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DISTRICT OF MARYLAND
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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

UNITED STATES OF AMERICA	:	**CRIMINAL NO. JFM-09-054**
	:	
v.	:	
	:	
TIMOTHY REED	:	**(Mail Fraud, 18 U.S.C. § 1341;**
	:	**Aiding and Abetting, 18 U.S.C. § 2)**
	:	

.oOo.

INFORMATION

COUNT ONE

The United States Attorney for the District of Maryland charges that:

Introduction

1. At all times relevant to this Criminal Information, Defendant Timothy Reed participated in a multi-million dollar mail fraud and wire fraud scheme to purchase numerous properties in Maryland, Virginia, and Washington, DC, using mortgage and settlement documents containing false statements and material misrepresentations. From 2006 to 2008, the Defendant and others paid straw buyers $10,000 per property to purchase approximately 25 properties. The Defendant and others received approximately $3,830,418 in fraudulent funds as part of this mail fraud scheme.

The Scheme and Artifice to Defraud

2. Beginning in or about February 2006, and continuing until in or about February 2008, in the District of Maryland and elsewhere,

TIMOTHY REED,

the defendant herein, did devise a scheme and artifice to defraud banks and mortgage lenders and

to obtain proceeds of mortgage funds by means of materially false and fraudulent pretenses, representations and promises.

3. It was a part of the scheme and artifice to defraud that **TIMOTHY REED** worked with other individuals such as K.M., S.W., T.W., O.A., J.A., J.L., W.A. in furtherance of the scheme. Reed and others paid straw buyers $10,000 per property to purchase homes. One of those straw buyers was co-defendant S.W. S.W. purchased four properties for Reed and others, including houses at 1429 W. Lombard Street, Baltimore, Maryland 21223; 34 Q and 32 Q Street, Washington, DC 20001; and 119 Bates Street NW, Washington, DC 20001. Reed paid S.W. approximately $40,000 ($10,000 per property) for these purchases.

4. It was further part of the scheme and artifice to defraud that S.W. and others used false and fraudulent loan applications and closing documents to qualify for the mortgages. The mortgage documents had false income amounts, misrepresentations concerning S.W.'s other mortgage loans (which she did not disclose), and false claims about her assets. S.W. listed each property as her primary residence.

5. It was further part of the scheme and artifice to defraud that **TIMOTHY REED** and his co-conspirators T.W. and O.A. created fraudulent invoices to claim that their company Brotherly Investment Group performed "renovations" on the S.W. properties. Using these false documents, **TIMOTHY REED** and his co-conspirators were was able to be "re-paid" at closing for the renovations that they claimed they had already done. **TIMOTHY REED,** T.W., and O.A. received wire transfers of $515,820 for the four S.W. properties. **TIMOTHY REED** knew that the false invoices and other loan documents were mailed to the title companies, banks, and mortgage lenders to facilitate these fraudulent deals. After receiving the fraudulent funds, **TIMOTHY REED** split

the proceeds equally with T.W. and O.A.

6. It was further part of the scheme and artifice to defraud that **TIMOTHY REED** kicked back a portion of the funds to W.A. and others who assisted in locating the S.W. properties in the fraud scheme. Reed also worked with W.A. on other properties, where false invoices were used to receive funds at closing.

7. It was further part of the scheme and artifice to defraud that **TIMOTHY REED**, T.W., O.A., and others repeated this fraud pattern with over fifteen straw buyers and approximately twenty-five properties in Maryland, Washington, D.C., and Virginia. **TIMOTHY REED** and others created additional false invoices and other false documents to execute this scheme. Many of the loan applications for these buyers had misrepresentations concerning the buyers' income and assets.

8. It was further part of the scheme and artifice to defraud that **TIMOTHY REED** and others used the same title company agent, co-conspirator J.L., for many of the transactions.

9. It was further part of the scheme and artifice to defraud that **TIMOTHY REED** and others had the straw buyers list false asset information claiming large account balances at various banks, including M&T Bank. **TIMOTHY REED,** T.W., O.A., J.L. and others would then use co-conspirator J.A., a relative of O.A. who worked at M&T Bank, to send "verification letters" claiming that the straw buyers had such assets. **TIMOTHY REED** and others knew that the asset information was false. These verification letters were mailed to the banks and mortgage lenders to facilitate the fraud scheme.

10. It was further part of the scheme and artifice to defraud that **TIMOTHY REED,** T.W., O.A., and others received approximately $3,830,418 in fraudulent funds as part of this scheme. Many of the purchased properties have now gone into foreclosure.

The Charge

11. On or about October 26, 2007, in the District of Maryland, and elsewhere

TIMOTHY REED,

the defendant herein and others, for the purpose of executing the scheme and artifice to defraud, and attempting to do so, did knowingly and willfully cause Sterling Title, 201 King Street, Alexandria, Virginia to deposit with a private, commercial interstate carrier false and fraudulent mortgage settlement documents for property at 152 N. Potomac Street, Baltimore, Maryland 21224, which was delivered to American Bank, 9001 Edmonston Road, Suite 100, Greenbelt, Maryland 20770.

18 U.S.C. § 1341

18 U.S.C. § 2

2/4/09
Date

Rod Rosenstein
Rod J. Rosenstein
United States Attorney