

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: COMPLAINT INFORMATION INDICTMENT
 SUPERSEDING

OFFENSE CHARGED

Counts 1-8 -- 18 U.S.C. §§ 157 and 2, Bankruptcy Fraud and Aiding and Abetting Petty
Count 9-10 -- 18 U.S.C. §§ 152(3) and 2, False Statements in Bankruptcy Proceedings and Aiding and Abetting Minor
Forfeiture allegation -- 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461 Misdemeanor
 Felony

PENALTY: Count 1-10 -- Per count: Maximum term of imprisonment of 5 years, maximum fine of \$250,000 or twice the gross gain/loss, 3 years of supervised release, \$100 special assessment

Name of District Court, and/or Judge/Magistrate Location
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

DEFENDANT [REDACTED] 2/14 P 2:30
WALTER BRUCE HARRELL
DISTRICT COURT NUMBER
CR 13 090

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)
FBI and SIGTARP

person is awaiting trial in another Federal or State Court, give name of court

this person/proceeding is transferred from another district per (circle one) FRCrp 20, 21, or 40. Show District

this is a re prosecution of charges previously dismissed which were dismissed on motion of:
 U.S. ATTORNEY DEFENSE } SHOW DOCKET NO.

this prosecution relates to a pending case involving this same defendant } MAGISTRATE CASE NO.

prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under }

IS NOT IN CUSTODY
Has not been arrested, pending outcome this proceeding.
1) If not detained give date any prior summons was served on above charges
2) Is a Fugitive
3) Is on Bail or Release from (show District)

IS IN CUSTODY
4) On this charge
5) On another conviction } Federal State
6) Awaiting trial on other charges
If answer to (6) is "Yes", show name of institution

Has detainer been filed? Yes No } If "Yes" give date filed

DATE OF ARREST Month/Day/Year

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED TO U.S. CUSTODY Month/Day/Year

Name and Office of Person Furnishing Information on this form MELINDA HAAG
 U.S. Attorney Other U.S. Agency

Name of Assistant U.S. Attorney (if assigned) Kyle F. Waldinger

This report amends AO 257 previously submitted

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:
 SUMMONS NO PROCESS* WARRANT Bail Amount: \$100,000
If Summons, complete following:
 Arraignment Initial Appearance
Defendant Address:
Date/Time: Before Judge:
Comments:

Handwritten signature/initials

United States District Court

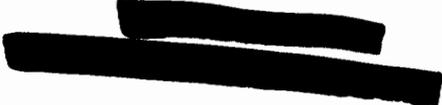
FOR THE
NORTHERN DISTRICT OF CALIFORNIA

VENUE: SAN FRANCISCO

FILED
2013 FEB 14 P 2:30
SI
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA

CR 13 090



WALTER BRUCE HARRELL

DEFENDANT(S).

INDICTMENT

VIOLATIONS:

- 18 U.S.C. § 157 - Bankruptcy Fraud;
- 18 U.S.C. § 152(3) - False Statements in Bankruptcy Proceedings;
- 18 U.S.C. § 2 - Aiding and Abetting; 18 U.S.C. § 981(a)(1)(C) and
- 28 U.S.C. § 2461 - Criminal Forfeiture

A true bill.

[Handwritten Signature]

Foreman

Filed in open court this 14th day of

February 2013

ROSE MAHER

[Handwritten Signature]
2-14-13

Clerk

Maria Elena James
United States Chief Magistrate Judge

NO BAIL ARREST WARRANT

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MELINDA HAAG (CABN 132612)
United States Attorney

FILED
2013 FEB 14 P 2:30
[REDACTED]

SI

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

CR 13 090

UNITED STATES OF AMERICA,

Plaintiff,

v.

WALTER BRUCE HARRELL,

Defendant.

No.

VIOLATIONS: 18 U.S.C. § 157 —
Bankruptcy Fraud; 18 U.S.C. § 152(3) —
False Statements in Bankruptcy Proceedings;
18 U.S.C. § 2 — Aiding and Abetting; 18
U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461
— Criminal Forfeiture

SAN FRANCISCO VENUE

INDICTMENT

The Grand Jury charges:

INTRODUCTORY ALLEGATIONS

At all times relevant to this Indictment:

1. The defendant, Walter Bruce HARRELL, was an individual who resided in the Northern District of California.

The Bankruptcy Code

2. The Bankruptcy Code is a set of laws, codified in Title 11 of the United States Code, that establishes the bankruptcy system in the United States. A bankruptcy case is typically commenced by the filing of a petition for bankruptcy in a United States Bankruptcy Court (“Bankruptcy Court”). A person seeking relief from debts, referred to as the “debtor,” initiates

1 the bankruptcy process by filing a “voluntary petition” for bankruptcy. Other documents
2 commonly filed in a bankruptcy case include bankruptcy schedules and a statement of financial
3 affairs. The voluntary petition, bankruptcy schedules, and statement of financial affairs are
4 attested to under penalty of perjury.

5 3. The filing of a voluntary petition for bankruptcy triggers what is known under the
6 Bankruptcy Code as an “automatic stay” against the debtor’s creditors. The automatic stay
7 functions as an injunction that halts actions by creditors, with certain exceptions, on claims those
8 creditors might have against the debtor or against any property owned by the debtor when the
9 bankruptcy case was commenced, including foreclosure and eviction actions. Under the
10 Bankruptcy Code, the automatic stay begins when the voluntary petition is filed. Mortgage
11 lenders and other secured creditors (hereinafter referred to collectively as “creditors”) may
12 petition the Bankruptcy Court for relief from the automatic stay.

13 COUNTS ONE THROUGH EIGHT: (18 U.S.C. §§ 157 and 2 — Bankruptcy Fraud and
14 Aiding and Abetting)

15 4. The factual allegations in Paragraphs 1 through 3 are re-alleged and incorporated
16 herein as if set forth in full.

17 SCHEME TO DEFRAUD

18 5. Beginning on a date unknown to the Grand Jury, but no later than on or about
19 March 21, 2011, and continuing to on or about January 24, 2012, in the Northern District of
20 California and elsewhere the defendant,

21 WALTER BRUCE HARRELL,

22 together with others known and unknown to the Grand Jury, knowingly and with intent to
23 defraud devised, intended to devise, executed, and concealed, and attempted to execute and to
24 conceal, a scheme and artifice to defraud creditors as to a material matter, some of whom had
25 been recipients of funds under the Troubled Asset Relief Program, which creditors were
26 attempting to foreclose on real properties through trustee sales outside of bankruptcy
27 proceedings.

28 ///

MANNERS AND MEANS OF THE SCHEME TO DEFRAUD

1
2 6. HARRELL operated and participated in the operation of a foreclosure-delay
3 scheme in several counties in the Northern District of California, including Alameda County,
4 Contra Costa County, and San Mateo County, as well as in other Districts. This scheme operated
5 in part by exploiting the automatic stay provisions of the Bankruptcy Code.

6 7. The purpose of HARRELL's fraudulent scheme was to hinder, delay, and obstruct
7 creditors' lawful foreclosure and other actions against property owners who had defaulted on
8 their mortgage payments.

9 8. HARRELL, either directly or through intermediaries, told property owners whose
10 properties were being foreclosed upon or were in jeopardy of being foreclosed upon (the
11 "distressed properties") that, in exchange for a monthly fee, he would assist in postponing the
12 foreclosure by the creditors.

13 9. After a property owner paid or agreed to pay the required fee, HARRELL, either
14 directly or through intermediaries, caused the property owner to sign a deed transferring a
15 fractional interest of the property owner's distressed property (a "fractional deed") to an
16 individual who had been paid by HARRELL to file a voluntary petition in the Bankruptcy Court
17 for the Northern District of California. The individuals identified herein as S.D. and T.W. were
18 two of the people paid by HARRELL to file voluntary petitions. HARRELL caused each
19 executed fractional deed to be recorded in the pertinent county recorder's office. These fractional
20 deeds included, among others, the following:

- 21 a. a deed granting S.D. a 10% interest in a property located on the 400 block of
22 Fourth Street in Montara, California (a residence then inhabited by HARRELL),
23 recorded in the San Mateo County Assessor-County Clerk-Recorder's Office on
24 or about March 21, 2011;
- 25 b. a deed granting S.D. a 2% interest in a property located on the 300 block of
26 Roosevelt Boulevard in Half Moon Bay, California, recorded in the San Mateo
27 County Assessor-County Clerk-Recorder's Office on or about April 26, 2011;
- 28 c. a deed granting S.D. a 20% interest in a property located on the 9800 block of

- 1 Davona Drive in San Ramon, California, recorded in the Contra Costa County
2 Clerk-Recorder's Office on or about May 26, 2011;
- 3 d. a deed granting S.D. a 20% interest in a property located on the 25000 block of
4 Vista Greens Court in Hayward, California, recorded in the Alameda County
5 Assessor's Office on or about July 11, 2011;
- 6 e. a deed granting T.W. a 2% interest in the property located on the 300 block of
7 Roosevelt Boulevard in Half Moon Bay, California, recorded in the San Mateo
8 County Assessor-County Clerk-Recorder's Office on or about August 3, 2011;
- 9 f. a deed granting T.W. a 20% interest in the property located on the 9800 block of
10 Davona Drive in San Ramon, California, recorded in the Contra Costa County
11 Clerk-Recorder's Office on or about August 25, 2011;
- 12 g. a deed granting T.W. a 10% interest in the property located on the 400 block of
13 Fourth Street in Montara, California (a residence then inhabited by HARRELL),
14 recorded in the San Mateo County Assessor-County Clerk-Recorder's Office on
15 or about September 6, 2011;
- 16 h. a deed granting T.W. a 2% interest in a property located on the 4000 block of
17 Noree Court in Castro Valley, California, recorded in the Alameda County
18 Assessor's Office on or about September 8, 2011;
- 19 i. a deed granting T.W. a 20% interest in the property located on the 25000 block of
20 Vista Greens Court in Hayward, California, recorded in the Alameda County
21 Assessor's Office on or about September 28, 2011; and
- 22 j. a deed granting T.W. a 10% interest in a property located on the 1000 block of
23 Clay Street in Oakland, California, recorded in the Alameda County Assessor's
24 Office on or about November 4, 2011.

25 10. After each deed was recorded, HARRELL informed the creditor or its
26 representative that the distressed property was part of a bankruptcy case, thereby notifying the
27 creditor of the automatic stay in order to halt any scheduled trustee sale of the property.

28 11. Upon receiving notification from HARRELL, some creditors filed a motion for

1 relief from the automatic stay in the debtor's bankruptcy case. Typically, the Bankruptcy Court
 2 granted the motion and permitted the foreclosure on the distressed property to continue. In
 3 addition, the bankruptcy cases in the scheme were ultimately dismissed by the Bankruptcy Court.
 4 After the motion to lift the automatic stay was granted or the bankruptcy case was dismissed,
 5 HARRELL often caused the property owner to execute and file another deed transferring another
 6 fractional share of the distressed property to a different debtor, thereby starting the foreclosure-
 7 delay process anew.

8 12. HARRELL prepared bankruptcy filings for the debtors. Those filings commonly
 9 identified (a) distressed properties on the schedule requiring a listing of any real property in
 10 which the debtor had an interest, (b) owners of the distressed properties on the schedule requiring
 11 a listing of the debtor's codebtors, and (3) creditors attempting to foreclose on the distressed
 12 properties on the schedule requiring a listing of creditors holding secured claims.

13 EXECUTION OF THE SCHEME TO DEFRAUD

14 13. On or about the dates set forth in the separate counts below, in the Northern
 15 District of California and elsewhere the defendant,

16 WALTER BRUCE HARRELL,

17 having devised and having intended to devise a scheme and artifice to defraud creditors as to a
 18 material matter, and for the purpose of executing and concealing that scheme and artifice, and
 19 attempting to do so, knowingly did file and cause to be filed the following:

COUNT	DATE	EVENT
One	07/13/2011	a petition under Title 11 of the United States Code, namely, a voluntary petition under Chapter 13 of the Bankruptcy Code, in the name and variation of the name of T.W., Case No. 11-47408, all in violation of Title 18, United States Code, Sections 157(1) and 2.
Two	09/02/2011	a petition under Title 11 of the United States Code, namely, a voluntary petition under Chapter 13 of the Bankruptcy Code, in the name of T.W., Case No. 11-49561, all in violation of Title 18, United States Code, Sections 157(1) and 2.
Three	11/28/2011	a petition under Title 11 of the United States Code, namely, a voluntary petition under Chapter 7 of the Bankruptcy Code, in the name of T.W., Case No. 11-72429, all in violation of Title 18, United States Code, Sections 157(1) and 2.

COUNT	DATE	EVENT
Four	08/31/2011	a document in a proceeding under Title 11 of the United States Code, namely, a schedule in Case No. 11-47408 that listed, among others, the owners of the Roosevelt Boulevard, Davona Drive, Noree Court, and Vista Greens Court properties as codebtors of T.W., all in violation of Title 18, United States Code, Sections 157(2) and 2.
Five	09/13/2011	a document in a proceeding under Title 11 of the United States Code, namely, a Chapter 13 plan in Case No. 11-49561, all in violation of Title 18, United States Code, Sections 157(2) and 2.
Six	09/13/2011	a document in a proceeding under Title 11 of the United States Code, namely, a schedule in Case No. 11-49561 that listed, among others, the owners of the Roosevelt Boulevard, Davona Drive, and Noree Court properties as codebtors of T.W., all in violation of Title 18, United States Code, Sections 157(2) and 2.
Seven	10/17/2011	a document in a proceeding under Title 11 of the United States Code, namely, a schedule in Case No. 11-49561 that listed, among others, the Roosevelt Boulevard, Fourth Street, and Noree Court properties as being among the debtor's assets, all in violation of Title 18, United States Code, Sections 157(2) and 2.
Eight	12/06/2011	a document in a proceeding under Title 11 of the United States Code, namely, a Notice of Motion and Motion to the Court in Case No. 11-72429 that requested an extension of time to file T.W.'s schedules and other required documents, all in violation of Title 18, United States Code, Sections 157(2) and 2.

COUNTS NINE AND TEN: (18 U.S.C. §§ 152(3) and 2 — False Statements in Bankruptcy Proceedings and Aiding and Abetting)

14. The factual allegations in Paragraphs 1 through 3 and Paragraphs 5 through 13 are re-alleged and incorporated herein as if set forth in full.

15. On or about the dates set forth in the separate counts below, in the Northern District of California and elsewhere the defendant,

WALTER BRUCE HARRELL,

knowingly and with the intent to defraud made materially false declarations and materially false statements under penalty of perjury by preparing and filing, and by aiding, abetting, counseling, commanding, inducing, procuring, and causing the preparation, execution, and filing of, documents containing such false declarations and false statements, in and in relation to cases filed under the Bankruptcy Code in the name of T.W., which cases were then pending in the

1 Bankruptcy Court for the Northern District of California, when at the time the defendant well
 2 knew that those declarations and statements were false:

COUNT	CASE NO.	DATE DOCUMENT FILED	FALSE STATEMENT
3 4 5 6 Nine	11-49561	10/17/2011	Statement in statement of financial affairs and statement of current monthly income that T.W. earned \$180,000 per year in income from employment or the operation of a business
7 8 Ten	11-72429	11/28/2011	Omission in voluntary petition failing to disclose that T.W. had filed a prior bankruptcy case within the last 8 years

9 All in violation of Title 18, United States Code, Sections 152(3) and 2.

10 FORFEITURE ALLEGATION: (18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461)

11 16. The preceding factual allegations of this Indictment are hereby re-alleged and by
 12 this reference fully incorporated herein for the purpose of alleging forfeiture pursuant to the
 13 provisions of 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461.

14 17. Upon conviction of one or more of the offenses alleged in Counts Nine and Ten of
 15 this Indictment, the defendant,

16 WALTER BRUCE HARRELL,

17 shall forfeit to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) all property constituting,
 18 and derived from, proceeds the defendant obtained directly and indirectly, as the result of those
 19 violations.

20 18. If any of the aforementioned property, as a result of any act or omission of the
 21 defendant —

- 22 a. cannot be located upon the exercise of due diligence;
- 23 b. has been transferred or sold to, or deposited with, a third person;
- 24 c. has been placed beyond the jurisdiction of the Court;
- 25 d. has been substantially diminished in value; or
- 26 e. has been commingled with other property that cannot be divided without
 27 difficulty;

28 any and all interest the defendant has in other property shall be vested in the United States and

1 forfeited to the United States pursuant to 21 U.S.C. § 853p, as incorporated by 28 U.S.C. § 2461.

2 All in violation of Title 18, United States Code, Section 981(a)(1)(C) and Rule 32.2 of the
3 Federal Rules of Criminal Procedure.

4

5 DATED:

A TRUE BILL

6 February 14, 2013

7 
FOREPERSON

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9 MELINDA HAAG
United States Attorney

10

11 
12 MIRANDA KANE
Chief, Criminal Division

13 (Approved as to form: )
AUSA WALDINGER

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United States District Court Northern District of California

CRIMINAL COVER SHEET

FILED
2013 FEB 14 2:30 PM
U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

Instructions: Effective January 3, 2012, this Criminal Cover Sheet must be completed and submitted, along with the Defendant Information Form, for each new criminal case. Please place this form on top of the Defendant Information Form.

Case Name:

USA v. WALTER BRUCE HARRELL

CR 13 090

Case Number:

SI

Total Number of Defendants:

1 2-7 _____ 8 or more _____

Is This Case Under Seal?

Yes No _____

Does this case involve ONLY charges under 8 U.S.C. § 1325 and/or 1326?

Yes _____ No

Venue (Per Crim. L.R. 18-1):

SF OAK _____ SJ _____

Is this a death-penalty-eligible RICO Act gang case?

Yes _____ No

Assigned AUSA (Lead Attorney):

KYLE F. WALDINGER

Comments:

Please provide copies to AUSA Waldinger.

Date Submitted:

February 14, 2013

[REDACTED]

PRINT