

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO.
v.	:	DATE FILED:
MARK MURPHY	:	VIOLATIONS:
	:	18 U.S.C. § 371 (conspiracy to commit loan and wire fraud - 1 count)
	:	18 U.S.C. § 1014 (loan fraud - 1 count)
	:	18 U.S.C. § 2 (aiding and abetting) Notice of forfeiture

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times material to this information:

1. Willie G. Manley, Jr., charged elsewhere, worked as a self-employed accountant at a tax preparation service.
2. John William Polosky, charged elsewhere, was a mortgage broker in Pittsburgh, Pennsylvania. Polosky's duties as a mortgage broker included preparing loan applications and submitting them, along with supporting documentation, to potential lenders to secure loans and mortgages.
3. Eric Ponder, charged elsewhere, held himself out as a real estate developer and the president of Ponder Development Inc., a Philadelphia company providing home improvement services.
4. K.F., R.F., E.B., and W.B. created a real estate settlement company, REGGL Inc d/b/a KREW Settlement Services ("KREW"), which had its office in Philadelphia, Pennsylvania. "KREW" is an acronym for the first names of these four individuals, who also

created a second real estate settlement company, Briser Abstract Company (“Briser Abstract”), which operated out of KREW’s office in Philadelphia, Pennsylvania and generally operated under the KREW name.

5. K.F. worked as a Title Agent at 21st Century Abstract Company and PA/NJ Abstract prior to creating KREW.

6. The following companies were in the business of providing mortgage loans and did business in interstate commerce:

a. First Horizon Home Loan Corporation (a subsidiary of First Tennessee Bank).

7. The following banks did business in interstate commerce and were financial institution whose deposits were insured by the Federal Deposit Insurance Corporation (“FDIC”):

a. Bank of America, FDIC Certificate Number 3510;

b. Washington Mutual Bank, FDIC Certificate Number 32633;

c. First Tennessee Bank, FDIC Certificate Number 4977.

8. The Federal Housing Administration (“FHA”) is a Department within the U.S. Department of Housing and Urban Development (“HUD”) and provides mortgage insurance on loans made by FHA-approved lenders throughout the United States and its territories. FHA mortgage insurance provides lenders with protection against losses as the result of homeowners’ defaulting on their mortgage loans. The lenders bear less risk because FHA will reimburse the lenders in the event of a homeowner’s default.

9. FHA has requirements that must be met before FHA will insure a loan from an FHA-approved lender. One of those requirements is the property must be

owner-occupied. FHA requires a borrower to establish bona fide occupancy in a home as the borrower's principal residence within 60 days of signing the security instrument, with continued occupancy for at least one year. FHA will not insure a mortgage if it is determined that the transaction was designed to use FHA mortgage insurance as a vehicle for obtaining investment properties. Wells Fargo Bank and PNC Mortgage were FHA-approved lenders during the time period set forth in this information.

THE CONSPIRACY

10. From in or about May 2004, to in or about February 2009, in the Eastern District of Pennsylvania, and elsewhere, defendant

MARK MURPHY

conspired and agreed with E.B., K.F., R.F., W.B., F.C., G.T., C.B., R.M., D.D., Willie G. Manley, Jr., John William Polosky, and Eric Ponder, and others known and unknown to the United States Attorney, to knowingly make and cause to be made to federally-insured banks a false statement for the purpose of influencing the actions of the federally-insured banks upon a loan and to knowingly devise a scheme to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, and to use interstate wires to further the scheme to defraud mortgage lenders and financial institutions, in violation of Title 18, United States Code, Sections 1014, 1343, and 1349.

MANNER AND MEANS

It was part of the conspiracy that:

11. Defendant MARK MURPHY, co-conspirators E.B., K.F., R.F., W.B., F.C., G.T., C.B., R.M., D.D., E.P., Willie G. Manley, Jr., John William Polosky, and Eric Ponder, and others known and unknown to the United States Attorney, assembled and submitted loan

applications containing false information to lenders to dupe the lenders into loaning funds to purchase real properties within the Eastern District of Pennsylvania, the Eastern District of Virginia, the District of New Jersey, and elsewhere.

12. Co-conspirators E.B., E.P., and others known and unknown to the United States Attorney, typically sought out distressed properties to purchase in the West Philadelphia area. Sometimes, the properties were purchased in the name of defendant MARK MURPHY or co-conspirators R.F., G.T., C.B., R.M., D.D., E.P., or other co-conspirators. Other times, co-conspirators E.B., W.B., G.T., and E.P., and other co-conspirators, recruited others to act as the straw buyers in whose name the properties could be titled.

13. In order to secure the mortgage loans for the properties, co-conspirators John William Polosky, W.B., and R.F., and others known and unknown to the United States Attorney, prepared and brokered fraudulent loan applications that they knew contained materially false information, such as false W-2 Forms, false income tax returns and false payroll stubs for co-conspirators E.B. and E.P., and others. In addition, the applications were often supported by false appraisals that grossly overstated the market values of the properties.

14. Co-conspirator Willie G. Manley, Jr., created false income documents such as W-2 Forms, paystubs, and Form 1040 income tax returns at the direction of E.B. and R.F., which were provided to the lenders and upon which the lenders relied when approving the mortgage loan applications.

15. Co-conspirator F.C. worked as a real estate appraiser and knowingly prepared and authorized the preparation of falsely-inflated appraisals for the properties, thereby overstating the actual values of the cheap homes being bought.

16. Co-conspirator C.B. falsely represented to lenders that various straw

buyers worked at the same company at which C.B. worked, when in reality they did not.

17. Starting in or about October 2007, co-conspirator K.F. began creating fake title insurance policies and falsely informed lenders that title insurance policies were genuine and had been obtained for the properties.

18. Co-conspirator K.F., who served as title agent for most of the transactions, prepared two deeds and settlement statements (referred to as "Form HUD-1") – one for the seller that showed the actual agreed-upon sales price, and a false one for the lender that showed the grossly inflated sales price. K.F. sometimes recorded the false deed showing the grossly inflated sales price with the City of Philadelphia Records Department, which the defendants could then use to establish comparable sales for subsequent false loans for properties in the surrounding area.

19. Lenders, including FDIC-insured banks, many of which were outside the state of Pennsylvania, approved and accepted the loans having relied on the false information contained in the loan applications provided by co-conspirators W.B., R.F., and John William Polosky, and other co-conspirators, and wired or mailed loan proceeds to title companies in Pennsylvania and Virginia, including title companies controlled by K.F. or at which K.F. worked.

20. After the loans funded, that seller was paid the agreed-upon sales price, and the difference between the actual sales price and the false sales price quoted to the lender was shared with and distributed by co-conspirators K.F. and E.B. to defendant MARK MURPHY and other co-conspirators who had been involved in securing the particular loan.

21. Defendant MARK MURPHY, co-conspirators E.B., K.F., R.F., W.B., F.C., G.T, C.B, R.M, D.D., Willie G. Manley, Jr., Eric Ponder, and John William Polosky, and others known and unknown to the United States Attorney, sometimes arranged and facilitated

either a fraudulent sale of the property from one straw buyer to another straw buyer or a fraudulent refinancing of the property.

22. The mortgage fraud scheme involved more than 100 properties, mostly in the West Philadelphia area, and over \$20 million in loan proceeds were fraudulently obtained. Most properties have since fallen into foreclosure.

OVERT ACTS

In furtherance of the conspiracy and to accomplish its objects, defendant MARK MURPHY and his co-conspirators committed the following overt acts, among others, in the Eastern District of Pennsylvania, and elsewhere:

1. Sometime prior to March 25, 2008, defendant MARK MURPHY agreed to let co-conspirator E.B. use defendant MURPHY's identity to purchase 4930 Kingsessing Avenue in return for a share of the loan proceeds, knowing that the loan application that would be submitted would contain materially false information.

2. On or before March 25, 2008, defendant MARK MURPHY and co-conspirators E.B., K.F., R.F., W.B., F.C., Willie G. Manley, Jr. and John William Polosky, caused a mortgage loan application and supporting documents containing materially false statements to be submitted to Washington Mutual Bank that included, among other things, a false statement that 4930 Kingsessing Avenue, Philadelphia, Pennsylvania would be sold to defendant MURPHY, a false statement that the property would be defendant MURPHY's primary residence, false W-2s and paystubs showing false income for defendant MURPHY, and false leases showing false monthly rental income.

3. On or before March 25, 2008, co-conspirator Willie G. Manley, Jr. created false W-2s, paystubs, and tax return for defendant MARK MURPHY showing income that

defendant MURPHY had not earned. These documents were submitted to Washington Mutual Bank.

4. On or before March 25, 2008, defendant MARK MURPHY signed a sales contract for the purchase of 4930 Kingsessing Avenue that he knew was false. This false sales contract was submitted to Washington Mutual Bank.

5. On or about March 25, 2008, defendant MARK MURPHY signed an "Occupancy, Misrepresentation and Nondisclosure Affidavit and Agreement" in which he falsely claimed that he would occupy 4930 Kingsessing Avenue as his primary residence within 60 days of the loan funding. This document was submitted to Washington Mutual Bank.

6. On or before March 25, 2008, co-conspirator F.C. provided a falsely-inflated appraisal for 4930 Kingsessing Avenue that grossly overstated the actual value of 4930 Kingsessing Avenue, which was submitted to Washington Mutual Bank.

7. On or before March 25, 2008, co-conspirator K.F. created a false title insurance policy for 4930 Kingsessing Avenue, which was submitted to Washington Mutual Bank.

8. On or about March 25, 2008, defendant MARK MURPHY and co-conspirators E.B., K.F., R.F., W.B., F.C., Willie G. Manley, Jr., and John William Polosky, caused Washington Mutual Bank to approve the mortgage application for 4930 Kingsessing Avenue, issue a loan in the amount of \$324,000, and wire approximately \$319,064.63 in interstate commerce from California to a bank account in Pennsylvania utilized by KREW, where defendant FRANKLIN was the title agent.

9. On and after March 25, 2008, co-conspirator K.F. failed to record Washington Mutual Bank's mortgage on 4930 Kingsessing Avenue with the City of Philadelphia

Records Department and failed to repay Bank of America's existing mortgage on the property, as stated on the Form HUD-1 that was submitted to Washington Mutual Bank. Instead, K.F. retained the funds to distribute to himself and other co-conspirators.

10. Between on or about March 26, 2008 and on or about April 3, 2008, unbeknownst to Washington Mutual Bank, co-conspirator K.F. disbursed funds to co-conspirators known and unknown to the United States Attorney, including approximately \$13,750 to a company owned by K.F., approximately \$3,240 to a company owned by co-conspirator R.F., and at least \$244,253.01 to a bank account jointly owned by co-conspirators E.B. and R.F., from which further payments were made to defendant MARK MURPHY and co-conspirators W.B., K.F., C.B., and F.C.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. Paragraphs 1 through 9 and 11 through 22, and Overt Acts 1 through 10, of Count One are incorporated here.
2. On or about March 25, 2008, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendant

MARK MURPHY

together and with E.B., K.F., R.F., W.B., F.C., Willie G. Manley, Jr., charged elsewhere, and John William Polosky, charged elsewhere, and others known and unknown to the United States Attorney, knowingly made and caused to be made to Washington Mutual Bank, and aided and abetted the making of, a false statement for the purpose of influencing the actions of Washington Mutual Bank, upon a loan, that is, a \$324,000 mortgage for 4930 Kingsessing Avenue, Philadelphia, PA, in that defendant MURPHY together and with E.B., K.F., R.F., W.B., F.C., Willie G. Manley, Jr., and John William Polosky, caused to be submitted to Washington Mutual Bank a false loan application and supporting documents that represented that the property would be defendant MURPHY's primary residence and that defendant MURPHY earned more income than he truly earned, when, as defendant MURPHY knew, the representations were not true.

All in violation of Title 18, United States Code, Sections 1014 and 2.

NOTICE OF FORFEITURE

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. As a result of the violation of Title 18, United States Code, Sections 371 and 1014, as set forth in this information, defendant

MARK MURPHY

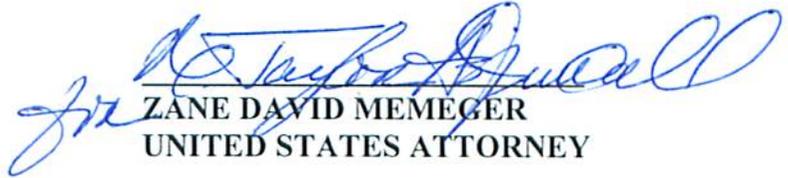
shall forfeit to the United States of America any property that constitutes, or is derived from, proceeds obtained directly or indirectly from the commission of such offenses, including, but not limited to, the sum of \$324,000.

2. If any of the property subject to forfeiture, 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 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 982(b), both incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant(s) up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Sections 981(a)(1)(c) and 982(a)(2)
and Title 28, United States Code, Section 2461.


ZANE DAVID MEMEGER
UNITED STATES ATTORNEY