

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)
)
) No.
) Violation: Title 18, United States
) Code, Section 1344
LAWRENCE A. LUCKETT)

COUNT ONE

The UNITED STATES ATTORNEY charges:

1. At times material to this information:

a. Home Mortgage, Inc. (“Home Mortgage”), located at 485 S. Frontage Road, Burr Ridge, Illinois, was engaged in the business of making residential mortgage loans, principally for properties located in the Chicago metropolitan area.

b. Defendant LAWRENCE A. LUCKETT was the chief executive officer of Home Mortgage, and owned an approximately 25% interest in Home Mortgage.

c. Home Mortgage funded the loans it made by borrowing money from lenders. After it made a mortgage loan, Home Mortgage sold the loan to a third party, typically a financial institution that invested in mortgages. Home Mortgage then used the proceeds from the sale of that loan to repay its lender.

d. GMAC Bank was a financial institution with headquarters in Fort Washington, Pennsylvania, whose deposits were insured by the Federal Deposit Insurance Corporation. GMAC Bank was a principal lender to Home Mortgage, pursuant to a Warehousing Credit and Security Agreement executed on or about August 20, 2007, and

subsequent amendments to that agreement (collectively, “Loan Agreement”). The maximum amount of credit authorized to be extended to Home Mortgage under the terms of the Loan Agreement varied, but ultimately reached \$17,000,000.

e. The Loan Agreement provided that in order to obtain an advance of funds from GMAC Bank, Home Mortgage was to submit to GMAC Bank a request form that provided information about the borrower whose home loan the advance was to fund, the property securing the loan, and the amount of the loan, as well as wiring instructions for the funds to be advanced. These submissions were referred to by Home Mortgage and GMAC Bank as “batch requests.” Upon receipt of these documents, GMAC Bank would fund the loan. After the closing of the loan made by Home Mortgage to its borrower, Home Mortgage would send GMAC Bank a mortgage note executed by the borrower in favor of Home Mortgage, along with a document known as an “allonge” endorsing that note to GMAC Bank. After Home Mortgage’s sale of the loan to a third party, typically within 120 days, Home Mortgage was to use the sale proceeds to repay funds advanced by GMAC Bank under the Loan Agreement.

f. Prior to entering into the Loan Agreement with GMAC Bank, Home Mortgage obtained financing from other lenders pursuant to similar warehouse lending agreements. One such lender was Residential Funding Corporation, also known as GMAC/Residential Funding and GMAC/RFC (“RFC”), which was controlled by an entity that also controlled GMAC Bank.

g. Individual A was an employee of Home Mortgage and worked as a secondary market assistant and later as the secondary market manager. Individual A's duties included submitting requests for loan advances to Home Mortgage's lenders, including GMAC Bank, and processing loans for sale to third parties.

h. The single family home located at 3317 N. Pontiac Avenue, Chicago, Illinois, was subject to a mortgage loan insured by the Federal Housing Administration.

2. Beginning not later than in or about August 2007, and continuing until on or about March 10, 2008, at Burr Ridge and elsewhere within and without the Northern District of Illinois,

LAWRENCE A. LUCKETT,

defendant herein, together with Individual A, devised and participated in a scheme to defraud GMAC Bank and to obtain moneys and funds owned by and under the custody and control of GMAC Bank by means of materially false and fraudulent pretenses, representations and promises, which scheme is further described below.

3. It was part of the scheme that defendant LAWRENCE A. LUCKETT and Individual A caused Home Mortgage to submit to GMAC Bank requests for advances under the Loan Agreement relating to residential mortgage loan transactions that did not exist. In order to fraudulently obtain funds from GMAC Bank, LAWRENCE A. LUCKETT and Individual A fabricated and submitted to GMAC Bank documents and information relating to borrowers, biographical data, and property information for non-existent loans purportedly to be made by Home Mortgage. Instead of using the money advanced by GMAC in

connection with these requests to fund loan transactions, LAWRENCE A. LUCKETT caused the money to be used to fund the continued operations of Home Mortgage and to pay various personal expenses of LAWRENCE A. LUCKETT.

4. It was part of the scheme that proceeds of the fraudulent loan advances from GMAC Bank initially were used to repay funds advanced to Home Mortgage by RFC as a result of similar fraudulent transactions, which began in or about March 2005, pursuant to similar loan agreements.

5. It was further part of the scheme that defendant LAWRENCE A. LUCKETT established and maintained control over bank accounts in the names of Companion Title and International Paper Exchange. Neither entity had any employees or business operations.

5. It was further part of the scheme that defendant LAWRENCE A. LUCKETT, at times with the assistance of Individual A, identified names and addresses to use in creating fraudulent loan transactions.

6. It was further part of the scheme that defendant LAWRENCE A. LUCKETT directed Individual A to assist in the preparation of requests to GMAC Bank to fund the non-existent loan requests, as well as to create fictitious documentation supporting those requests, and that Individual A performed these tasks, at times with knowledge of the fraudulent scheme. Other Home Mortgage employees transmitted the fraudulent requests for loan advances to GMAC Bank.

7. It was further part of the scheme that among the fraudulent documents that defendant LAWRENCE A. LUCKETT and Individual A created to support the requests to

GMAC Bank for advances under the Loan Agreement were fictitious notes purporting to document loans from GMAC Bank to the purchasers of properties. Defendant and Individual A created these notes and forged the signatures of the purported borrowers without the knowledge or consent of the true owners of the properties identified on the notes, the lenders that had existing secured interests in those properties, or the individuals whose names were used as borrowers.

8. It was further part of the scheme that defendant LAWRENCE A. LUCKETT and Individual A caused the transmission to GMAC Bank of Social Security numbers purportedly belonging to the borrowers whose names appeared on the fraudulent notes. Defendant and Individual A fabricated these Social Security numbers, which were not the Social Security numbers belonging to the purported borrowers, and often were not valid Social Security numbers at all. At times, defendant and Individual A re-used the same purported Social Security number in multiple sham transactions involving different borrower names; at times, defendant and Individual A also re-used the same addresses in multiple sham transactions involving different borrower names.

9. It was further part of the scheme that in submitting and causing the submission of a fraudulent loan request to GMAC Bank under the Loan Agreement, defendant LAWRENCE A. LUCKETT instructed, and caused Individual A and others to instruct, GMAC Bank to disburse the loan proceeds to a bank account held in the name of Companion Title.

10. It was further part of the scheme that in order to conceal the fraudulent nature of the transactions from GMAC Bank, defendant LAWRENCE A. LUCKETT caused proceeds from the sham loans to be transferred from a bank account in the name of Companion Title to a bank account in the name of International Paper Exchange, and from there returned to accounts in the name of Home Mortgage.

11. It was further part of the scheme that because Home Mortgage's Loan Agreement with GMAC Bank anticipated that Home Mortgage would only hold loans for a brief period before selling them to third parties, defendant LAWRENCE A. LUCKETT and Individual A concealed the fraudulent loan transactions from GMAC Bank by generating new fraudulent loan transactions to repay prior fraudulent loan transactions, increasing the total value of the fraudulent loan transactions in circulation as Home Mortgage and LAWRENCE A. LUCKETT drew out additional funds.

12. It was further part of the scheme that in total between in or about August 2007 and on or about March 10, 2008, defendant LAWRENCE A. LUCKETT and Individual A caused RFC and GMAC Bank to fund more than 450 fictitious residential mortgage loans, and caused a loss to GMAC Bank in excess of approximately \$15,000,000.

13. It was further part of the scheme that defendant LAWRENCE A. LUCKETT and Individual A misrepresented, concealed, and hid, and caused to be misrepresented, concealed and hidden, the nature and purposes of the acts done in furtherance of the scheme.

14. On or about November 12, 2007, at Burr Ridge, in the Northern District of Illinois, and elsewhere,

LAWRENCE A. LUCKETT,

defendant herein, knowingly executed and attempted to execute the above-described scheme to defraud by causing GMAC Bank to transfer \$317,500 to an account held in the name of Companion Title, to fund a loan purportedly to be made to Borrower A for the purchase of property located at 3317 N. Pontiac Avenue, Chicago, Illinois, knowing that the loan transaction described in the request was a sham and did not exist;

In violation of Title 18, United States Code, Section 1344.

FORFEITURE ALLEGATION

The UNITED STATES ATTORNEY charges:

1. The allegations contained in Count One of this Indictment are realleged and incorporated herein by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Section 982(a)(2)(A).

2. As a result of his violations of Title 18, United States Code, Section 1344 as alleged in the foregoing Indictment,

LAWRENCE A. LUCKETT,

defendant herein, shall forfeit to the United States, pursuant to Title 18, United States Code, Section, 982(a)(2)(A), any and all right, title and interest in property, real and personal, which constitutes and is derived from proceeds traceable to the charged offense.

3. The interests of the defendants subject to forfeiture pursuant to Title 18, United States Code, Section, 982(a)(2)(A) include but are not limited to: \$15,000,000.

4. If any of the property subject to forfeiture and described above, as a result of any act or omission of the defendant(s):

- (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).

All pursuant to Title 18, United States Code, Section 982(a)(2)(A).

UNITED STATES ATTORNEY