



- d. The builder would sell the property an inflated price.
  - e. EGRI and HUFFMAN caused the lender to make a mortgage loan at the inflated price and to fund the fraudulent loans through interstate wire transfers.
  - f. The difference between the inflated price and the true price would be extracted at closing and distributed to scheme participants by EGRI and HUFFMAN often through the use of the wires.
  - g. To induce lenders to make mortgage loans, EGRI and HUFFMAN caused loan packages to be prepared and submitted to lenders, often through the use of the wires, that contained false and fraudulent representations and half-truths, and omitted or concealed material facts, including the true price. In addition, the loan packages at various times during the course of the scheme misrepresented each buyer's income and assets, place of employment, intent to occupy the home as their primary residence, and true source of cash at closing.
  - h. The HUD-1 Settlement Statements associated with the loan packages and real estate closings contained false and fraudulent misrepresentations, half-truths, and omitted or concealed material facts. Among other things, the HUD-1 Settlement Statements failed to disclose the true price, failed to accurately disclose the true disposition of the mortgage loan proceeds, falsely listed payments to DHS as payments of notes or loans held by DHS, and failed to disclose that the buyer would directly or indirectly receive a portion of the mortgage fraud proceeds.
3. EGRI and HUFFMAN utilized the methods described above to generate proceeds of approximately \$5,441,321 in connection with the fraudulent scheme.
  4. EGRI and HUFFMAN utilized these proceeds to further promote the scheme by paying straw buyers, builders, and others involved in the fraudulent transactions. These payments were conducted by, among other things, the use of the wires, such as interstate wire transfers.
  5. EGRI failed to report income he earned from the scheme to the Internal Revenue Service.
  6. From 2003 through 2006, EGRI received at least \$1,288,604 of income from the mortgage fraud scheme. However, EGRI failed to file income tax returns for tax years 2003, 2004, 2005, and 2006 as required by law and therefore failed to report the income from the mortgage fraud conspiracy.

**COUNT ONE**  
**18 U.S.C. § 1349**  
**(Mortgage Fraud Conspiracy)**

7. Paragraphs one through six of the Introduction to this Bill of Information are hereby realleged and incorporated by reference into Count One.

8. From in or about February 2001 to in or about November 2006, in Union and Mecklenburg Counties, within the Western District of North Carolina, and elsewhere, the defendants,

**(1) KENNETH EGRI, and**  
**(2) DEAN HUFFMAN**

and others known and unknown to the United States Attorney did knowingly combine, conspire, confederate, and agree, to devise the above described scheme and artifice to defraud and obtain money by materially false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice to defraud, did cause to be transmitted by means of wire communication in interstate commerce any writing, signal, or sound, to wit, loan applications, wire instructions and wire transfer payments, in violation of Title 18, United States Code, Sections 1343.

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

**COUNT TWO**  
**26 U.S.C. § 7203**  
**(Failure to File Income Tax Return)**

9. Paragraphs one through six of the Introduction to this Bill of Information are hereby realleged and incorporated by reference into Count Two.

10. During the calendar year 2005, the defendant,

**(1) KENNETH EGRI**

was a resident of Charlotte, North Carolina, had and received gross income of \$430,531. By reason of such gross income, he was required by law, following the close of the calendar year 2005 and on or before April 17, 2006, to make an income tax return to the Internal Revenue Service Center, at Atlanta, Georgia, to a person assigned to receive returns at the local office of the Internal Revenue Service at Charlotte, North Carolina, or to another Internal Revenue Service office permitted by the Commissioner of Internal Revenue, stating specifically the items of his gross income and any deductions and credits to which he was entitled. Well knowing and believing all of the foregoing, he did willfully fail, on or about April 17, 2006, in the Western District of North Carolina and elsewhere, to make an income tax return.

All in violation of Title 26, United States Code, Section 7203.

**COUNT THREE**  
**26 U.S.C. § 7203**  
**(Failure to File Income Tax Return)**

11. Paragraphs one through six of the Introduction to this Bill of Information are hereby realleged and incorporated by reference into Count Three.

12. During the calendar year 2006, the defendant,

**(1) KENNETH EGRI**

was a resident of Charlotte, North Carolina, had and received gross income of \$163,499. By reason of such gross income, he was required by law, following the close of the calendar year 2006 and on or before April 16, 2007, to make an income tax return to the Internal Revenue Service Center, at Atlanta, Georgia, to a person assigned to receive returns at the local office of the Internal Revenue Service at Charlotte, North Carolina, or to another Internal Revenue Service office permitted by the Commissioner of Internal Revenue, stating specifically the items of his gross income and any deductions and credits to which he was entitled. Well knowing and believing all of the foregoing, he did willfully fail, on or about April 16, 2007, in the Western District of North Carolina and elsewhere, to make an income tax return.

All in violation of Title 26, United States Code, Section 7203.

## NOTICE OF FORFEITURE

13. Notice is hereby given of the provisions of 18 U.S.C. § 982 and 28 U.S.C. § 2461(c). Under section 2461(c), criminal forfeiture is applicable to any offenses for which forfeiture is authorized by any other statute, including but not limited to 18 U.S.C. § 981 and all specified unlawful activities listed or referenced in 18 U.S.C. § 1956(c)(7), which are incorporated as to proceeds by § 981(a)(1)(C). The defendant has or had a possessory or legal interest in the following property that is subject to forfeiture in accordance with section 982 and/or section 2461(c):

- a. all property involved in the violations alleged in this bill of information;
- b. all property which is proceeds of such violations; and,
- c. in the event that any property described in (a) or (b) cannot be located or recovered or has been substantially diminished in value or has been commingled with other property which cannot be divided without difficulty, all other property of the defendant, to the extent of the value of the property described in (a) and (b).

19. The following property is subject to forfeiture on one or more of the grounds stated above: all currency and monetary instruments which were received during, involved in or used or intended to be used to facilitate the crimes alleged in this bill of indictment, including but not limited to the sum of approximately \$5,441,321 in proceeds.

ANNE M. TOMPKINS  
UNITED STATES ATTORNEY

  
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MARK T. ODULIO  
ASSISTANT UNITED STATES ATTORNEY

