FILED
IN OPEN COURT
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CLERK, U.S. DISTRICT COURT
NORFOLK, VA

IN THE UNITED STATES DISTRICT COURT

FOR THE EASTERN DISTRICT OF VIRGINIA

Norfolk Division

UNITED STATES OF AMERICA	)	CRIMINAL NO. 2:12cr 178
	)	
	)	UNDER SEAL
	)	
	)	18 U.S.C. § 1349
	)	(Conspiracy to Commit Mail
	)	and Wire Fraud - Count 1)
	)	
v.	)	18 U.S.C. §§ 1341 & 2
	)	(Mail Fraud - Counts 2 - 7)
	)	
	)	18 U.S.C. §§ 981 & 982
	)	21 U.S.C. § 853(p)
	)	(Forfeiture)
	)	
DAVID R. BURRUS, JR.	)	

INDICTMENT

November 2012 Term - at Norfolk, Virginia

THE GRAND JURY CHARGES THAT:

General Allegations

At all times material to this indictment:

1. Defendant DAVID R. BURRUS, JR., managed the Virginia Beach branch office of United Capital Mortgage, a company in the business of brokering and making mortgage loans.

2. Defendant DAVID R. BURRUS, JR., partly owned and operated a title and escrow company, Southeastern Title & Escrow Company, LLC, which conducted real estate closings for many of the loans originated by loan officers working for United Capital Mortgage.

3. Defendant DAVID R. BURRUS, JR., owned and operated Southern Living Properties, LLC, a company which he used to receive monies from real estate closings.

4. 1st Mariner Bank, a Maryland banking corporation and financial institution with deposits insured by the Federal Deposit Insurance Corporation (FDIC), engaged in the business of making mortgage loans.

5. SunTrust Mortgage, Inc., engaged in the business of making mortgage loans and operated as a wholly owned subsidiary of SunTrust Bank, a financial institution with deposits insured by the FDIC.

6. The general allegations contained in paragraphs 1 - 5 above are hereby realleged and incorporated by reference into counts one through seven below, as if fully set forth therein.

COUNT ONE

A. THE CONSPIRACY

From in or about November 2005 through in or about July 2007, the exact dates being unknown, in Virginia Beach, Portsmouth, Chesapeake, Suffolk, and Norfolk, in the Eastern District of Virginia and elsewhere, defendant DAVID R. BURRUS, JR., and others, known and unknown, knowingly and unlawfully combined, conspired, confederated and agreed together with each other to commit mail and wire fraud affecting financial institutions and mortgage lenders, that is, DAVID R. BURRUS, JR., and other conspirators devised and intended to devise a scheme and artifice to defraud and for obtaining money and property by means of materially

false and fraudulent pretenses, representations, and promises, and for the purpose of executing said scheme and artifice:

(1) knowingly caused to be deposited any matter and thing whatever to be sent and delivered by private and commercial interstate carrier, that is, certain documents in furtherance of mortgage loan transactions, in violation of Title 18, United States Code, Sections 1341 and 2; and

(2) knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, signals, and pictures, that is, wire transfers, in furtherance of mortgage loan transactions, in violation of Title 18, United States Code, Sections 1343 and 2;

B. WAYS, MANNERS, AND MEANS

The ways, manners, and means by which the conspiracy was carried out included, but were not limited to, the following:

1. The object of the conspirators' unlawful agreement was to obtain monies, directly and indirectly, from fraudulent mortgage loan transactions.

2. It was a part of the conspiracy to generate funds for one or more conspirators in the course of selling, as well as when buying, properties.

3. To generate such funds, the conspirators applied and caused others to apply for mortgage loans. When applying for, and in conjunction with real estate closings associated with, these mortgage loans, the conspirators knowingly concealed material information from and provided, directly and indirectly, materially false, fraudulent, and misleading information and documents to mortgage lenders.

4. As part of the conspiracy, the conspirators prepared and submitted, and caused to be prepared and submitted, loan applications and other mortgage and real estate closing documents which, among other things:

(a) misstated or failed to fully disclose the terms of the sales transaction between the buyer and the seller of the property;

(b) failed to disclose or disguised kickbacks and other payments made to induce buyers to purchase properties being sold;

(c) misstated the borrower's employment, income, liabilities, and financial history and other assets;

(d) falsely indicated that the borrower intended to occupy the property being bought and use it as a primary residence; and

(e) falsely indicated that the settlement statement or HUD-1 correctly accounted for the monies received and disbursed as part of the real estate transaction.

5. For example, after initially agreeing to buy a property at a lower price, it was a part of the conspiracy for the buyer to seek to renegotiate the sale at a higher price, sometimes higher than the seller's listing price, provided that the seller agreed to pay all or most of the difference to the buyer at or near the time of the real estate closing. After successfully renegotiating the deal, the buyer would then provide the revised sales contract to the mortgage lender and withhold the original sales contract. As a result of the conspiracy, purchase transactions were structured to generate excess loan proceeds that would be paid at closing to or for the benefit of the buyer.

6. It was further a part of the conspiracy to hide from the mortgage lender the fact that the buyer/borrower, or businesses controlled by the buyer/borrower, would receive payments derived from the loan proceeds at or near the closing. For example, after increasing the sales

price, it was a part of the conspiracy to show that some or all of the extra loan proceeds were being paid at closing to a business, such as Southern Living Properties, which allegedly performed renovation, repair, or other services for the property seller. In spite of the fact that no such services were performed for the seller, false invoices were prepared and supplied to closing agents showing that Southern Living Properties billed the seller for such work. At the closing, these invoices would be paid out of the seller's sales proceeds to Southern Living Properties, thereby hiding from the lender that a business operated by and closely affiliated with the buyer/borrower was being paid tens of thousands of dollars from the loan proceeds at the real estate closing.

7. It was further a part of the conspiracy to forge signatures to and to falsely notarize assorted mortgage lending and other documents. For example, conspirators forged and caused another to forge the signature of a purported borrower to assorted documents, including loan applications, settlement statements, and sales contracts.

8. It was further a part of the conspiracy to make and to provide to mortgage lenders false lease agreements showing, for example, that properties owned by DAVID R. BURRUS, JR., were currently rented and generating monthly rental income, in order to deceive lenders about his cash flow and suitability for another mortgage loan.

9. It was further a part of the conspiracy that, after buying properties, to offer to pay payments or kickbacks to others who would agree to buy any such properties and to disguise and to withhold information about such payments from mortgage lenders.

10. As a result of the conspiracy and after the borrowers defaulted upon the fraudulently obtained mortgage loans, the mortgage lenders suffered substantial losses.

C. OVERT ACTS

In furtherance of the conspiracy and to effect the object thereof, the following overt acts, among others, were committed in the Eastern District of Virginia and elsewhere:

(February 6, 2006 Loans from 1st Mariner Bank to DAVID R. BURRUS, JR., to buy 3 Portsmouth Properties)

1. In or about December 2005, the exact date being unknown, DAVID R. BURRUS, JR., met with the seller of three Portsmouth properties (located at 58 Decatur Street, 128 Gillis Road, and 1050 Crawford Parkway) and offered to buy the properties from the seller, if BURRUS received tens of thousands of dollars back at or near the closing.

2. On or about December 7, 2005, in order to generate proceeds for his use at closing, DAVID R. BURRUS, JR., agreed to buy each of the three properties noted in paragraph one for more than the seller's asking price.

3. On or about December 7, 2005, DAVID R. BURRUS, JR., entered into separate purchase agreements for the three properties noted in paragraph one, which agreements provided for credits (for alleged repair costs) and payments (for alleged real estate commissions to Southern Living Properties) from the seller's sales proceeds at closing to or for the benefit of BURRUS, well knowing that BURRUS was not a licensed real estate agent, that Southern Living Properties was not entitled to a real estate sales commission and was not a licensed real estate broker, and that the seller had just completed extensive renovations of each of the properties.

4. On or after December 7, 2005, DAVID R. BURRUS, JR., caused copies of the purchase agreements for each of the three properties noted in paragraph one to be provided to 1st

Mariner Bank, where he applied for first and second mortgage loans to complete the purchase of each property.

5. On or about February 6, 2006 in Virginia Beach and elsewhere, DAVID R. BURRUS, JR., caused applications in his name to be signed and submitted to 1st Mariner Bank seeking mortgage loans totaling approximately $695,000 to buy the properties noted in paragraph one. These applications falsely certified, among other things, that the information contained therein was "true and correct" when, in fact, BURRUS: (a) falsely reported that he had not been declared bankrupt within the last seven years; (b) misstated and underreported his liabilities by failing to fully identify his real estate holdings and the mortgage debts associated therewith; and (c) failed to advise the lender that the sales prices for the properties had been increased to generated additional loan proceeds to, or for the benefit of, BURRUS and his companies.

6. On or about February 7, 2006, DAVID R. BURRUS, JR., caused 1st Mariner Bank to send several wire transfers totaling approximately $693,916.67 to the settlement agent conducting the closings for his purchase of three properties noted in paragraph one.

7. On or about February 6 and 7, 2006 in Virginia Beach, DAVID R. BURRUS, JR., closed upon his purchase of the three properties noted in paragraph one with mortgage loans from 1st Mariner Bank and caused the closing agent: (a) to credit him from the seller's proceeds approximately $16,837.04 for alleged property repairs; and (b) to pay his firm, Southern Living Properties, approximately $69,000 in alleged real estate commissions.

8. On or about February 7, 2006 in Virginia Beach, DAVID R. BURRUS, JR., caused the closing agent to send by overnight delivery to the mortgage lender, 1st Mariner Bank, post-closing packages containing, among other things, the signed settlement statements, the final

loan applications, the recorded deeds, and other required loan closing documents and records concerning the purchase of three properties noted in paragraph one.

(March 31, 2006 Loans from SunTrust Mortgage to DAVID R. BURRUS, JR.'s Spouse to buy 8348 Woody Court, Norfolk, VA)

9. In or about March 2006, the exact date being unknown, DAVID R. BURRUS, JR., began buying properties in the name of his spouse, who typically had little to no involvement in the purchase transactions.

10. On or about March 22, 2006, DAVID R. BURRUS, JR., caused his spouse to enter into a purchase agreement to buy 8348 Woody Court, Norfolk, VA, for approximately $205,900.

11. On or after March 22, 2006, DAVID R. BURRUS, JR., caused copies of the purchase agreement for 8348 Woody Court to be provided to SunTrust Mortgage, in conjunction with mortgage loan applications to complete the purchase of this property.

12. On or about March 2 and 31, 2006 in Virginia Beach and elsewhere, DAVID R. BURRUS, JR., caused loan applications in his spouse's name to be prepared and submitted to SunTrust Mortgage seeking first and second mortgage loans totaling approximately $205,900 to buy 8348 Woody Court and which falsely certified, among other things, that the information contained therein was "true and correct . . . ." These loan applications falsely reported to SunTrust Mortgage, among other things: (a) that BURRUS's spouse intended to use 8348 Woody Court as her primary residence; and (b) that BURRUS's spouse currently worked as the "Regional Director" of Southeastern Title & Escrow, with a gross monthly employment income of $10,000.

13. On or about March 23, 2006 in Virginia Beach, to facilitate the approval of his spouse's loan applications with SunTrust Mortgage, DAVID R. BURRUS, JR., caused a false verification of employment to be completed for his spouse indicating that she was currently employed as "Regional Director" of Southeastern Title & Escrow.

14. On or about March 31, 2006, DAVID R. BURRUS, JR., caused SunTrust Mortgage to send wire transfers in interstate commerce totaling approximately $206,291.64 to the settlement agent conducting the closing for his spouse's purchase of 8348 Woody Court, Norfolk, VA.

15. On or about March 31, 2006 in Virginia Beach, DAVID R. BURRUS, JR., prepared and caused to be prepared a false Southern Living Properties invoice (#367) purporting to charge the seller of 8348 Woody Court approximately $55,251.77 for painting, tree removal, finishing of hardwood floors, and installation of new windows and doors to justify the payment of these monies to his company at closing, well knowing that Southern Living Properties had not and would not perform work of this magnitude at this property.

16. On or about March 31, 2006 in Virginia Beach, DAVID R. BURRUS, JR., caused to be submitted to the closing agent a copy of the Southern Living Properties invoice noted in paragraph 15 above.

17. On or about March 31 and April 4, 2006 in Virginia Beach, at the closing upon his spouse's purchase of 8348 Woody Court, Norfolk, VA with mortgage loans from SunTrust Mortgage, DAVID R. BURRUS, JR., caused the closing agent to pay his firm, Southern Living Properties, approximately $55,251.77 for the work described above, well knowing that no work of that magnitude had been or would be performed for the seller.

18. On or about March 31, 2006 in Virginia Beach, an occupancy affidavit purportedly containing the signature of DAVID R. BURRUS, JR.'s spouse and falsely reporting that she would use 8348 Woody Court, Norfolk, VA, as her primary residence was signed at the closing and provided to SunTrust Mortgage when, in fact, the spouse would continue to reside with BURRUS at their residence in Virginia Beach.

19. On or about April 2, 2006 in Virginia Beach, DAVID R. BURRUS, JR., caused the closing agent to send by overnight delivery to the mortgage lender, SunTrust Mortgage, a post-closing package containing, among other things, the signed settlement statements, the final loan applications, the recorded deeds, and other required loan closing documents and records.

(April 11, 2006 Loans from 1st Mariner Bank to DAVID R. BURRUS, JR., to buy 130 Webster Avenue, Portsmouth, VA)

20. In or about February 2006, the exact date being unknown, DAVID R. BURRUS, JR., met with the seller of a Portsmouth property located at 130 Webster Avenue and offered to buy the property from the seller.

21. On or about March 7, 2006, in order to generate proceeds for his use at closing, DAVID R. BURRUS, JR., agreed to buy 130 Webster Avenue, Portsmouth, VA, and adjacent lots (hereinafter "130 Webster Avenue"), for more than the seller's asking price.

22. On or about March 7, 2006, DAVID R. BURRUS, JR., entered into a purchase agreement for 130 Webster Avenue, which provided for a payment from the seller's sales proceeds at closing to Southern Living Properties for "remolding expenses," well knowing that Southern Living Properties had not performed any remodeling work for the seller.

23. On or after March 7, 2006, DAVID R. BURRUS, JR., caused copies of the purchase agreement for 130 Webster Avenue to be provided to 1st Mariner Bank, from whom he applied for first and second mortgage loans to complete the purchase of this property.

24. On or about April 11, 2006 in Virginia Beach and elsewhere, DAVID R. BURRUS, JR., signed and submitted loan applications to 1st Mariner Bank seeking first and second mortgage loans totaling approximately $235,000 to buy 130 Webster Avenue and falsely certified, among other things, that the information contained therein was "true and correct . . . ." In his loan applications to 1st Mariner Bank, BURRUS: (a) falsely reported that he had not been declared bankrupt within the last seven years; (b) underreported his liabilities by failing to fully identify his real estate holdings and the mortgage debts associated therewith; (c) misstated his rental income for several rental properties; (d) listed business bank account numbers and balances in his listing of personal assets; and (e) failed to advise the lender that the sales price for 130 Webster Avenue had been increased to generate additional loan proceeds to, or for the benefit of, BURRUS and his companies.

25. In or about April 2006, the exact date being unknown, DAVID R. BURRUS, JR., caused to be prepared and submitted to 1st Mariner Bank several false and fictitious lease agreements purporting to show that the rental properties he owned were leased and generating the rental income reported on his loan applications.

26. On or about April 12, 2006, DAVID R. BURRUS, JR., caused 1st Mariner Bank to send wire transfers totaling approximately $235,762.47 to the settlement agent conducting the closing for his purchase of 130 Webster Avenue.

27. On or about April 11 and 13, 2006 in Virginia Beach, DAVID R. BURRUS, JR., closed upon his purchase of 130 Webster Avenue with mortgage loans from 1st Mariner Bank and caused the closing agent to pay his firm, Southern Living Properties, approximately $71,000 for "Services Rendered/Remodeling" to the seller, well knowing that no such services had been performed for the seller.

28. On or about April 11, 2006 in Virginia Beach, DAVID R. BURRUS, JR., caused the closing agent to send by overnight delivery to the mortgage lender, 1st Mariner Bank, a post-closing package containing, among other things, the signed settlement statements, the final loan applications, the recorded deeds, and other required loan closing documents and records.

(June 13, 2006 Loans from SunTrust Mortgage to DAVID R. BURRUS, JR.'s Spouse to buy 412 Elmhurst Lane, Portsmouth, VA)

29. On or about May 17, 2006, in order to generate proceeds for his benefit at closing, DAVID R. BURRUS, JR., caused his spouse's name to be used and her signature to be forged to a purchase agreement to buy 412 Elmhurst Lane, Portsmouth, VA, for approximately $205,900, which exceeded the seller's asking price.

30. On or after May 17, 2006, DAVID R. BURRUS, JR., caused copies of the purchase agreement for 412 Elmhurst Lane to be provided to SunTrust Mortgage, in conjunction with mortgage loan applications to complete the purchase of this property.

31. On or about June 12, 2006 in Virginia Beach, DAVID R. BURRUS, JR., prepared and caused to be prepared a false Southern Living Properties invoice (#367) purporting to charge the seller of 412 Elmhurst Lane approximately $25,552.90 for "renovations done on property" to

justify the payment of these monies to his company at closing, well knowing that Southern Living Properties had done no such work for the seller.

32. On or about June 12, 2006 in Virginia Beach, DAVID R. BURRUS, JR., caused to be submitted to the closing agent a copy of the Southern Living Properties invoice noted in paragraph 31 above.

33. On or about June 13, 2006 in Virginia Beach and elsewhere, DAVID R. BURRUS, JR., caused loan applications in his spouse's name to be prepared, forged, and submitted to SunTrust Mortgage seeking first and second mortgage loans totaling approximately $205,900 to buy 412 Elmhurst Lane and which falsely certified, among other things, that the information contained therein was "true and correct . . . ." These loan applications falsely reported to SunTrust Mortgage, among other things: (a) that BURRUS's spouse currently resided at 8348 Woody Court in Norfolk, VA; and (b) that BURRUS's spouse currently worked as the "VP of Operations" of Southeastern Title & Escrow, with a gross monthly employment income of $18,000.

34. On or about June 13, 2006, DAVID R. BURRUS, JR., caused SunTrust Mortgage to send wire transfers totaling approximately $204,103.42 to the settlement agent conducting the closing for his spouse's purchase of 412 Elmhurst Lane, Portsmouth, VA.

35. On or about June 13 and 14, 2006 in Virginia Beach, at the closing upon his spouse's purchase of 412 Elmhurst Lane, Portsmouth, VA with mortgage loans from SunTrust Mortgage, DAVID R. BURRUS, JR., caused the closing agent to pay his firm, Southern Living Properties, approximately $29,552.90 for "Renovations," well knowing that no such services had been performed for the seller.

36. On or about June 14, 2006 in Virginia Beach, DAVID R. BURRUS, JR., caused the closing agent to send by overnight delivery to the mortgage lender, SunTrust Mortgage, a post-closing package containing, among other things, the signed settlement statements, the final loan applications, the recorded deeds, and other required loan closing documents and records.

(July 31, 2006 Loans from SunTrust Mortgage to DAVID R. BURRUS, JR.'s Spouse to buy 4412 Point West Drive, Portsmouth, VA)

37. On or about May 7, 2006, DAVID R. BURRUS, JR., entered into a purchase agreement to buy 4412 Point West Drive, Portsmouth, VA, for the use and benefit of another conspirator.

38. On or about June 7, 2006, because he was unable to buy this property in his own name and in order to generate proceeds for his benefit at closing, DAVID R. BURRUS, JR., caused his spouse's name to be used and her signature to be forged to a purchase agreement to buy 4412 Point West Drive, Portsmouth, VA, for approximately $250,000.

39. On or after June 7, 2006, DAVID R. BURRUS, JR., caused his spouse's name to be used and her signature to be forged to a revised purchase agreement to buy 4412 Point West Drive, Portsmouth, VA, for approximately $289,000, which exceeded the sellers' asking price.

40. On or after June 7, 2006, DAVID R. BURRUS, JR., caused copies of the purchase agreement for 4412 Point West Drive to be provided to SunTrust Mortgage, in conjunction with mortgage loan applications to complete the purchase this property.

41. On or about July 17 and 31, 2006 in Virginia Beach and elsewhere, DAVID R. BURRUS, JR., caused loan applications in his spouse's name to be prepared, forged, and submitted to SunTrust Mortgage seeking first and second mortgage loans totaling approximately

$289,000 to buy 4412 Point West Drive and which falsely certified, among other things, that the information contained therein was "true and correct . . . ." These loan applications falsely reported to SunTrust Mortgage, among other things: (a) that BURRUS's spouse currently resided at 8348 Woody Court in Norfolk, VA; and (b) that BURRUS's spouse currently worked as the "VP of Operations" of Southeastern Title & Escrow, with a gross monthly employment income of $18,000.

42. On or about July 31, 2006, DAVID R. BURRUS, JR., caused SunTrust Mortgage to send wire transfers totaling approximately $290,087.65 to the settlement agent conducting the closing for his spouse's purchase of 4412 Point West Drive, Portsmouth, VA.

43. On or about July 31 and August 1, 2006 in Virginia Beach, at the closing upon his spouse's purchase of 4412 Point West Drive, Portsmouth, VA with mortgage loans from SunTrust Mortgage, DAVID R. BURRUS, JR., caused the closing agent to pay his firm, Southern Living Properties, approximately $36,000 for "services rendered," well knowing that no such services had been performed for the seller.

44. On or about August 1, 2006 in Virginia Beach, DAVID R. BURRUS, JR., caused the closing agent to send by overnight delivery to the mortgage lender, SunTrust Mortgage, a post-closing package containing, among other things, the signed settlement statements, the final loan applications, the recorded deeds, and other required loan closing documents and records.

(June 15, 2007 Loan from United Capital Mortgage to R.W. to buy 130 Webster Avenue, Portsmouth, VA from DAVID R. BURRUS, JR.)

45. In or about April 2007 in Virginia Beach, the exact date being unknown, DAVID R. BURRUS, JR., solicited R.W. and others to buy one or more residential investment properties

from him, including the property at 130 Webster Avenue, Portsmouth, VA, and offered to pay a substantial kickback to anyone who agreed to make a property purchase.

46. On or about April 23, 2007 in Virginia Beach, R.W. entered into a purchase agreement to buy 130 Webster Avenue, Portsmouth, VA, from DAVID R. BURRUS, JR., for approximately $433,900, which agreement failed to disclose their side agreement for the payment of a substantial kickback to R.W.

47. On or about June 15, 2007 in Virginia Beach, the exact date being unknown, R.W. caused to be completed and submitted an application for a mortgage loan totaling approximately $412,205 which application, among other things: (a) falsely overstated her base gross monthly employment income as approximately $9,750; (b) falsely indicated that R.W. intended to occupy the property to be purchased as her primary residence; and (c) falsely reported R.W.'s current residence.

48. On or about June 15, 2007 in Virginia Beach, R.W. completed and signed an "Occupancy and Financial Status Affidavit," in which she falsely certified for the mortgage lender that she intended to occupy the property to be purchased as her primary residence.

49. On or about June 15, 2007, R.W. caused a third party acting on behalf of the lender to wire in interstate commerce approximately $409,461.02 to the settlement agent conducting the closing of her purchase of 130 Webster Avenue, Portsmouth, VA.

50. On or about June 15, 2007 in Virginia Beach, DAVID R. BURRUS, JR., and R.W. closed on 130 Webster Avenue and signed and certified that the settlement statement was a "true and accurate statement of all receipts and disbursements" in the transaction, knowing that the settlement statement falsely reflected that BURRUS was receiving sales proceeds totaling

approximately $160,507.48, when BURRUS and R.W. well knew that most of these proceeds would be paid as a kickback to R.W.

51. On or about June 15, 2007 in Virginia Beach, DAVID R. BURRUS, JR. and R.W. caused the closing agent to send by overnight delivery to the mortgage lender a post-closing package containing, among other things, the signed settlement statements, the final loan applications, the recorded deeds, and other required loan closing documents and records.

52. On or about June 19, 2007 in Virginia Beach, after DAVID R. BURRUS, JR.'s company received a wire transfer of approximately $160,507.48 representing the proceeds from the sale, BURRUS caused a cashier's check for approximately $140,000.00 to be bought and made payable to R.W., and gave it to her as the kickback for her agreement to buy 130 Webster Avenue.

(In violation of Title 18, United States Code, Sections 1349 and 3293).

COUNTS TWO - SEVEN

1. From in or about November 2005 through July 2007, the exact dates being unknown, in Virginia Beach, Portsmouth, Chesapeake, Suffolk, and Norfolk in the Eastern District of Virginia and elsewhere, defendant DAVID R. BURRUS, JR., aided and abetted by others known and unknown to the grand jury, in conjunction with the purchase and sale of various properties and the obtaining of mortgage loans to buy such properties, knowingly devised and intended to devise a scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, which scheme and artifice, and the execution thereof, affected one or more financial institutions and operated in substance as follows:

THE SCHEME AND ARTIFICE

2. The object of the scheme and artifice was to obtain monies, directly and indirectly, from fraudulent mortgage loan transactions.

3. It was part of the scheme and artifice to generate funds for DAVID R. BURRUS, JR., and his associates and companies, in the course of selling, as well as when buying properties.

4. As part of the scheme and artifice and to generate funds, DAVID R. BURRUS, JR., applied and caused others to apply for mortgage loans. In the course of doing so and in conjunction with real estate closings associated with such loans, DAVID R. BURRUS, JR., knowingly concealed and caused others to conceal material information from and provided and caused others to provide, directly and indirectly, materially false, fraudulent, and misleading information and documents to mortgage lenders.

5. As part of the scheme and artifice, DAVID R. BURRUS, JR., prepared and submitted, and caused to be prepared and submitted, loan applications and other mortgage and closing documents which, among other things:

(a) misstated or failed to fully disclose the terms of the sales transaction between the buyer and the seller of the property;

(b) failed to disclose or disguised kickbacks and other payments made to induce buyers to purchase properties being sold;

(c) misstated the borrower's employment, income, liabilities, and financial history and other assets;

(d) falsely indicated that the borrower intended to occupy the property being bought and use it as a primary residence; and

(e) falsely indicated that the settlement statement or HUD-1 correctly accounted for the monies received and disbursed as part of the real estate transaction.

6. After initially agreeing to buy a property at a lower price, it was a part of the scheme and artifice for the buyer to seek to renegotiate the sale at a higher price, sometimes higher than the seller's listing price, provided that the seller agreed to pay all or most of the difference to the buyer at or near the time of the real estate closing. After successfully renegotiating the deal, the buyer would then provide the revised sales contract to the mortgage lender and withhold the original sales contract. As a result, purchase transactions were structured to generate excess loan proceeds that would be paid at closing to or for the benefit of the buyer.

7. It was also part of the scheme and artifice to hide from the mortgage lender the fact that the buyer/borrower, or businesses he controlled, would receive payments derived from the loan proceeds at or near the closing. For example, after increasing the sales price, it was a part of the scheme and artifice to show that some or all of the extra loan proceeds were being

paid at closing to a business, such as Southern Living Properties, which allegedly performed renovation, repair, or other services for the property seller. In spite of the fact that no such services were performed for the seller, false invoices were prepared and supplied to closing agents showing that Southern Living Properties billed the seller for such work. At the closing, these invoices would be paid out of the seller's sales proceeds to Southern Living Properties, thereby hiding from the lender that a business operated by and closely affiliated with the buyer/borrower was being paid tens of thousands of dollars from the loan proceeds at the real estate closing.

8. It was also a part of the scheme and artifice to forge signatures to and to falsely notarize assorted mortgage lending and other documents including loan applications, settlement statements, and sales contracts.

9. It was also a part of the scheme and artifice to make and to provide to mortgage lenders false lease agreements showing, for example, that properties owned by DAVID R. BURRUS, JR., were currently rented and generating monthly rental income, in order to deceive lenders about his cash flow and suitability for another mortgage loan.

10. As a result of the scheme and artifice and the later default and foreclosure upon fraudulently obtained mortgage loans, mortgage lenders suffered substantial losses.

ACTS IN EXECUTION OF THE SCHEME AND ARTIFICE

11. Overt acts 1 through 52 in count one are realleged and incorporated herein by reference, as if fully set stated herein.

12. On or about the dates noted in the counts set forth below, in the Eastern District of Virginia and elsewhere, for the purpose of executing the aforesaid scheme and artifice, defendant

DAVID R. BURRUS, JR., knowingly caused to be deposited any matter and thing whatever to be sent and delivered by a private and commercial interstate carrier; that is, defendant DAVID R. BURRUS, JR., caused a representative of the settlement agent to send by overnight delivery to representatives of the mortgage lenders noted below a post-closing package containing, among other things, the signed settlement statement, the final loan applications, the recorded deed, and other required loan closing documents and records:

COUNT	DATE OF MAILING	MORTGAGE LENDER (CITY AND STATE ONLY)	CONTENTS SENT TO MORTGAGE LENDER
2	2/7/06	1st Mariner Bank Fairfax, VA	Post-closing package for loans to fund DAVID R. BURRUS, JR.'s purchase of 58 Decatur Street, Portsmouth, VA
3	2/7/06	1st Mariner Bank Fairfax, VA	Post-closing package for loans to fund DAVID R. BURRUS, JR.'s purchase of 1050 Crawford Parkway, Portsmouth, VA
4	2/7/06	1st Mariner Bank Fairfax, VA	Post-closing package for loans to fund DAVID R. BURRUS, JR.'s purchase of 128 Gillis Road, Portsmouth, VA
5	4/2/06	SunTrust Mortgage Richmond, VA	Post-closing package for loans to fund the purchase by the spouse of DAVID R. BURRUS, JR., of 8348 Woody Court, Norfolk, VA
6	6/14/06	SunTrust Mortgage Richmond, VA	Post-closing package for loans to fund the purchase by the spouse of DAVID R. BURRUS, JR., of 412 Elmhurst Lane, Portsmouth, VA
7	8/1/06	SunTrust Mortgage Richmond, VA	Post-closing package for loans to fund the purchase by the spouse of DAVID R. BURRUS, JR., of 4412 Point West Drive, Portsmouth, VA

(In violation of Title 18, United States Code, Sections 1341, 2, and 3293).

FORFEITURE

1. Defendant DAVID R. BURRUS, JR., if convicted of one or more of the violations alleged in counts one through seven of the indictment, shall forfeit to the United States, as part of the sentencing pursuant to Federal Rule of Criminal Procedure 32.2:

a. Any property, real or personal, which constitutes or is derived from proceeds obtained, directly or indirectly, as a result of, or traceable to, such violations, pursuant to 18 U.S.C. § 982(a)(2)(A), 18 U.S.C. § 981(a)(1)(C), and 28 U.S.C. § 2461(c); and

b. Any other property belonging to the defendant, up to the value of the property subject to forfeiture, if any property subject to forfeiture, as a result of any act or omission of the defendant: (a) cannot be located upon the exercise of due diligence; (b) has been transferred to, 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 that cannot be divided without difficulty.

2. The property subject to forfeiture under paragraph 1 includes, but is not limited to, the following property:

A sum of money of at least $2,043,005.00, which represents the proceeds of the charged offenses, that, upon entry of an order of forfeiture, shall be reduced to a monetary judgment.

(All in accordance with Title 18, United States Code, Section 982(a)(2)(A); Title 18, United States Code, Section 981(a)(1)(C) as incorporated by Title 28, United States Code, Section 2461(c); and Title 21, United States Code, Section 853(p).)

United States v. David R. Burrus, Jr., 2:12cr178

A TRUE BILL:

Redacted

FOREPERSON

Neil H. MacBride
United States Attorney

By: Robert J. Krask

Robert J. Krask
Assistant United States Attorney
Attorney for the United States
United States Attorney's Office
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REDACTED

JS 45 (11/2002)

Criminal Case Cover Sheet **U.S. District Court**

Place of Offense:	**Under Seal: Yes ☒ No ☐**	**Judge Assigned:**
City: EDVA	Superseding Indictment:	**Criminal Number:** 2:12CR178
County/Parish:	Same Defendant:	New Defendant: David R. Burrus, Jr.
	Magistrate Judge Case Number:	**Arraignment Date:**
	Search Warrant Case Number:	
	R 20/R 40 from District of _____ .	

Defendant Information:

Juvenile: Yes ☐ No ☒	**FBI#:**				
Defendant Name: David R. Burrus, Jr.	**Alias Name(s):**				
Address: xxxxxxxxxxxxxxxxxxxxxxxxx, Burns, TN xxxxx					
Employment:					
Birth Date: xx/xx/1973	**SS#:** xxx-xx-0014	**Sex:** M	**Race:**	**Nationality:**	**Place of Birth:**
Height:	**Weight:** lbs	**Hair:**	**Eyes:**	**Scars/Tattoos:**	
Interpreter: Yes ☐ No ☒	**List Language and/or dialect:**				

Location Status:

Arrest Date:		
☐ Already in Federal Custody as of: _____ in: _____.		
☐ Already in State Custody	☐ On Pretrial Release	☐ Not in Custody
☒ Arrest Warrant Requested	☐ Fugitive	☐ Summons Requested
☐ Arrest Warrant Pending	☐ Detention Sought	☐ Bond

Defense Counsel Information:

Name:	☐ Court Appointed
Address:	☐ Retained
Telephone:	☐ Public Defender

U.S. Attorney Information:

AUSA: Robert J. Krask	Telephone No. 757-441-6331	Bar #:

Complainant Agency, Address & Phone Number or Person & Title:

Federal Bureau of Investigation, 150 Corporate Boulevard, Norfolk, VA 23502, (757)455-2551, S/A Ryan Braley
U.S. Dept. of Housing and Urban Development, OIG, 600 East Broad Street, Richmond, VA 23219, (804) 822-4890, S/A Robert Hladik

U.S.C. Citations:

	Code/Section	Description of Offense Charged	Count(s)	Capital/Felony/Misd/Petty
Set 1	18 U.S.C. § 1349	Conspiracy to Commit Mail and Wire Fraud	1	Felony
Set 2	18 U.S.C. §§ 1341 & 2	Mail Fraud	2-7	Felony
Set 3	18 U.S.C. §§ 982 & 981 21 U.S.C. § 853(p)	Forfeiture		Forfeiture

(May be continued on reverse)