

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Criminal No. 13-
v. : 18 U.S.C. §§ 982(a)(1), 1349 & 1956(h)
DANA RUMMERFIELD :

INFORMATION

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges:

COUNT 1 – CONSPIRACY TO COMMIT WIRE FRAUD
(18 U.S.C. § 1349)

The Defendant and His Co-Conspirators

1. At all times relevant to this Information:
 - a. Defendant DANA RUMMERFIELD resided in California and was the owner and operator of Hot House Properties, LLC (“Hot House Properties”) which had a bank account at Wells Fargo Bank (“Wells Fargo”) account number ***-***0305.
 - b. John Leadbeater, a co-conspirator who is not named as a defendant herein, resided in New Jersey, and was the sole owner and operator of the companies, BCJL Enterprises, LLC (“BCJL Enterprises”) and Lead 1 Investments, LLC (“Lead 1 Investments”). John Leadbeater held himself out to be a provider of real estate investors.
 - c. Sweet Briar Development Corp., a co-conspirator who is not named as a defendant herein, is a company owned and operated by P.D. that developed properties in the Wildwood, New Jersey area.

- d. T.C.J., a co-conspirator who is not named as a defendant herein, was a title company at which real estate transactions took place and had offices in Wildwood, New Jersey.
- e. D.W., a co-conspirator who is not named as a defendant herein, was a licensed mortgage broker employed by Apex Financial Group, Inc. located in Florida.

Mortgage Lending Generally

- 2. Mortgage loans were loans funded by banks and other financial institutions (“Lenders”) to enable borrowers to finance the purchase of real estate. To apply for a mortgage loan, borrowers/buyers typically filled out several forms, including a form called the Uniform Residential Loan Application. Lenders evaluated and relied upon the financial representations contained in the Uniform Residential Loan Application pertaining to the borrower’s income, credit eligibility and down payment requirements, as well as other documents, in deciding whether to loan a particular borrower money for a mortgage. In addition, Lenders also assessed the value of the real estate that would secure the mortgage loan by reviewing and relying on property appraisals and other documents.
- 3. Mortgage brokers were third party entities who acted as go-betweens for the borrowers and Lenders in mortgage transactions. Mortgage brokers were generally responsible for collecting documents from the purchaser in support of the mortgage loan, including the loan application. Additionally, the mortgage broker interviewed the proposed borrower and obtained all pertinent data including the borrower’s name, date of birth, social security number, home address, monthly base employment income, employer, assets and liabilities. Frequently, the mortgage broker made the initial loan to the borrower and then sold it to a

Lender after a short period of time, usually between one to thirty days after making the loan. Other times, the mortgage broker simply obtained and verified all of the relevant information for the Lender, including the information on the Uniform Residential Loan Application, and the Lender made the mortgage loan directly to the borrower.

4. Real estate appraisers were responsible for determining the fair market value of properties. Fair market value was defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, in which the buyer and seller act prudently and knowledgeably, and assuming the price is not affected by undue stimulus.
5. Frequently, the mortgage loan was closed at a title company or at an attorney's office. If a loan closed at a title company, the title company's escrow officers were responsible for depositing the monetary instruments and funds provided by the borrower (including down payments) and mortgage funds from the Lender (which were typically obtained by wire transfer) or on its behalf to the title company's escrow account, and, when authorized by the parties to the transaction and the Lender, for disbursing the funds from the escrow account to various individuals and entities as detailed on the U.S. Department of Housing and Urban Development Settlement Statement (hereinafter "HUD-1 Settlement Statement"). The HUD-1 Settlement Statement detailed the actual disbursement of monies, including mortgage loan funds, to the proper entities and/or individuals according to the original loan application.
6. After the loan application was approved, the mortgage Lender caused funds to be transmitted (typically by wire transfer) to a settlement agent, such as a title company or a closing attorney. The title companies and/or closing attorneys then distributed the funds

according to the HUD-1 Settlement Statements, generally with a large portion of the funds going to the seller of the property. After funding the mortgages, the mortgage Lenders either serviced the loans during the mortgage period or sold them in the secondary market.

THE CONSPIRACY

7. From in or about December 2006 through in or about March 2008, in Wildwood Crest, New Jersey, in the District of New Jersey, and elsewhere, defendant

DANA RUMMERFIELD

did knowingly and intentionally conspire and agree with John Leadbeater, D.W., and others to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, which scheme and artifice is in substance set forth below, and for the purpose of executing such scheme and artifice, did transmit and cause to be transmitted by means of wire communications in interstate commerce certain writings, signs, signals, pictures, and sounds, contrary to Title 18, United States Code, Section 1343.

OBJECT OF THE CONSPIRACY

8. The object of the conspiracy, which caused more than \$539,113.31 in losses to a mortgage Lender, was to profit from the sale and repurchase of a real estate property at an inflated price by obtaining a mortgage loan for an unqualified borrower using a fraudulent loan application, HUD-1 Settlement Statement, and other documents.

MANNER AND MEANS OF THE CONSPIRACY

9. It was part of the conspiracy that co-conspirator John Leadbeater arranged to have defendant DANA RUMMERFIELD purchase 106 W. Sweetbriar Road, Wildwood Crest, New Jersey (“the Property”) from Sweet Briar Development Corp. for \$670,000.

Leadbeater knew that RUMMERFIELD lacked the financial resources to qualify for a mortgage loan to purchase the Property.

10. It was further part of the conspiracy that co-conspirator John Leadbeater induced defendant DANA RUMMERFIELD to buy the Property by promising RUMMERFIELD money back at closing, and promising that in exchange for purchasing the Property RUMMERFIELD would not have to pay deposits and/or closing costs to acquire the Property.
11. It was further part of the conspiracy that co-conspirator John Leadbeater directed defendant DANA RUMMERFIELD to co-conspirator D.W. to obtain a mortgage for the Property.
12. It was further part of the conspiracy that defendant DANA RUMMERFIELD, co-conspirator D.W., and others falsified a Uniform Residential Loan Application by providing false information concerning RUMMERFIELD's employment, income, and assets.
13. It was further part of the conspiracy that defendant DANA RUMMERFIELD, co-conspirator D.W., and others submitted and caused to be submitted to the lender a false and fraudulent mortgage loan application to induce the Lender to make a loan to RUMMERFIELD.
14. It was further part of the conspiracy that defendant DANA RUMMERFIELD caused Chase Manhattan Bank located in New York (on behalf of Mortgage Lenders Network) to wire \$539,113.31 to the escrow account of T.C.J. located in New Jersey on or about December 21, 2006 so that RUMMERFIELD could purchase the Property.
15. It was further part of the conspiracy that co-conspirator John Leadbeater received a portion

of the proceeds from this fraudulent mortgage loan via a check made payable to BCJL Enterprises in the amount of \$50,000 at the closing of the Property, which Leadbeater caused to be deposited into his personal account at Bank of America, account ending *****4494, on or about December 29, 2006.

16. It was further part of the conspiracy that defendant DANA RUMMERFIELD received a portion of the proceeds from this fraudulent mortgage loan via a check made payable to “Hothouse Properties Inc.” in the amount of \$100,000 which was deposited into an account controlled by defendant DANA RUMMERFIELD on or about December 29, 2006 at Wells Fargo Bank (“Wells Fargo”) account number ***-***0305.
17. It was further part of the conspiracy that defendant DANA RUMMERFIELD made approximately six (6) mortgage payments before the mortgage went into default. Subsequently, the Property went into foreclosure.

In violation of Title 18, United States Code, Section 1349.

COUNT 2 -- CONSPIRACY TO COMMIT MONEY LAUNDERING
(18 U.S.C. § 1956(h))

1. The allegations set forth in Paragraphs 1 through 6 and 8 through 17 of Count 1 of this Information are re-alleged and incorporated as though set forth in full herein.

2. From in or about December 2006 through in or about March 2008, at Wildwood Crest, in the District of New Jersey and elsewhere, defendant

DANA RUMMERFIELD

did knowingly conspire with John Leadbeater and others to engage in monetary transactions, namely, deposits, withdrawals, transfers and exchanges of U.S. currency and monetary instruments, through financial institutions affecting interstate commerce, in criminally derived property of a value greater than \$10,000 that was derived from specified unlawful activity, namely, conspiracy to commit wire fraud and wire fraud, contrary to Title 18, United States Code, Section 1957.

3. It was part of the conspiracy that defendant DANA RUMMERFIELD and his co-conspirators caused a \$539,113.31 fraudulent mortgage loan to be funded in 2006 to enable RUMMERFIELD to purchase the Property.

4. It was further part of the conspiracy that defendant DANA RUMMERFIELD and his conspirators through the fraudulent mortgage loan directed \$539,113.31 into the T.C.J. Escrow Account and then extracted proceeds from the fraud through checks to BCJL Enterprises and Hot House Properties.

5. It was further part of the conspiracy that T.C.J. caused a check to be issued to defendant DANA RUMMERFIELD's company, Hot House Properties.

6. It was further part of the conspiracy that defendant DANA

RUMMERFIELD received a check made payable to "Hothouse Properties Inc." in the amount of \$100,000 which was deposited into an account controlled by defendant DANA RUMMERFIELD on or about December 29, 2006 at Wells Fargo Bank ("Wells Fargo") account number ***-***0305 which represented an illegal kickback payment for RUMMERFIELD's role in purchasing the Property and fraudulently obtaining a mortgage loan to purchase the Property.

In violation of Title 18, United States Code, Section 1956(h).

FORFEITURE ALLEGATION

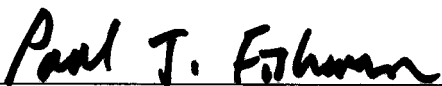
1. The United States hereby gives notice to defendant DANA RUMMERFIELD that, upon his conviction of the offense in violation of Title 18, United States Code, Section 1956(h) charged in Count 2 of this Information, the Government will seek forfeiture in accordance with Title 18, United States Code, Section 982(a)(1), of all property, real and personal, involved in those offenses, and all property traceable thereto, including but not limited to a sum of money equal to at least approximately \$ 100,000.00 in United States currency, representing the amount of proceeds obtained as a result of the offense, for which the defendant is jointly and severally liable.

2. If any of the above-described forfeitable property, as a result of any act or omission of defendant DANA RUMMERFIELD:

- 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 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any other property of defendant DANA RUMMERFIELD up to the value of the forfeitable property described above.

Pursuant to Title 18, United States Code, Section 982(a)(1).



PAUL J. FISHMAN
United States Attorney