

AO 257 (Rev. 6/78)

E-filing

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT

BY: COMPLAINT INFORMATION INDICTMENT SUPERSEDING

Name of District Court, and/or Judge/Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

OFFENSE CHARGED

COUNT ONE: 18 U.S.C. § 1344 - Bank Fraud

- Petty
 Minor
 Misdemeanor
 Felony

PENALTY: 30 years imprisonment, \$1,000,000 fine, 3 years supervised release, & \$100 special assessment.

DEFENDANT - U.S.

JEANNETTE ESPINEL

DISTRICT COURT NUMBER

CR 14 00298 CRB

DEFENDANT

IS NOT IN CUSTODY

Has not been arrested, pending outcome of this proceeding.

- 1) If not detained give date any prior summons was served on above charges
2) Is a Fugitive
3) Is on Bail or Release from (show District)

IS IN CUSTODY

- 4) On this charge
5) On another conviction } Federal State
6) Awaiting trial on other charges
If answer to (6) is "Yes", show name of institution

Has detainer been filed? Yes No

If "Yes" give date filed

DATE OF ARREST

Month/Day/Year

Or... If Arresting Agency & Warrant were not

DATE TRANSFERRED TO U.S. CUSTODY

Month/Day/Year

This report amends AO 257 previously submitted

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)

S/A David Loftus, DOJ-OIG

person is awaiting trial in another Federal or State Court, give name of court

this person/proceeding is transferred from another district per (circle one) FRCrp 20, 21, or 40. Show District

this is a reprosecution of charges previously dismissed which were dismissed on motion of:

U.S. ATTORNEY DEFENSE

SHOW DOCKET NO.

this prosecution relates to a pending case involving this same defendant

MAGISTRATE CASE NO.

prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

Name and Office of Person

Furnishing Information on this form MELINDA HAAG

U.S. Attorney Other U.S. Agency

Name of Assistant U.S.

Attorney (if assigned) JOSEPH A. FAZIOLI

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:

SUMMONS NO PROCESS* WARRANT

Bail Amount: N/A

If Summons, complete following:

Arraignment Initial Appearance

* Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Defendant Address:

Date/Time: Before Judge:

Comments:

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- Minor
- Misdemeanor
- Felony

PENALTY: 30 years imprisonment,
\$1,000,000 fine,
3 years supervised release,
& \$100 special assessment.

DEFENDANT - U.S.

CHARLES ESPINER

DISTRICT COURT NUMBER

CR 14 00298

DEFENDANT

IS NOT IN CUSTODY

- 1) Has not been arrested, pending outcome this proceeding.
If not detained give date any prior summons was served on above charges
- 2) Is a Fugitive
- 3) Is on Bail or Release from (show District)

IS IN CUSTODY

- 4) On this charge
- 5) On another conviction } Federal State
- 6) Awaiting trial on other charges
If answer to (6) is "Yes", show name of institution

Has detainer been filed? Yes No

If "Yes" give date filed

DATE OF ARREST

Month/Day/Year

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED TO U.S. CUSTODY

Month/Day/Year

This report amends AO 257 previously submitted

PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)

S/A David Loftus, DOJ-OIG

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this is a reprosecution of charges previously dismissed which were dismissed on motion of:

U.S. ATTORNEY DEFENSE

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this prosecution relates to a pending case involving this same defendant

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prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

Name and Office of Person Furnishing Information on this form MELINDA HAAG

U.S. Attorney Other U.S. Agency

Name of Assistant U.S. Attorney (if assigned) JOSEPH A. FAZIOLI

ADDITIONAL INFORMATION OR COMMENTS

PROCESS:

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Bail Amount: N/A

If Summons, complete following:

Arraignment Initial Appearance

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Defendant Address:

Date/Time: _____ Before Judge: _____

Comments:

E-filing

1 MELINDA HAAG (CABN 132612)
United States Attorney

FILED
JUN 03 2014
RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

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8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION

CRB

11 UNITED STATES OF AMERICA,
12 Plaintiff,
13 v.
14 JEANNETTE ESPINEL, and
15 CHARLES ESPINEL,
16 Defendants.

CR 14 00298

VIOLATION: 18 U.S.C. § 1344 – Bank Fraud
SAN FRANCISCO VENUE

17
18 **INFORMATION**

19 The United States Attorney charges:

20 INTRODUCTORY ALLEGATIONS

21 At all times relevant to this Indictment:

- 22 1. Defendants JEANNETTE ESPINEL and CHARLES ESPINEL (collectively, “the Defendants”)
- 23 were a married couple whose primary residence was at 198 Crocker Avenue in Daly City, CA
- 24 within the Northern District of California.
- 25 2. In June 2006, the defendants purchased for \$750,000 a residential real estate parcel located at
- 26 174 Crocker Avenue, Daly City, CA, situated adjacent to their personal residence at 198 Crocker
- 27 Avenue.
- 28 3. In April 2007, the defendants purchased for \$600,000 another real estate parcel located at 703

1 5th Avenue in San Bruno, CA.

- 2 4. First California Bank was a bank with a branches located in the Northern District of California.
3 The deposits and accounts of First California Bank are insured by the Federal Deposit Insurance
4 Corporation ("FDIC").
- 5 5. Wells Fargo Bank was a bank with branches located in the Northern District of California,
6 including a branch located at 470 Castro Street in San Francisco, CA. The deposits and accounts
7 of Wells Fargo Bank are insured by the Federal Deposit Insurance Corporation ("FDIC").
- 8 6. Banks typically require applicants seeking to obtain a mortgage loan to fill out loan applications
9 known as Uniform Residential Loan Applications ("URLAs"). URLAs require borrowers to
10 accurately list the requested information, including their income and assets. Banks rely on the
11 accuracy of the information provided by borrowers in URLAs and documents and other
12 information provided in support of URLAs in evaluating whether to fund mortgages.

13 THE SCHEME TO DEFRAUD

- 14 7. Beginning in or around June 2006 and continuing until March 2010, in the Northern District of
15 California and elsewhere, defendants JEANNETTE ESPINEL and CHARLES ESPINEL did
16 knowingly and intentionally participate in a plan to defraud First California Bank and Wells
17 Fargo Bank as to a material matter and to obtain money by means of materially false and
18 fraudulent pretenses, representations, promises, and omissions.
- 19 8. It was part of the defendant's plan that they falsely represented to banks their financial position
20 and intent to occupy the 174 Crocker Avenue and 703 5th Avenue properties in an effort to gain
21 favorable financing to facilitate the purchase of those properties. The defendants' material
22 fraudulent representations of occupancy intention and financial position caused the financial
23 institutions Wells Fargo Bank and First California Bank to extend financing which would have
24 not otherwise been extended had accurate information been provided.
- 25 9. In June 2006, the defendants purchased the 174 Crocker Avenue property in Daly City using a
26 mortgage loan they obtained from First California Bank. The Espinels obtained that mortgage
27 loan after they jointly submitted a false and fraudulent June 23, 2006 mortgage loan application
28 to First California Bank.

1 10. In order to secure the mortgage loan from First California Bank to purchase the 174 Crocker
2 Avenue property, the defendants fraudulently (a) submitted a false ULRA application in which
3 they overstated both of their incomes and (b) misrepresented on both the URLA application and
4 an occupancy declaration that it was their intention to occupy the 174 Crocker Avenue property
5 as their primary residence.

6 11. In April 2007, the defendants purchased the 703 5th Avenue property in San Bruno, using a
7 Wells Fargo Bank mortgage loan that was obtained after the defendants jointly submitted a false
8 and fraudulent April 24, 2007 mortgage loan application to Wells Fargo Bank.

9 12. In order to secure the loans from Wells Fargo Bank to purchase the 703 5th Avenue property, the
10 defendants fraudulently (a) submitted a false ULRA application in which they overstated both of
11 their incomes and (b) misrepresented on both the URLA application and an occupancy
12 declaration that it was their intention to occupy the 703 5th Avenue property as their primary
13 residence.

14 13. From 2008 through 2010, the defendants obtained from Wells Fargo Bank favorable
15 modifications to the mortgage loan they had for the 174 Crocker Avenue property. The
16 defendants obtained these favorable loan modifications by submitting to Wells Fargo Bank false
17 and fraudulent information, including copies of their Individual Income Tax Returns which they
18 had altered to misrepresent the address of their personal residence and the addresses for their
19 rental properties.

20 COUNT ONE: (18 U.S.C. § 1344 – Bank Fraud)

21 14. The factual allegations contained in paragraphs 1 through 13 are incorporated as if fully set forth
22 here.

23 15. From in or about June 23, 2006, through on or about March 19, 2010, in the Northern District of
24 California and elsewhere, the defendants,

25 JEANNETTE ESPINEL and
26 CHARLES ESPINEL,

27 for the purpose of executing a scheme to obtain money owned by and under the custody and
28 control of First California Bank and Wells Fargo Bank, federally insured financial institutions,

1 by means of material false and fraudulent representations and material omissions, namely, the
 2 scheme described in paragraphs 1 through 13, did knowingly sign and submit to First California
 3 Bank and Wells Fargo Bank false and fraudulent URLAs, occupancy declarations, and related
 4 supporting materials containing false information and omitting material information in support of
 5 loan applications and subsequent mortgage loan modifications.
 6 All in violation of Title 18, United States Code, Section 1344.

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 8
 9 DATED: 6-2-14

MELINDA HAAG
 United States Attorney



J. DOUGLAS WILSON
 Chief, Criminal Division

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 13 (Approved as to form: Joseph Fazioli)
 AUSA Joseph Fazioli

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