

UNITED STATES DISTRICT COURT  
DISTRICT OF CONNECTICUT

FILED

Grand Jury N-11-03

2011 OCT -5 P 2:44

UNITED STATES OF AMERICA

CASE NO. 3:11-cr-00192 (CFD)  
U.S. DISTRICT COURT  
NEW HAVEN, CT

v.

VIOLATIONS:

RONALD E. HUTCHISON, JR.  
and JACQUES KELLY

18 U.S.C. § 1349 (Conspiracy)  
18 U.S.C. § 1341 (Mail Fraud)  
18 U.S.C. § 1343 (Wire Fraud)  
18 U.S.C. § 982(a) (Forfeiture)

INDICTMENT

The Grand Jury charges:

COUNT ONE

(Conspiracy – Hutchison & Kelly)

The Conspiracy

1. From approximately September 2006 to July 2008, the precise dates being unknown to the Grand Jury, within the District of Connecticut and elsewhere, the defendants, RONALD E. HUTCHISON, JR. ("HUTCHISON") and JACQUES KELLY ("KELLY"), and their co-conspirators, both known and unknown to the Grand Jury, did unlawfully, knowingly, and intentionally combine, conspire, confederate, and agree with others, both known and unknown to the Grand Jury, to commit an offense against the United States, that is:

- a. to devise and intend 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, and for the purpose of executing and attempting to execute the scheme and artifice, did knowingly deposit and cause to be deposited items to be sent and delivered by U.S. Mail and by private and commercial interstate carrier, in violation of Title 18, United States Code, Section 1341; and
- b. to devise and to intend 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, and for the purpose of executing and attempting to

execute the scheme and artifice, did knowingly transmit and cause to be transmitted, by means of wire communications in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, in violation of Title 18, United States Code, Section 1343.

#### Purpose and Object of the Conspiracy

2. A purpose and object of the conspiracy was for HUTCHISON, KELLY and their co-conspirators to unlawfully enrich themselves by obtaining millions of dollars in residential real estate loans through the use of, among other things, materially false loan applications, two HUD-1 forms, secret contract addenda, false down payments, and fictitious leases, and to conceal the conspiracy from others.

#### Manner and Means of the Conspiracy

The manner and means by which HUTCHISON, KELLY and others, both known and unknown to the Grand Jury, sought to accomplish the objects of the conspiracy, included the following:

3. It was part of the conspiracy that HUTCHISON, KELLY and others purchased numerous residential properties in New Haven, Connecticut.

4. It was further part of the conspiracy that HUTCHISON, KELLY and others made, or caused to be made, materially false statements in the purchase and sale agreements, loan applications, HUD-1 forms, leases, and other documentation to mortgage lenders in order to obtain financing to purchase the residential properties.

5. It was further part of the conspiracy that HUTCHISON, KELLY and others would and did enter into sales contracts with sellers of residential real estate for prices higher than the actual prices that the sellers ultimately received at closing ("Contract Price").

6. It was further part of the conspiracy that HUTCHISON, KELLY and others would and did execute contract addenda that reflected the actual, lower prices for which the sellers agreed to sell the properties ("Addendum Price").

7. It was further part of the conspiracy that while the sales contract bearing the Contract Price would be disclosed to the mortgage lenders, neither the addenda nor the Addendum Price would be disclosed.

8. It was further part of the conspiracy that two HUD-1 forms were often created for each real estate transaction: one that was disclosed to the lender and reflected the Contract Price, which did not include a repair credit, and another that was not disclosed to the lender and that reflected the actual disbursements of funds at closing, which did include a repair credit.

9. It was further part of the conspiracy that HUTCHISON, KELLY and others would and did submit, and caused to be submitted, to mortgage lenders various documents, including purchase and sale agreements, loan applications, and HUD-1 forms, in which they represented that they made deposits to purchase the subject properties or would pay funds at closing, when in fact, no such deposits were made and no such funds were paid.

10. It was further part of the conspiracy that HUTCHISON and KELLY would and did receive funds at closings that were not disclosed to the mortgage lenders.

11. It was further part of the conspiracy that HUTCHISON and others would and did recruit co-conspirators and others to purchase homes in order to perpetuate the scheme.

12. It was further part of the conspiracy that HUTCHISON, KELLY and others would and did cause documents to be delivered by the U.S. Mail or private interstate carrier to various mortgage lenders.

13. It was further part of the conspiracy that HUTCHISON, KELLY and others would and did cause interstate wires to be sent from mortgage lenders to the settlement agents' attorney trust accounts.

Overt Acts

In furtherance of the conspiracy, and to accomplish its objects and purposes, HUTCHISON, KELLY and their co-conspirators, committed and caused to be committed the following overt acts, in the District of Connecticut and elsewhere:

14. In connection with the purchase by HUTCHISON of 186 James Street, New Haven:
  - a. On or about December 4, 2006, HUTCHISON signed a purchase and sale agreement for \$232,000.
  - b. On or about December 4, 2006, HUTCHISON signed an addendum to the purchase and sale agreement in which the seller agreed to receive from HUTCHISON \$190,833 at closing.
  - c. Fictitious leases purportedly showing tenancies and rental incomes for 14 Bassett Street in New Haven, which HUTCHISON owned, were submitted or caused to be submitted to America's Wholesale Lender.
  - d. On or about January 5, 2007, Closing Attorney #1, a person known to the Grand Jury, submitted a HUD-1 form to America's Wholesale Lender showing no repair credit and \$16,454.27 received from HUTCHISON.
  - e. On or about January 5, 2007, a second HUD-1 form was created, not disclosed to the lender, showing a \$41,130.45 repair credit and \$20,036.18 cash to HUTCHISON.
  - f. On or about January 9, 2007, Closing Attorney #1 wrote a check to HUTCHISON for \$46,500.
15. In connection with the purchase by KELLY of 147 Lloyd Street, New Haven:
  - a. On or about February 7, 2007, KELLY signed a purchase and sale agreement for \$265,000.

- b. On or about April 26, 2007, fictitious leases were submitted or caused to be submitted to Sterling Empire Funding Associates, Ltd., purporting to show tenancies and rental incomes for other properties KELLY owned in New Haven.
  - c. On or about May 14, 2007, Closing Attorney #2, a person known to the Grand Jury, submitted a HUD-1 to Sterling Empire Funding Associates, Ltd. showing no repair credit and \$32,400.93 received from KELLY.
  - d. On or about May 14, 2007, a cashier's check in the amount of \$32,000 was given to Closing Attorney #2 that represented down payment funds from KELLY when, in fact, the seller purchased the check with her own funds.
  - e. On or about May 18, 2007, John Doe #1, a person known to the Grand Jury, wrote a check to KELLY in the amount of \$5,000 with a notation on the memo line: "147 Lloyd Street."
  - f. On or about May 18, 2007, John Doe #1 wrote a check to HUTCHISON in the amount of \$2,000.
  - g. On or about May 18, 2007, KELLY wrote a check to HUTCHISON in the amount of \$2,000 with a notation on the memo line: "Consulting Fee."
16. In connection with the purchase by HUTCHISON of 522 Elm Street, New Haven:
- a. On or about March 27, 2007, HUTCHISON signed a purchase and sale agreement for \$670,000.
  - b. On or about March 27, 2007, HUTCHISON signed an addendum to the purchase and sale agreement in which the seller agreed to give HUTCHISON a repair credit of \$145,000 and accept a net amount of \$501,375.
  - c. On or about June 22, 2007, Closing Attorney #3, a person known to the Grand Jury, submitted a HUD-1 form to Silver Hill Financial, LLC showing no repair credit and \$99,585.67 received from HUTCHISON.
  - d. On or about June 22, 2007, a second HUD-1 form was created, not disclosed to the lender, showing a \$145,000 repair credit and \$45,414.33 cash to HUTCHISON.
  - e. On or about June 22, 2007, Closing Attorney #3 wrote a check to HUTCHISON for \$45,414.33 with a notation on the memo line: "Net - 522 Elm Street New Haven."

All in violation of Title 18, United States Code, Section 1349.

COUNTS TWO AND THREE  
(Mail Fraud – Hutchison)

17. The allegations set forth in paragraphs 1 through 16 of Count One of this Indictment are realleged as though fully set forth herein.

18. From approximately September 2006 to July 2008, the precise dates being unknown to the Grand Jury, in the District of Connecticut and elsewhere, HUTCHISON, wilfully and with intent to defraud, devised and intended 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 is described in paragraphs 1 through 13 of Count One of the Indictment, and for the purposes of executing such scheme and artifice, did knowingly cause to be deposited items to be sent and delivered by private and commercial interstate carriers according to the directions thereon, each item delivered and caused to be delivered constituting a separate count of the Indictment:

Count	Date	Use of Mails
2	1/8/2007	Federal Express letter addressed to CountryWide Home Loans containing closing documents for 186 James Street, New Haven
3	6/22/2007	Federal Express letter addressed to Silver Hill Financial LLC containing closing documents for 522 Elm Street, New Haven

All in violation of Title 18, United States Code, Sections 1341 and 2.

COUNT FOUR  
(Wire Fraud – Hutchison & Kelly)

19. The allegations set forth in paragraphs 1 through 16 of Count One of this Indictment are realleged as though fully set forth herein.

20. From approximately September 2006 to July 2008, the precise dates being unknown to the Grand Jury, in the District of Connecticut and elsewhere, HUTCHISON and KELLY, wilfully and with intent to defraud, devised and intended 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 is described in paragraphs 1 through 13 of Count One of the Indictment, and for the purposes of executing such scheme and artifice, did knowingly transmit, and cause to be transmitted, by means of wire communication in interstate commerce, a wire transfer in the amount of \$236,115.00 from Sovereign Bank in New Jersey to Closing Attorney #2's attorney trust account at Liberty Bank in Connecticut in connection with KELLY's purchase of 147 Lloyd Street in New Haven.

All in violation of Title 18, United States Code, Sections 1343 and 2.

FORFEITURE ALLEGATION  
(Hutchison & Kelly)

21. Upon conviction of one or more of the offenses alleged in Counts One, Two, Three, and Four of this Indictment, HUTCHISON shall forfeit to the United States of America pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), all right, title, and interest in any and all property, real or personal, which constitutes or is derived from proceeds traceable to violations of Title 18, United States Code, Sections 1349, 1341

and 1343, including but not limited to a sum of money equal to the total amount of any property, real or personal, which constitutes or is derived from proceeds traceable to violations of Title 18, United States Code, Sections 1349, 1341 and 1343, that is, a money judgment of at least \$5 million.

22. If any of the above-described forfeitable property, as a result of any act or omission of HUTCHISON, cannot be located upon the exercise of due diligence, has been transferred, sold to, or deposited with a third party, has been placed beyond the jurisdiction of the court, has been substantially diminished in value, or 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), to seek forfeiture of any other property of HUTCHISON up to the value of the forfeitable property described above.

23. Upon conviction of one or more of the offenses alleged in Counts One and Four of this Indictment, KELLY shall forfeit to the United States of America pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), all right, title, and interest in any and all property, real or personal, which constitutes or is derived from proceeds traceable to violations of Title 18, United States Code, Sections 1349, 1341 and 1343, including but not limited to a sum of money equal to the total amount of any property, real or personal, which constitutes or is derived from proceeds traceable to violations of Title 18, United States Code, Sections 1349, 1341 and 1343, that is, a money judgment of at least \$5 million.

24. If any of the above-described forfeitable property, as a result of any act or omission of KELLY, cannot be located upon the exercise of due diligence, has been transferred, sold to, or deposited with a third party, has been placed beyond the jurisdiction of the court, has been



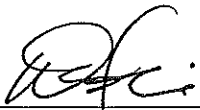
substantially diminished in value, or has been commingled with other property which cannot be divided without difficulty, it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b), to seek forfeiture of any other property of KELLY up to the value of the forfeitable property described above.

All in accordance with Title 18, United States Code, Section 981(a)(1), as incorporated by Title 28, United States Code, Section 2461(c), and Rule 32.2(a), Federal Rules of Criminal Procedure.

A TRUE BILL

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FOREPERSON

UNITED STATES OF AMERICA

  
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DAVID B. FEIN  
UNITED STATES ATTORNEY

  
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DAVID T. HUANG  
ASSISTANT UNITED STATES ATTORNEY