.M. had obtained several properties through CHARLES. R.M. was unaware A.S. was making mortgage payments on the M Street property and told A.S. that CHARLES had stopped paying the mortgage to lender Fremont Investment and Loan.

i. A.S. identified CHARLES' photograph, obtained from CHARLES' Maryland driver's license number ****5993, as the operator of C&O Property Solutions.

11. On or about December 30, 2009, affiant reviewed settlement records received from Superior Settlements, LLC, 7203 Hanover Parkway, Greenbelt, Maryland, pertaining to the sale of the M Street property. A review of the settlement records revealed the following:

a. On or about June 14, 2006, A.S. and F.S. sold real property in the **** block of M Street, Northeast, Washington, DC to R.M. for a contract sale price of \$285,000.

b. Disbursements from the sale of the M Street property which were paid to C&O Property Solutions totaled \$136,129.65 and included a "security escrow" fee of \$45,000.00, a "foreclosure prevention" fee of \$25,000.00, a "consultant fee" of \$35,000.00, and a "property management" fee of \$31,129.65.

c. On or about June 16, 2006, closing proceeds, in the amount of \$16,500.00, were paid to sellers A.S. and F.S. from Superior Settlement's BB&T account number ****7275,

referenced as “closing proceeds.”

12. On or about February 5, 2010, affiant reviewed Superior Settlement’s BB&T bank records for account number ****7275 and records from the Federal Reserve Bank of New York. BB&T bank records show that on or about June 16, 2006, a wire transfer that traveled interstate through the Fedwire system, in the amount of \$16,500.00 – which represented a portion of the closing proceeds from the M Street property transaction – was sent from Superior Settlements/BB&T account number ****7275, located in Lumberton, North Carolina, to A.S.’s bank account number ****9361 at District of Columbia Teachers Federal Credit Union, located in Washington, DC, for the benefit of A.S. and F.S.

13. On or about February 21, 2010, affiant reviewed PNC Bank records for account number ****3998, in the name of C&O Property Solutions, LLC, 324 Hammonton Place, Silver Spring, Maryland. Account records show the following:

a. On or about June 16, 2006, a deposit was made, in the amount of \$136,129.63, consisting of three checks originating from Superior Settlements, LLC, in the amounts of \$70,000, \$35,000, and \$31,129.63.

b. On or about June 22, 2006, check #578, dated June 15, 2006, in the amount of \$10,000, was paid by CHARLES to “R.M.”

14. On or about December 30, 2009, A.S. advised affiant of the following regarding the sale of his property:

a. A.S. understood the closing documents A.S. signed with Superior Settlements to be a refinance in which C&O Property Solutions was added to the mortgage note and title of A.S.’ property. A.S. never knew the settlement was for a sales transaction resulting in the

sale of the M Street property to R.M.

b. A.S. was unaware that proceeds from the sales transaction, in the amount of \$136,129.63, were being disbursed to CHARLES, dba C&O Property Solutions, for security escrow fees, foreclosure prevention fees, consultant fees, and property management fees, nor would A.S. ever have authorized such disbursements. A.S. confirmed the HUD-1 Settlement Statement contained his signature, but denied ever signing such a document. A.S. never saw the HUD-1 Settlement Statement until being shown it by affiant on or about December 30, 2009.

The 14th Street Property

15. On or about April 9, 2010, affiant interviewed homeowners S.L. and G.C., a married couple, regarding their property located in the **** block of 14th Street (hereinafter “the 14th Street property”), Northwest, Washington, DC. S.L. and G.C. provided the following information regarding their involvement with CHARLES and C&O Property Solutions:

a. In or about 2005, S.L. and G.C. experienced financial difficulties which resulted in their mortgage lender filing foreclosure proceedings. S.L. was telephonically contacted by CHARLES regarding C&O Property Solutions' foreclosure program. S.L. and G.C. met with CHARLES at which time CHARLES made the following representations regarding the C&O Property Solutions foreclosure program:

i. C&O Property Solutions would assist S.L. and G.C. avoid the foreclosure of their property by having S.L. and G.C. transfer their property to C&O Property Solutions for six months during which time S.L. and G.C. could rebuild their credit and get back on their feet financially. After six months, the 14th Street property would be refinanced and transferred back to S.L. and G.C.

ii. S.L. and G.C. told CHARLES they were not interested in selling their property. CHARLES reassured S.L. and G.C. on more than one occasion that the program did not involve a sales transaction.

iii. S.L. and G.C. were required to make monthly mortgage payments to CHARLES which CHARLES would forward to the mortgage lender.

b. Based on the information presented by CHARLES and because S.L. was persuaded by CHARLES, S.L. and G.C. agreed to participate in the C&O Property Solutions foreclosure program. S.L. positively identified CHARLES' photograph, obtained from CHARLES' Maryland driver's license number *****5993, as the operator of C&O Property Solutions.

c. On or about December 28, 2005, S.L. and G.C. signed settlement documents with EK Settlements, Inc. at their residence. S.L. and G.C. understood the settlement to be for a refinance. S.L. and G.C. signed several documents, but denied signing a deed which transferred title of the 14th Street property.

d. Beginning in or about March 2006 until in or about August 2007, S.L. mailed mortgage payments of \$1,900.00 per month to C&O Property Solutions to an address CHARLES provided on Baltimore Avenue in Laurel, Maryland.

e. In or about August 2007, S.L. learned from J.B-S. that J.B-S. actually owned the 14th Street property.

16. On or about April 20, 2010, affiant reviewed settlement records and Sandy Spring Bank and AFL-CIO Federal Credit Union bank records relating to the settlement transaction of the 14th Street property. A review of the records revealed the following:

a. On or about December 28, 2005, S.L. and G.C. sold real property located

in the **** block of 14th Street, Northwest, Washington, DC to J.B-S. for \$425,000.

b. Disbursements from the sale of the 14th Street property which were paid to C&O Property Solutions totaled \$126,000 and included a \$40,004 disbursement for "security escrow," a \$45,996 disbursement for "property management," and a \$40,000 disbursement for "consultant fee."

17. On or about April 20, 2010, affiant reviewed records received from the Federal Reserve Bank of New York. Federal Reserve Bank records show that on or about December 30, 2005, a wire transfer that traveled interstate through the Fedwire system, in the amount of \$126,000.00 – which represented a portion of the proceeds of the transaction involving the 14th Street property – was sent from EK Settlements, Inc./Sandy Spring Bank, located in Olney, Maryland, to CHARLES' AFL-CIO Employees Federal Credit Union account number ****3275, located in Washington, DC, to benefit "B-S."

18. On or about April 9, 2010, S.L. and G.C. advised affiant of the following regarding the sale of the 14th Street property:

a. S.L. and G.C. were unaware the settlement they attended with EK Settlements, Inc. on or about December 28, 2005 involved a sales transaction resulting in the sale of the 14th Street property to J.B-S.

b. S.L. and G.C. were unaware proceeds from the sales transaction, in the amount of \$126,000, were disbursed to CHARLES, dba C&O Property Solutions, for security escrow fees, property management fees, and consultant fees, nor would S.L. or G.C. ever have authorized such disbursements.

Similar Charged Offense by CHARLES in Prince George's County, Maryland

19. On or about December 1, 2009, Assistant State's Attorney April Richardson, Prince George's County State's Attorney's Office, Mortgage Foreclosure Fraud Division, Upper Marlboro, Maryland, advised affiant that on or about March 31, 2009, CHARLES was indicted on multiple counts of felony theft, conspiracy to commit fraud, and the Protection of Homeowners in Foreclosure Act Law. Richardson advised that CHARLES, doing business as C&O Property Solutions, defrauded victims J.D. and I.P., a married couple residing in Capital Heights, Maryland, of approximately \$75,337.00, by deceiving J.D. and I.P. into selling their home when they believed they were conducting a refinance. CHARLES stripped proceeds from the sales transaction through the disbursement of consultant fees, property management fees and escrow fees. On or about April 24, 2009, a bench warrant was issued for CHARLES.

Description of CHARLES

20. CHARLES is described as an African American female, 39 years old, 5 feet, 5 inches tall, weighing approximately 135 pounds, with black hair, brown eyes, and a medium complexion. She is believed to be living in southern Florida, in or about North Bay Village, Florida, close to Miami, Florida.

VI. CONCLUSION

Based on the foregoing, affiant respectfully submits that there is probable cause to believe CHARLES has engaged in the crimes of wire and mail fraud.

Wherefore, affiant respectfully requests that a complaint and a warrant be issued authorizing the arrest of CHARLES for the above-stated violations of Title 18, United States Code, Sections 1343, 1341 and 2(b).

Mary E. Soudrette
Special Agent
Federal Bureau of Investigation
Manassas, Virginia

Subscribed and sworn to before me this _____ day of May, 2010.

THE HONORABLE ALAN KAY
UNITED STATES. MAGISTRATE JUDGE
DISTRICT OF COLUMBIA