

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA : **Criminal No. 09-**
 :
 v. :
 :
 MARK D. BLUNT, : **VIOLATION: 18 U.S.C. § 371**
 : **(Conspiracy).**
 Defendant. :

INFORMATION

The United States Attorney informs the Court:

COUNT ONE

Introduction

At all times material to this Information:

1. Community First Bank and Freemont Investment and Loan were financial institutions with deposits insured by Federal Deposit Insurance Corporation, and in the business, among other things, of loaning money to individuals to purchase residential real estate.

2. In order to borrow money, a buyer must undergo a mortgage credit analysis to determine the buyer's income to debt ratio and the buyer's ability and willingness to repay the loan.

Lenders also require:

- a. that a buyer document that he/she has sufficient monthly income to meet the periodic payments required by the loan and his/her other living expenses;
- b. a truthful Uniform Residential Loan Application;
- c. verifications that the buyer is employed with sufficient income, that the buyer has sufficient cash in bank accounts, and that the buyer has rental income (if rental property is owned), and
- d. that a buyer make a cash payment towards the purchase of the property.

3. These residential real estate loans may either be for a property which is in need of repair and rehabilitation (in such case, the lender would require a portion of the loan to be put in escrow until renovations were completed) or for a property which does not need repair and renovation. Lenders require that a licensed appraiser provide an assessment of the property's condition and value before lending money for the purchase of real estate.

4. If a loan were approved, the lenders would instruct a title and escrow agent to prepare for a "settlement," that is, a meeting where the buyer and seller would sign papers such as a "Settlement Statement" (an accounting of the disbursement of the loan money), Deed (transferring the ownership of the property), and Note (promise to repay the mortgage). Deeds and Notes would be filed in the public records; in the District of Columbia, these documents were filed with the Recorder of Deeds. Before a settlement could take place, however, a title and escrow agency would request a "title search" to determine the legal ownership of the property and the extent that the property is encumbered with liens and/or mortgages.

5. Residential real estate may be transferred outside the "settlement" process by way of a "quit claim deed." In such situations, the title or deed, but not the mortgage note, passes from the buyer to the seller. Generally lenders will not knowingly loan money for such a transaction because of the risk that there would be a pre-existing mortgage on the property which would prevent them from recouping their money should the buyers fall into foreclosure.

The Conspiracy

6. From in or before June 2004, and continuing thereafter through at least March 2007, in the District of Columbia and elsewhere, the defendant MARK D. BLUNT did unlawfully, willfully, and knowingly conspire, combine, confederate, and agree with other persons both known and unknown to the government to commit offenses against the United States, that is, bank fraud, by engaging in a scheme to defraud and obtain money and property from financial institutions by means of false and fraudulent pretenses, representations, and promises, in violation of 18 U.S.C. §§ 1344 and 2.

Goal of the Conspiracy

7. It was a goal of the conspiracy that defendant MARK D. BLUNT and his co-conspirators would defraud banks and other mortgage lenders of money by churning properties through successive sales to unqualified buyers, with such sales generating large cash proceeds which defendant BLUNT or his co-conspirators took for themselves.

Manner and Means

8. It was a part of the conspiracy that the defendant MARK D. BLUNT and his co-conspirators would identify District of Columbia area homes to churn through successive sales.

9. It was a further part of the conspiracy that the defendant MARK D. BLUNT found buyers who were not qualified to purchase the houses, and would assist them in obtaining mortgage loans through forged documents and false information.

10. It was a further part of the conspiracy that at times, the appraisals would falsely report the conditions of the properties, stating that the properties were renovated when, in fact, they were not.

11. It was a further part of the conspiracy that at times, the defendant MARK D. BLUNT would obtain properties through quit claim deeds and then resell the properties without the lenders being aware of the previous sale and existing mortgage loans still outstanding on the properties.

12. During the course of the conspiracy, and in the manner described above, the defendant MARK D. BLUNT was involved in the repeated purchases and sales of approximately six properties, all of which fell into foreclosure or sold at a short sale for an approximate loss to the banks and lenders of in excess of \$1 million.

Overt Acts

In furtherance of the conspiracy and to effect the objects thereof, the defendant MARK D. BLUNT and other members of the conspiracy committed the following overt acts, among others, in the District of Columbia and elsewhere:

XXXX XXXXXXXXX XXXXXX, XX., XXXXXXXXXXXX, XX

13. In the spring of 2004, the defendant MARK D. BLUNT obtained title to a dilapidated house located at XXXX XXXXXXXXX XXXXXX, XX., XXXXXXXXXXXX, XX. (“XXXXXXXXX XXXXXX”) through a quit claim deed.

14. On or about June 14, 2004, the defendant MARK D. BLUNT sold the property to someone who obtained a loan through false information and fictitious documents; defendant BLUNT received about \$65,800 from the transaction. On the same day of the sale, the buyer transferred the property back to defendant BLUNT via quit claim deed.

15. On or about March 1, 2005, the defendant MARK D. BLUNT sold the property again, this time to a co-conspirator, who used false information in order to qualify for a bank loan from Fremont Investment and Loan. In tricking the bank into loaning her over \$424,000, the co-conspirator and others provided materially false information, including false employment information concerning defendant BLUNT's business, without which the bank would not have approved the mortgage loan. Defendant BLUNT received about \$123,482 from this sale.

16. In or about November 2005, the co-conspirator sold the still unrenovated property on XXXXXXXX XXXXXXXX to a third party for \$650,000. The application for this mortgage loan, obtained from Community First Bank, included false and fraudulent statements which materially influenced the bank's decision to approve the mortgage loan.

17. In or about November 12, 2005, in the District of Columbia, an appraiser fraudulently appraised XXXXXXXX XXXXXXXX , falsely stating that the property was completely renovated when it was not. The bank relied upon this false appraisal in its decision to approve the mortgage loan to the buyer. This buyer defaulted on the loan and the bank foreclosed on the property, suffering a financial loss.

XXXX X XXXXXXX, XX, XXXXXXXXXXXX, XX

18. On or about May 6, 2004 the defendant MARK D. BLUNT gained title to XXXX X XXXXXXX, XX, XXXXXXXXXXXX, XX. ("X XXXXXXX") through a quit claim deed. In July 2004, a buyer bought the property obtaining a \$553,500 mortgage obtained with false statements and forged documents. From this sale, defendant BLUNT and a co-conspirator received about \$193,000 and defendant BLUNT received an additional \$20,000 in checks. Two weeks after this sale, the property was transferred back to defendant BLUNT.

19. On or about March 31, 2006, the defendant MARK D. BLUNT sold the X XXXXXX property again, with the buyer's mortgage obtained through false information about the buyer's income and intent to occupy the property. This time defendant BLUNT received about \$419,711 from the sale. Later the lender foreclosed on the property.

XXXX XXXXXXXXXXXX XXXX, XXXXX, XXXXXXXXXXX

20. In or before April 2002, the defendant MARK BLUNT obtained title to a property located at XXXX XXXXXXXXXXXX XXXX, in XXXXX, XX("XXXXXXXXXXXX property"). On or about February 9, 2004, defendant BLUNT sold the property to another for the sales price of \$1.5 million; the buyer's loan application included false statements and forged documents. Defendant BLUNT continued to live in the property, but the mortgage fell into default.

21. Before final foreclosure, on or about April 7, 2005, the XXXXXXXXXXXX property was sold to another person for \$1.8 million with a mortgage loan obtained through false information about this other person's employment/income and forged verifications of assets. The defendant MARK D. BLUNT continued to live in the property, but the mortgage fell into default.

22. Before final foreclosure, on or about March 26, 2007, the XXXXXXXXXXXX property was resold to a third person, this time for \$2.3 million with the mortgage loan obtained from a bank through the use of materially false statements and forged documents. The defendant MARK D. BLUNT continued to live in the property, but the loan fell into arrears with the property currently in the foreclosure process.

XXX XXXXXXXX XXXXXXX, XX., XXXXXXXXXXX, XX

23. On or about October 16, 2003, one of the Shortridge property buyers purchased XXX XXXXXXXX XXXXXXX, XX., XXXXXXXXXXX, XX ("XXXXXXXX XXXXXXX property").

24. On or about December 10, 2004, another of the XXXXXXXXXXXX property buyers bought the XXXXXXXXXXXX Avenue property using the false information regarding income, employment, and intent to occupy the home to obtain a mortgage loan. As a result of this sale, the defendant MARK D. BLUNT received over \$120,000. For the preparation of this transaction for settlement, the title company requested a property abstracter to research the title history of the property.

25. On or about November 5, 2004, in the District of Columbia, a property abstracter sent a "report of title" via facsimile from the District of Columbia to the state of Maryland concerning the title history of the XXXXXXXXXXXX Avenue property in anticipation of the December 10, 2004 sale; this title report was a necessary component for the settlement of the real estate property. After settlement, this loan went into default and the property foreclosed.

XXX XXX XXXXXXX, XX., XXXXXXXXXXXX, XX

26. On or about November 14, 2006, the defendant MARK D. BLUNT and another purchased XXX XXX XXXXXXX, XX., XXXXXXXXXXXX, XX using false information about the other person's income; defendant BLUNT received \$50,000 from the settlement. Later, this property was also foreclosed with a loss.

XXX XXX XXXXXXX, XX., XXXXXXXXXXXX, XX

27. On or about September 30, 2005, the buyer from two of the sales XXXXXXXXXXXX Street and X Street purchased XXX XXX XXXXXXX, XX., XXXXXXXXXXXX, XX for \$600,000; this loan fell into default and the property was sold at a "short sale" with a loss to the lender.

(Conspiracy, in violation of Title 18, United States Code, Section 371)

Respectfully submitted,

CHANNING D. PHILLIPS
Acting United States Attorney
for the District of Columbia

By:

A handwritten signature in black ink, appearing to read "V. Cheatham", written over a horizontal line.

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