

STATEMENT OF FACTS
UNITED STATES vs. KAMAL J. GREGORY

FACTS RELEVANT TO COUNT 1 OF THE INDICTMENT

Between on or about March 15, 2002 and continuing thereafter until on or about June 25, 2008, while in the Southern District of Ohio and elsewhere, the defendant **KAMAL J. GREGORY** and Julian M. Hickman, Jessica A. Zbacnik, Robert Mitchell, Edward McGee, Kenneth O. McGee, Randall A. Davidson, Jocelyn Hammond, Timothy Pearson, Stephanie Woods, Elizabeth Jones, Kelvin Mitchell, and other individuals both known and unknown to the Grand Jury, knowingly and voluntarily entered into an agreement and criminal conspiracy to commit certain crimes to include: mail fraud, wire fraud and money laundering.

The defendant, together with one or more of his co-conspirators, operated and controlled various real estate mortgage and title insurance related businesses and corporations with the object of entering into a scheme to defraud in order to wrongfully obtain monies, profits, real property and other things of value. The defendant and his co-conspirators arranged, facilitated and manipulated documents associated with real estate sales and closings in order to fraudulently obtain excess mortgage loan proceeds generated from the sale of residential properties for the personal benefit of the defendant and his co-conspirators.

As part of this conspiracy, the defendant and one or more of his co-conspirators:

a. Prepared and submitted, and caused to be prepared and submitted on behalf of prospective purchasers of residential properties, the majority of which were low income, dilapidated and otherwise depressed residential properties in the Dayton, Ohio area and other areas, certain mortgage loan application packages to various financial institutions located throughout the United States which contained false, fictitious, and fraudulent statements in various documents including: agreements to sell real estate, Uniform Residential Loan Applications (Form 1003), Department of Housing & Urban Development Settlement Statements (HUD-1), cashier's checks, bank statements, bank deposit slips, bank withdrawal slips, residential property appraisal reports, and other related miscellaneous correspondence and memoranda.

b. Placed, or caused to be placed, various false, fictitious, and fraudulent statements and documents in interstate commerce via commercial interstate carriers; and via electrical signs and signals by means of wire communication, namely facsimile transmissions from telephone numbers and computer electronic message equipment installed at a variety of title agencies and mortgage brokerage firms located throughout the Southern District of Ohio. These statements and documents were transmitted to various out of state mortgage lending companies and other financial institutions insured by the Federal Depositors Insurance Corporation (FDIC).

c. Actively recruited unsuspecting individuals to purchase these Dayton, Ohio residential properties, at artificially inflated prices, all of which were financed with mortgage loans which were fraudulently facilitated, arranged, brokered and closed by defendant and his co-conspirators.

d. Concealed from various FDIC insured financial institutions the fact that various prospective purchasers and mortgage applicants recruited by this scheme and artifice did not in fact personally provide required cash down payments as reflected in HUD-1 Forms and Form 1003 loan applications. These documents were then submitted in interstate commerce to various mortgage lending institutions and FDIC insured financial institutions via commercial interstate carrier, and electronic data faxes as part of mortgage loan application and approval process.

e. Concealed from various FDIC insured financial institutions the fact that certain co-conspirators provided cash down payments on behalf of mortgage loan applicants contrary to information contained in HUD-1 settlement statements and Form 1003 loan applications.

f. Concealed from various FDIC insured financial institutions the fact that certain co-conspirators paid secret cash bonuses or “kick backs” to mortgage loan applicants in return for their agreement to purchase and close on residential mortgage loans.

g. Opened bank accounts at financial institutions within the Dayton, Ohio area and elsewhere, in order to conduct financial transactions, to promote and facilitate the operation of the fraudulent mortgage loan businesses, and to disguise the true nature, location, source, ownership and control of the proceeds of the monies and profits fraudulently generated by the conspiracy.

h. Fraudulently altered, fabricated and falsified information contained on various mortgage loan related documents to include: Forms 1003, invoices, bank deposits, bank statements, general warranty deeds, and other associated correspondence and memorandum.

i. Prepared and caused to be prepared false, fraudulent and otherwise inflated real estate appraisal reports.

j. Fraudulently obtained over \$7 million for the use of the defendant’s use and the use of co-conspirators Julian M. Hickman, Jessica A. Zbacnik, Robert Mitchell, Edward McGee and Kenneth McGee.

k. Victimized over 63 separate property investors as part of this scheme.

l. Sold and closed on approximately 205 properties located in Montgomery County, Ohio.

In furtherance of this conspiracy and to affect the objects of this conspiracy, a co-

conspirator of the defendant committed the following overt act in the Southern District of Ohio:

- a. Sometime between March 15, 2002 and July 25, 2003, Julian M. Hickman spoke with a person known to the Grand Jury, hereafter identified as Buyer-1 regarding the purchasing of rental properties. During this conversation, Julian M. Hickman assured Buyer-1 that he could arrange a no “out-of-pocket” expenses mortgage loan to acquire rental properties. Julian M. Hickman further indicated to Buyer-1 that he would finance all necessary renovations on the property, and further finance all mortgage payments until a suitable tenant was located for the property.

FACTS RELEVANT TO COUNT 10 OF THE INDICTMENT

Between on or about March 15, 2002 and continuing thereafter until on or about June 25, 2008, while in the Southern District of Ohio and elsewhere, the defendant **KAMAL J. GREGORY** and Julian M. Gregory, Jessica A. Zbacnik, Robert Mitchell, Edward McGee, Kenneth O. McGee, together with others both known and unknown to the Grand Jury, knowingly and voluntarily entered into an agreement and criminal conspiracy to commit certain crimes to include: money laundering in violation of 18 U.S.C. §§ 1956(a)(1)(A)(i) and 1957. It was an object of this conspiracy that certain financial transactions be completed knowing that the property and money involved in said transactions represented proceeds and profits of various forms of specified unlawful activities associated with mortgage fraud to include money laundering, mail fraud and wire fraud on mortgage loan applications and associated documents. The defendant and his co-conspirators caused certain financial transactions to be completed with the intent of promoting mortgage fraud in the form of specified unlawful activities associated with mortgage fraud to include money laundering, mail fraud and wire fraud on mortgage loan applications and associated documents.

The defendant and his co-conspirators knowingly engaged, or attempted to engage in monetary transactions in property valued in excess of \$10,000.00 which was criminally derived from specified unlawful activities associated with mortgage fraud to include money laundering, mail fraud and wire fraud on mortgage loan applications and associated documents. The defendant and his co-conspirators specifically intended to enjoy the benefits of the substitute criminal proceeds received through their mortgage fraud activities while attempting to insulate them from criminal prosecution.

It was a part of this conspiracy for the defendant and his co-conspirators to:

a. Prepare and submit, and cause to be prepared and submitted on behalf of prospective purchasers of Dayton, Ohio residential properties, and other areas, certain mortgage loan application packages to various lending institutions located throughout the United States which contained false, fictitious, forged and fraudulent documents including: agreements to sell real estate, Forms 1003, Forms HUD-1, bank statements, bank deposit slips, bank withdrawal slips, residential property appraisal reports, copies of down payment checks and other related miscellaneous correspondence and memoranda. These false, fictitious, and fraudulent documents were placed in interstate commerce by the defendant and his co-conspirators via commercial interstate carrier; and via electrical signs and signals by means of wire communication facsimile transmissions from telephone numbers installed at business locations and offices located throughout the Southern District of Ohio to various other locations outside the State of Ohio.

b. Open and cause other persons to open accounts at various financial institutions both within and outside the Southern District of Ohio in names of business entities to include: "Commercial Property Advisor Group", "Diamond Venture Capital Group", "Gem City Professional Services", "First Union Appraisals", "JMH Real Estate", "E & A Investments", "E & A Contractors", "K M Investments", "Midwest Alliance Commercial", "K & M Auto Sales LLC", "All-City Title Agency, Inc.", "Partners Land Title", and "NETCO".

c. Cause criminally derived funds in excess of \$10,000.00 to be transferred to and from FDIC financial institution accounts in the Southern District of Ohio and elsewhere, as part of their normal business operations in the Southern District of Ohio, which in turn promoted the carrying on of the specified unlawful activity to include: mail fraud, wire fraud and money laundering in violation of 18 U. S. C. §§ 1341, 1343, 1956 and 1957 respectively.

In furtherance of this conspiracy and to effect the objects thereof, the defendant and his co-conspirators committed the following overt acts in furtherance of the conspiracy causing the following transfers and numbered overt acts to take place:

a. Between the period of between on or about February 14, 2003 and on or about April 29, 2005, the defendant, **KAMAL J. GREGORY**, participated in 46 separate fraudulent real estate closings involving real estate located throughout the Southern District of Ohio. The net fraudulent loan amounts associated with these closings exceeded \$4,200,000.

I KAMAL J. GREGORY, the defendant herein, acknowledge the truth and accuracy of the above stated facts.

KAMAL J. GREGORY

