

JPN:WMN
F.#2013R01397

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

CR 14 356

UNITED STATES OF AMERICA

I N D I C T M E N T

- against -

Cr. No. 14- (ENV)
(T. 18, U.S.C.,
§§ 982(a)(2)(A), 982(b),
1344, 1349, 2 and
3551 et seq.; T. 21, U.S.C.,
§ 853(p))

ALEX BARRETT,
BARTHELEMY ADJAVEHOUEDE,
MICHELLE BAKER,
JAMES BAYFIELD,
SAMUEL TERRELL BELL and
DIRK HALL,

BLASSER, J

GO, MJ

FILED
CLERK
JUN 20 2014 4:50
U.S. DISTRICT COURT
EASTERN DISTRICT
OF NEW YORK

Defendants.

THE GRAND JURY CHARGES:

INTRODUCTION

At all times relevant to this Indictment, unless otherwise indicated:

I. Background

1. The defendant ALEX BARRETT was a mortgage loan officer at Link One Mortgage Bank LLC. BARRETT utilized a brokerage license that was in his wife's name.

2. The defendant BARTHELEMY ADJAVEHOUEDE owned and operated B&S Property Realty Management Corp., B&B Foreclosure Busters Inc., James Williams and Associates, and B&L International Trade Company.

3. The defendant MICHELLE BAKER was a title agent who owned and operated Morningstar Abstract, LLC and Atlas Abstract Agency Corp.

4. The defendant JAMES BAYFIELD owned and operated Foreclosure Escapes Inc.

5. The defendant SAMUEL TERRELL BELL owned and operated Bell Property & Management Inc. and BBR Property Management, Inc.

6. The defendant DIRK HALL owned and operated Amir Properties & Development Inc., and was an officer of Bell Property & Management Inc.

7. Until December 4, 2009, Amtrust Bank ("Amtrust") was a bank, the deposits of which were insured by the Federal Deposit Insurance Corporation ("FDIC"). Amtrust was also a mortgage lender doing business in several states, including in New York. On December 4, 2009, Amtrust failed and merged with New York Community Bank ("New York Community"), another bank, the deposits of which were insured by the FDIC. New York Community was also a mortgage lender doing business in several states, including in New York.

8. Residential Home Funding Corp. ("Residential") was a mortgage lender doing business in several states, including in New York.

9. The United States Department of Housing and Urban Development ("HUD") was a department of the Executive branch of the federal government. The mission of HUD was to aid

individuals and communities in the development and purchase of affordable housing.

10. The Federal Housing Administration ("FHA") was an agency of HUD. Among other services, FHA guaranteed the repayment of mortgage loans to FHA-approved lending institutions should a borrower default on his or her loan. To qualify for an FHA-insured loan, the borrower was required to, among other things, actually reside in the property for which the mortgage was obtained.

11. The Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") were government-supported enterprises chartered by Congress with a mission to provide liquidity, stability and affordability to the U.S. housing and mortgage markets. As part of this mission, Fannie Mae and Freddie Mac assisted mortgage lenders by purchasing the residential mortgage loans that lenders originated and packaging them for resale, which enabled the lenders to replenish their funds to finance additional single-family loans.

12. The Federal Housing Finance Agency ("FHFA") was a federal agency created to oversee Fannie Mae and Freddie Mac. Fannie Mae and Freddie Mac entered into conservatorships overseen by FHFA as conservator. In that capacity, FHFA had the authority to exercise all rights and remedies of Fannie Mae and Freddie

Mac, including but not limited to the authority to bring suits on behalf of and for the benefit of Fannie Mae and Freddie Mac.

II. The Fraudulent Scheme

13. The defendants ALEX BARRETT, BARTHELEMY ADJAVEHOUEDE, MICHELLE BAKER, JAMES BAYFIELD, SAMUEL TERRELL BELL and DIRK HALL, together with others (the "Co-conspirators"), conspired to defraud financial institutions, including Amtrust, Bank of America N.A., and J.P. Morgan Chase & Co., the deposits of which were insured by the FDIC, and mortgage lending institutions, including Residential and Worldwide Financial Resources Inc. (collectively, the "Lending Institutions"). BARRETT, ADJAVEHOUEDE, BAKER, BAYFIELD, BELL, HALL and the other Co-conspirators caused mortgage loan applications ("Applications") to be submitted to the Lending Institutions in connection with the purchase of residential properties located within the Eastern District of New York (the "Property" or "Properties"). Among other things, the Co-conspirators fraudulently inflated the purchase prices of the Properties on the Applications. The Co-conspirators also submitted false information about the assets and income of the purchasers of the Properties, many of whom were being compensated as part of the scheme to act as purchasers of the Properties (the "Straw Purchaser" or "Straw Purchasers"). The false information that the Co-conspirators submitted made the borrowers, including the

Straw Purchasers, falsely appear more creditworthy and falsely inflated the purported value of the Properties. As a result, the Lending Institutions were fraudulently induced to issue mortgage loans secured by Properties that had inflated appraisal values.

14. Among other things, the Co-conspirators recruited Straw Purchasers to pose as the purchasers of some of the Properties. The Straw Purchasers generally were individuals with insufficient income and assets to qualify for a mortgage loan. The Straw Purchasers typically did not intend to inhabit or control the Properties. Instead, the Co-conspirators used the Straw Purchasers to conceal from the Lending Institutions the fact that the Co-conspirators were the true owners of the Properties. In exchange for their participation in the scheme, the Co-conspirators paid the Straw Purchasers a fee.

15. As part of the scheme, the Co-conspirators caused the Applications for the Straw Purchasers and other borrowers to contain numerous misrepresentations and material falsehoods about their assets and income and the value of the Properties. For example, the Applications falsely inflated the bank account balances and income for Straw Purchasers and other borrowers. Additionally, the Applications often falsely stated that the Straw Purchasers intended to live at the Properties. The Co-conspirators caused these Applications and supporting documents to be sent to the Lending Institutions by facsimile or electronic

transmissions, which traveled interstate between the State of New York and another state.

16. As a condition for issuing the mortgage loans, the Lending Institutions required the Straw Purchasers and other borrowers to make down payments in connection with the purchase of the Properties. Despite these requirements, the Straw Purchasers and other borrowers often did not make any down payments. To conceal this fact from the Lending Institutions, the Co-conspirators falsified HUD forms (the "Falsified HUD Forms") and provided false down payment checks to make it appear as if the Straw Purchasers and the other borrowers had in fact made down payments in connection with the purchase of the Properties. The Co-conspirators caused the Falsified HUD Forms to be submitted to the Lending Institutions at or around the time of the closings on the sales of the Properties.

17. As part of the scheme, the Co-conspirators often conducted simultaneous purchases and sales of the Properties in an effort to conceal their criminal involvement and to inflate the value of the Properties. For example, a Co-conspirator would purchase a Property from a homeowner. That same day, the Co-conspirator would sell the Property to a Straw Purchaser at an inflated value. The Co-conspirators, through the use of backdated and falsified documents, concealed from the Lending Institutions the fact that the purchase and sale had occurred on

the same day and made it appear as if the transaction between the homeowner and the Co-conspirator had occurred over 60 days prior to the sale from the Co-conspirator to the Straw Purchaser.

18. To further conceal the fraudulent purchase of the Property by the Straw Purchaser, on some occasions, the Co-conspirators also supplied the Lending Institution with an appraisal for the Property that falsely contained an inflated appraisal value that exceeded the actual value of the Property. These false reports were fraudulently submitted with the mortgage loan applications for the Properties. Subsequently, the Lending Institution was fraudulently induced into approving a mortgage loan to the borrower for the purchase of the Property at a price that exceeded the value of the Property.

19. As a result of the fraudulent conduct alleged herein, the Lending Institutions approved the Applications that contained false and fraudulent information and disbursed mortgage loan proceeds in connection with what the Lending Institutions falsely believed were the legitimate purchases of the Properties, including the purchase of:

<u>Property</u>	<u>Closing Date</u>
137-53 174th Street, Jamaica, New York	9/12/08
9922 203rd Street, Hollis, New York	10/28/08
116-10 155th Street, Jamaica, New York	11/7/08

314 Washington Street, Hempstead, New York	11/20/08
97-16 Farragut Road, Brooklyn, New York	11/24/08
220-11 139th Avenue, Jamaica, New York	12/3/08
220-08 137th Avenue, Laurelton, New York	12/11/08
134-03 Cheney Street, Jamaica, New York	12/19/08
140 Weir Street, Hempstead, New York	12/24/08
243-44 144th Avenue, Rosedale, New York	1/16/09
261 Windsor Parkway, Hempstead, New York	1/23/09
150-82 116th Avenue, Jamaica, New York	1/27/09
35-16 87th Street, Jackson Heights, New York	2/4/09
220-02 133rd Avenue, Laurelton, New York	2/12/09
402 Franklin Avenue, Brooklyn, New York	8/5/09
29-66 Far Rockaway Boulevard, Far Rockaway, New York	9/28/09
119-42 224th Street, Cambria Heights, New York	6/29/10

20. At or around the time of the closings of the properties, the Co-conspirators diverted for their own use the portion of the loan proceeds that exceeded the actual value of the Properties. The Co-Conspirators collectively earned over \$2.7 million from the scheme.

21. In many instances, the Straw Purchasers and the other borrowers failed to make required mortgage payments to the Lending Institutions, which caused the mortgage loans that were secured by the Properties to be placed into default status.

COUNT ONE

(Conspiracy to Commit Bank Fraud and Wire Fraud)

22. The allegations contained in paragraphs 1 through 21 are realleged and incorporated as if set forth fully in this paragraph.

23. In or about and between September 2008 and May 2011, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants ALEX BARRETT, BARTHELEMY ADJAVEHOUEDE, MICHELLE BAKER, JAMES BAYFIELD, SAMUEL TERRELL BELL and DIRK HALL, together with others, did knowingly and intentionally conspire:

a. to execute a scheme and artifice to defraud one or more financial institutions, and to obtain moneys, funds, credits and other property owned by, and under the custody and control of, said financial institutions, by means of materially false and fraudulent pretenses, representations and promises, contrary to Title 18, United States Code, Section 1344; and

b. to devise a scheme and artifice to defraud the Lending Institutions and to obtain money and property from the Lending Institutions by means of materially false and fraudulent pretenses, representations and promises, and for the

purpose of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communication in interstate commerce, writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

(Title 18, United States Code, Sections 1349 and 3551 et seq.)

COUNTS TWO THROUGH SIX
(Bank Fraud)

24. The allegations contained in paragraphs 1 through 22 are realleged and incorporated as if set forth fully in this paragraph.

25. In or about and between October 2008 and May 2011, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants listed below, together with others, did knowingly and intentionally execute and attempt to execute a scheme and artifice to defraud AmTrust and Residential, and to obtain moneys, funds, credits and other property owned by and under the custody and control of AmTrust and Residential, by means of materially false and fraudulent pretenses, representations and promises, as set forth below for each count:

<u>Count</u>	<u>Defendants</u>	<u>Property</u>	<u>Date</u>	<u>Loan Amount</u>
TWO	BARRETT ADJAVEHOUEDE	9922 203rd Street, Hollis, New York	10/28/08	\$545,234.94

THREE	BARRETT ADJAVEHOUEDE	97-16 Farragut Road, Brooklyn, New York	11/24/08	\$465,923.28
FOUR	BARRETT BAKER BAYFIELD BELL HALL	220-08 137th Avenue, Laurelton, New York	12/11/08	\$478,295.35
FIVE	BARRETT BAKER BELL HALL	29-66 Far Rockaway Boulevard, Far Rockaway, New York	9/28/09	\$397,704.48
SIX	BARRETT BAKER BELL HALL	119-42 224th Street, Cambria Heights, New York	6/29/10	\$414,154.31

(Title 18, United States Code, Sections 1344, 2 and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATIONS

26. The United States hereby gives notice to the defendants that, upon their conviction of any of the charged offenses, the government will seek forfeiture in accordance with Title 18, United States Code, Section 982(a)(2)(A), which requires any person convicted of such offenses to forfeit any property constituting, or derived from, proceeds obtained directly or indirectly as a result of such offenses.

27. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or 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 which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b), to seek forfeiture of any other property of the defendants up to the value of the forfeitable property described in this forfeiture allegation.

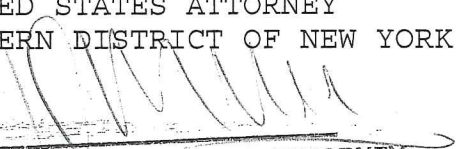
(Title 18, United States Code, Sections 982(a)(2)(A) and 982(b); Title 21, United States Code, Section 853(p))

A TRUE BILL



FOREPERSON

LORETTA E. LYNCH
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

BY: 
ACTING UNITED STATES ATTORNEY
PURSUANT TO 28 C.F.R. 0.136

UNITED STATES DISTRICT COURT

EASTERN District of NEW YORK

CRIMINAL Division

THE UNITED STATES OF AMERICA

vs.

Alex Barrett et al.

Defendant.

INDICTMENT

A true bill.

Foreman

Filed in open court this ___ day.

of ___ A.D. 19 ___

Clerk

Bail, \$ _____