

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES OF AMERICA	)	
	)	
v.	)	No.
	)	
ABE KARN,	)	Violation: Title 18, United States Code,
DONNA BROOKS,	)	Section 1343.
HICHEM JULANI and	)	
DANIEL LIETZ	)	<b><u>UNDER SEAL.</u></b>

**COUNT ONE**

The SPECIAL JANUARY 2009 GRAND JURY charges:

1. At times material to this indictment:

a. The Federal Bureau of Investigation and the Department of Housing and Urban Development, Office of Inspector General, conducted an undercover operation in which a cooperating individual (CI) posed as someone selling residences to nominee buyers by fraudulently obtaining mortgage loans on behalf of the nominee buyers who would default on the loans; and undercover agents (UCs) posed as the nominee buyers and as paralegals assisting in closing the real estate transactions;

b. As part of this undercover investigation, residences owned by the government, including 305 Reedwood, Joilet, Illinois (305 Reedwood ), were deeded to fictitious identities which the CI represented to be nominee sellers through which he controlled the residence;

c. Defendant ABE KARN was the owner of Interforest Mortgage

Company (“Interforest”) and a mortgage broker who prepared and submitted loan applications and supporting documentation to lenders;

d. Defendant DONNA BROOKS was an employee and loan officer at Interforest and assisted ABE KARN in preparing loan applications and supporting documentation;

d. Defendant HICHEM JULANI was a licensed real estate appraiser;

e. Defendant DANIEL LIETZ was a vice-president at Charter One Bank;  
and

f. IndyMac Bank (“IndyMac”) was a financial institution, the deposits of IndyMac were insured by the Federal Deposit Insurance Corporation (“FDIC”), which made mortgage loans.

2. Beginning in or about June 2007 and continuing until in or about July 2007, in the Northern District of Illinois, Eastern Division, and elsewhere,

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HICHEM JULANI and  
DANIEL LIETZ

defendants herein, together with others known and unknown to the Grand Jury, knowingly devised and participated in a scheme to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, which scheme affected a financial institution, as further described below.

3. It was part of the scheme that defendants ABE KARN, DONNA BROOKS,

HICHEM JULANI and DANIEL LIETZ, together with other co-schemers, fraudulently obtained mortgage loan proceeds from IndyMac by knowingly causing to be prepared and submitting a loan application and supporting loan documents on behalf of a nominee buyers of 305 Reedwood that contained materially false and fraudulent statements concerning the nominee buyer's qualifications for the loan and the condition of the property.

4. It was further part of the scheme that, on or about June 21, 2007, defendant ABE KARN met with the CI and a UC posing as the nominee buyer of 305 Reedwood who would be leaving the country after the closing and defaulting on the loan. At that meeting, ABE KARN agreed to assist in fraudulently obtaining a mortgage loan on behalf of the nominee buyer and referred the CI and the UC to defendant DANIEL LIETZ at Charter One Bank for the purpose of opening a new bank account.

5. It was further part of the scheme that, on or about June 21, 2007, defendant DANIEL LIETZ met with the CI and the UC at Charter One Bank. After being informed that the UC wanted to open an account because defendant ABE Karn was processing a loan application for the UC, defendant LIETZ opened an account in the name of the nominee buyer at Charter One Bank with no initial deposit.

6. It was further part of the scheme that, on or about June 25, 2007, defendant DANIEL LIETZ met the CI at Charter One Bank. The CI deposited \$5,000 into the nominee buyer's checking account, after which defendant LIETZ assured the CI that he would handle any verification of deposit. No further deposits were made into that account by the CI or the UC.

7. It was further part of the scheme that, on or about June 25, 2007, defendant ABE KARN arranged for an appraisal of 305 Reedwood by defendant HICHEM JULANI, who concluded that the property was worth \$150,000, but that he could inflate the appraisal to \$170,000. In response, defendant KARN told defendant JULANI that he wanted the property appraised at \$190,000.

8. It was further a part of the scheme that, on or about July 3, 2007, defendant JULANI agreed to falsify the appraisal, and did so to falsely represent that the value of 305 Reedwood was \$190,000.

9. It was further part of the scheme that, on or about July 2, 2007, defendant DONNA BROOKS arranged for a false verification of employment (VOE) for the nominee buyer, providing the CI with the false employment information used in the loan application, including that the nominee buyer worked at a fictitious entity named “Don Larsen Consultants” for two years and that his income was unstated.

10. It was further a part of the scheme that, on or about July 5, 2007, defendant DANIEL LIETZ completed and signed a verification of deposit (VOD) for the nominee buyer’s checking account which falsely stated that the account was opened on February 13, 2007 and had a balance of \$26,560, well knowing that the VOD contained false statements as to the age and balance of the account, and that the false VOD would be presented to a lender evaluating the nominee buyer’s loan application.

11. It was further part of the scheme that, on or about July 9, 2007, defendant DONNA BROOKS called the telephone number provided by the CI to confirm that a lender

could be deceived into verifying the nominee buyer's employment, well knowing that the nominee buyer did not work at Don Larsen Consultants, and prepared a VOE falsely stating that the nominee buyer had worked for Don Larsen Consultants since February 2005.

12. It was further part of the scheme that, in or about July 2007, defendant DONNA BROOKS completed a verification of rent (VOR) that falsely represented that the nominee buyer resided at 6256 S. Spaulding Road, Chicago, Illinois, well knowing that the nominee buyer did not reside at that address.

13. It was further part of the scheme that ABE KARN and DONNA BROOKS prepared and submitted to IndyMac a loan application and supporting documentation on behalf of the nominee buyer of 305 Reedwood, well knowing it to contain materially false and fraudulent statements and documents, including the false VOD prepared by defendant DANIEL LIETZ, the false VOE and false VOR prepared by defendant BROOKS, and the false appraisal prepared by defendant HICHEM JULANI.

14. It was further part of the scheme that, on or about July 12, 2007, defendants ABE KARN and DONNA BROOKS informed the CI that IndyMac had approved a mortgage loan for 95% of the sales price, and that the CI "theoretically" needed to bring a check on behalf of the nominee buyer for 5% of the sale price to the closing.

15. It was further part of the scheme that, on or about July 18, 2007, the defendants caused IndyMac to close and fund a mortgage loan of approximately \$180,500, during which closing defendant ABE KARN obtained proceeds of the fraudulent mortgage loan in the form of a check in the amount of \$5,186.88 payable to ABE KARN's mortgage company,

Interforest. Defendant KARN received an additional payment of \$2,000 from the CI after the closing for assisting in fraudulently obtaining the mortgage loan.

16. It was further part of the scheme that ABE KARN, DONNA BROOKS, HICHEM JULANI, and DANIEL LIETZ misrepresented, concealed, and hid, and caused to be misrepresented, concealed, and hidden, the purposes and acts done in furtherance of the scheme.

17. It was further part of the scheme that, on or about July 18, 2007, in the Northern District of Illinois, Eastern Division, and elsewhere,

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DANIEL LIETZ

defendants herein, for the purpose of executing the above-described scheme to defraud, and attempting to do so, did knowingly cause to be transmitted by means of wire communication in interstate commerce, certain writings, signs, and signals, namely, a funds transfer of approximately \$181,582.05 from Pasadena, California to Hinsdale, Illinois, which funds represented the proceeds of a mortgage loan for the purchase of 305 Reedwood;

In violation of Title 18, United States Code, Section 1343.

## **FORFEITURE ALLEGATION**

The SPECIAL JANUARY 2009 GRAND JURY further charges:

1. The allegations of Count One of this Indictment are realleged and incorporated herein by reference for the purpose of alleging forfeiture to the United States pursuant to Title 18, United States Code, Section 982.

2. As a result of their violation of Title 18, United States Code, Section 1343, as alleged in the foregoing Indictment,

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DANIEL LIETZ,

defendants herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(2), any and all right, title, and interest they may have in any property, real and personal, constituting, and derived from, proceeds obtained directly and indirectly, from wire fraud in connection with IndyMac Bank, which property is subject to forfeiture pursuant to Title 18, United States Code, Section 982.

3. The interests of the defendants, jointly and severally, subject to forfeiture pursuant to Title 18, United States Code, Section 982, include: all money and other property that was the subject of each transaction; constituted and was derived from proceeds of each transaction and was obtained, directly and indirectly, as a result of those violations, including funds in the amount of approximately \$7,461.88;

4. If any of the property subject to forfeiture and described above, 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,

the United States of America shall be entitled to forfeiture of substitute property under the provisions of Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

All pursuant to Title 18, United States Code, Section 982.

A TRUE BILL:

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FOREPERSON

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UNITED STATES ATTORNEY