

AO 91 (Rev. 11/11) Criminal Complaint

AUSAs Brian P. Netols (312) 353-4128 Matthew S. Ebert

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FILED

5-22-2017
MAY 22 2017

UNITED STATES OF AMERICA

v.

MARK STEVEN DIAMOND,
also known as "Mark Stevens,"

CASE NUMBER: **THOMAS G. BRUTON**
CLERK, U.S. DISTRICT COURT

UNDER SEAL

17CR 332
MAGISTRATE JUDGE COLE

CRIMINAL COMPLAINT

I, the undersigned complainant in this case, state that the following is true to the best of my knowledge and belief. From in or about 2009 to in or about 2016, at Chicago, in the Northern District of Illinois, Eastern Division, MARK STEVEN DIAMOND defendant herein violated:

Code Section

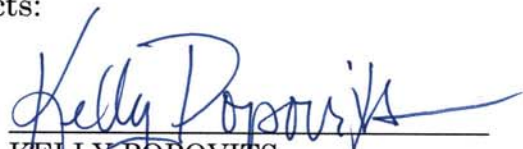
Title 18, Unites States Code,
Section 1343

Offense Description

Engaging in a scheme to defraud involving
interstate wire transmissions

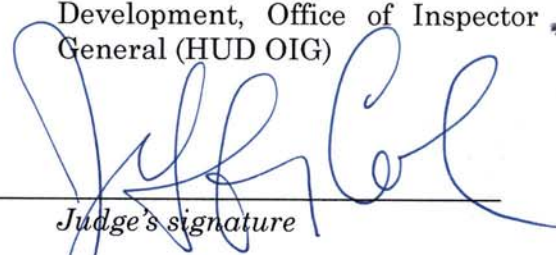
This criminal complaint is based upon these facts:

X Continued on the attached sheet.


KELLY POPOVITS
Special Agent, Housing and Urban
Development, Office of Inspector
General (HUD OIG)

Sworn to before me and signed in my presence.

Date: May 22, 2017


Judge's signature

Chicago, Illinois

Honorable Jeffrey Cole, U.S. Magistrate Judge
Printed name and Title

forth only the facts that I believe are necessary to establish probable cause to believe that DIAMOND committed the offense alleged in the complaint. This affidavit is based on my personal knowledge, my review of records, and information provided to me by other special agents with HUD-OIG and the FBI, other law enforcement officers and from persons with knowledge of relevant facts.

Summary of Facts Supporting Probable Cause

4. There is probable cause to believe that, from approximately 2009 through at least approximately 2016, DIAMOND, along with at least 5 co-schemers, engaged in a home repair and reverse mortgage loan fraud scheme targeting elderly homeowners on the west side of Chicago, which defrauded as many as approximately 122 victims out of as much as approximately \$10 million of equity in their homes. DIAMOND's scheme also affected financial institutions by fraudulently causing banks and mortgage lending businesses (1) to make reverse mortgage loans to victims who either did not sign the loan documents, did not know that they were obtaining a reverse mortgage loan, and or were not eligible to obtain a reverse mortgage loan because they had not received reverse mortgage loan counseling, and (2) to pay reverse mortgage loan proceeds directly to DIAMOND.

5. This affidavit is organized as follows: First, a brief explanation of reverse mortgages; Second, prior civil injunctions against DIAMOND and his entities; Third, a summary of the sources of evidence and a brief description of DIAMOND's scheme based on those sources of evidence; Fourth, detailed examples

of DIAMOND defrauding individual elderly homeowners; and Fifth, information obtained from 2 of DIAMOND's co-schemers who are cooperating with the investigation.

Brief Explanation of the Terms of a Reverse Mortgage Loan

6. A reverse mortgage loan is available to homeowners age 62 or older and allows the homeowner to borrow the equity in their home minus fees and costs. It may only be secured by a primary residence for which all title holders are borrowers and are age 62 or over. To be eligible, borrowers must receive reverse mortgage counseling explaining the fees, costs and ramifications of getting a reverse mortgage. Reverse mortgage payouts can be in the form of a line of credit or lump sum, with limits on the size of the lump sum payout. Prior liens on the home are paid off out of loan closing proceeds, so that the reverse mortgage lender receives a first lien. Appraisers of property securing a reverse mortgage are generally paid by the lender or out of loan closing proceeds. Once the last borrower dies or moves out of the residence, the reverse mortgage loan must be repaid in full or the home securing the loan is tendered to the lender.

Civil Injunctions Against DIAMOND and His Entities

7. According to Illinois Secretary of State records, Diamond owned and operated OSI Financial Services, Inc., and (OSI), United Residential Services & Real Estate, Inc.," (URS), and owned and operated United Residential Enterprises, LLC

(URE), with Co-Schemer A. OSI's and URS's offices were located at 2355-57 N. Damen Ave. Chicago, Il. URE's office was located in Calumet City, IL.

8. The Federal Trade Commission and the Illinois Attorney General's Office filed a civil suit in the United States District Court for the Northern District of Illinois (02-C-5078) alleging that DIAMOND and OSI engaged in the deceptive acts and practices relating to soliciting and offering credit. On November 20, 2003, DIAMOND and OSI entered into a consent decree in 02-C-5078 resulting in an order permanently enjoining DIAMOND and OSI from, among other things, conducting any loan closing, and requiring an independent settlement agent conduct the closing for any loan DIAMOND or OSI brokered.

9. According to Illinois Department of Financial & Professional Regulation records as of March and June of 2009, respectively, the loan originators license of DIAMOND and OSI expired and since then they have not been licensed as loan originators in Illinois.

10. On April 27, 2010, the Illinois Department of Financial and Professional Regulation issued an Order Revoking Loan Originator Registration and Assessing Fine in Case No. 2010-LO-07 suspending DIAMOND's loan originator registration for a period of 4 years from April 27, 2010, and revoking OSI's license, as well as finding, in part, that DIAMOND knowingly participated in a mortgage fraud scheme by using a name and registration number belonging to another loan originator for compensation or gain due to the fact that DIAMOND's registration was expired.

Summary of Evidentiary Sources and Description of DIAMOND's Scheme

11. The brief description of DIAMOND's scheme set forth below in paragraphs 12 through 25 is based on an investigation conducted by special agents of HUD-OIG and the FBI which involved:

Sources of Evidence

a. Reviewing records, including records of victims, reverse mortgage lenders, title companies, the Cook County Recorder of Deeds, numerous financial institutions, the Federal Reserve, telephone companies, the Secretary of States of Illinois and Indiana, the Illinois Department of Financial & Professional Regulation and HUD, as well as documents, including affidavits of victims, filed in civil suits against DIAMOND;

b. Attempting to contact all potential victims, by conducting written surveys by mail to individuals identified, in part, through an analysis of all title company checks deposited into accounts controlled by DIAMOND;

c. Interviewing elderly homeowner victims and often, due to the advanced age of these elderly homeowner victims, also interviewing their family members, and visiting homes that DIAMOND promised to repair to observe and photograph the state of repair;

d. Making consensually recorded conversations between relatives of victims and DIAMOND;

e. Obtaining and executing warrants authorizing the search of DIAMOND's business office at 2355-57 North Damen, in Chicago, and an email account; and then reviewing the voluminous documents seized;

f. Conducting covert investigations of and undercover transactions with DIAMOND and or his Co-Schemers; and

g. Interviewing witnesses and confronting individuals who were co-schemers with DIAMOND.

Description of DIAMOND's Scheme

12. DIAMOND targeted elderly victims on Chicago's west side based upon their ages, which ranged from 62, the minimum age necessary to qualify for a reverse mortgage loan, to as old as 98, and whether there was equity in their homes that was available for DIAMOND to fraudulently obtain.

13. DIAMOND falsely promised elderly homeowners that he would make certain home repairs. The type and cost of the home repairs that DIAMOND falsely promised to make were a function of the amount of equity that DIAMOND calculated would be available in the form of a payout from a reverse mortgage loan secured by the victims' homes. The greater the equity available to the elderly homeowner, the more repairs DIAMOND would falsely promise to make and the more DIAMOND would charge.

14. With respect to certain elderly homeowners, DIAMOND falsely represented that he had been sent by the city and that the home repairs would not

cost the elderly homeowner any money, such as by falsely promising that the repairs would be paid for through a government program, including a free Chicago porch repair program. In certain instances, DIAMOND falsely represented to the elderly homeowners that they needed to sign certain documents to start the repair work and caused them to do so without the elderly homeowners knowing that they were obtaining a reverse mortgage loan.

15. On occasions in which family members were opposed to the elderly homeowner dealing with DIAMOND or obtaining a reverse mortgage loan, DIAMOND would return to the home to speak to the elderly homeowner at a time when the opposing family members were not present.

16. In instances where family members and other individuals under 62 were also on title to the home, DIAMOND caused the preparation of documents necessary to accomplish their removal, and falsely promised the family members that they could later be put on the title consistent with the terms of the reverse mortgage loan.

17. DIAMOND offered reverse mortgage loans and took loan applications from elderly homeowners and fraudulently caused the elderly homeowners to agree to apply for and execute documents to obtain reverse mortgage loans either unwittingly or by misrepresenting the terms of the reverse mortgage loans, including by falsely representing that, after the elderly homeowners died, repayment of the reverse mortgage loan could be delayed by signing family members up for a program which DIAMOND then never fully explained.

18. To prevent the elderly homeowners from understanding the nature of the transaction and the amount of the reverse mortgage loans, DIAMOND violated the IDFPR order suspending his expired loan originators license by continuing to act as a loan originator and offering reverse mortgage loans and taking loan applications. DIAMOND accomplished this with the assistance of Co-Schemers A and B, both licensed loan originators, who signed loan applications falsely representing themselves to be the loan originators for reverse mortgage loans for which DIAMOND actually offered the reverse mortgage loan and took the applications. Co-Schemers A and B then caused these fraudulent loan applications to be submitted to lenders.

19. To ensure that the elderly homeowners' reverse mortgage counseling was successfully completed in instances in which the elderly homeowner did not want a reverse mortgage loan, or could not understand the terms of a reverse mortgage loan, DIAMOND caused the reverse mortgage counseling to be conducted over the telephone and then participated in the counseling by coaching or posing as the elderly homeowner or causing others to pose as the elderly homeowner.

20. To prevent the elderly homeowners from understanding the nature of the transaction and the amount of the loan, DIAMOND violated the District Court order permanently enjoining DIAMOND from conducting any loan closing and requiring an independent settlement agent conduct the loan closing for loans DIAMOND brokered. DIAMOND accomplished this with the assistance of Co-Schemer C, who had direct knowledge of the permanent injunction, was paid by

DIAMOND and was not an independent settlement agent, but nevertheless performed in home closings at which the elderly homeowners signed the loan documents for loans DIAMOND brokered. DIAMOND caused certain elderly homeowners to execute reverse mortgage loan documents, despite the fact that they were disabled or otherwise unable to understand the reverse mortgage loan documents.

21. DIAMOND fraudulently caused reverse mortgage lenders to make reverse mortgage loans to the elderly homeowners by making false representations to the reverse mortgage lenders, including that the elderly homeowners were knowingly applying for a reverse mortgage and had obtained the required reverse mortgage counseling, and that DIAMOND had valid liens which entitled DIAMOND to be paid directly with reverse mortgage loan proceeds.

22. In instances where the mortgage loan proceeds were payable directly to the elderly homeowner, DIAMOND fraudulently obtained the proceeds by causing title company representatives, including Co-Schemer D, to provide the loan proceeds checks to DIAMOND, rather than to the elderly homeowner. DIAMOND then used false representations and deception to cause elderly homeowners to sign the check, often unwittingly, and provide the signed check to DIAMOND. As part of this scheme, DIAMOND and Co-Schemer D falsely represented to an elderly homeowner, who did not want the loan proceeds to be disbursed to DIAMOND, that the reverse

mortgage loan proceeds would be held in the escrow account of Co-Schemer D's title insurance agency. The loan proceeds were then provided directly to DIAMOND.

23. To circumvent rules limiting reverse mortgage lump sum payouts, DIAMOND falsely represented to the reverse mortgage lenders that Diamond had already made the promised home repairs and was entitled to be paid directly by the reverse mortgage lender, including by preparing loan applications which falsely represented that URS or a fictitious entity was a creditor of the elderly homeowner, filing false liens against the elderly victims' homes, and submitting false payoff letters.

24. After Diamond fraudulently obtained the reverse mortgage loan proceeds, Diamond performed little or no repair work for the elderly homeowners. The amount of home repairs DIAMOND performed was a function of the extent to which the elderly homeowner or family members complained to DIAMOND or to authorities. To the extent that DIAMOND actually performed work, it was generally shoddy and incomplete.

25. In executing this scheme, DIAMOND caused interstate wire transmissions, including the interstate wire transfers of fraudulently obtained reverse mortgage loan proceeds by lenders.

Examples of DIAMOND Defrauding Individual Elderly Homeowners

26. The following examples of DIAMOND defrauding elderly homeowners are based upon a review of records of reverse mortgage transactions followed by information provided by DIAMOND's elderly homeowner victims and their relatives who dealt with DIAMOND and his co-schemers. The reference to loan records generally refers to a combination of records kept or generated by HUD, lenders, banks and title companies.

Victim DG

27. Loan records indicate that Victim DG, 53XX W. Jackson, Chicago, IL, who was born in 1938, obtained a HUD insured reverse mortgage in the amount of \$170,269.84 on June 9, 2009. The lender was Financial Freedom Acquisition, a subsidiary of Onewest Bank, Norcross, Georgia, and the settlement agent was Able Title Insurance Agency, Inc., Chicago, Illinois. Co-Schemer C notarized the borrower's signature on the loan documents.

28. Loan records for Victim DG's loan file contained a Certificate of HECM Counseling certifying that Victim DG received HECM counseling on March 26, 2009.

29. Loan records indicate that Victim DG's loan application for the reverse mortgage was prepared by a loan originator employed by a mortgage brokerage in Calumet City, Illinois, which was owned and controlled by Co-Schemer A. The loan application states that the loan originator interviewed Victim DG face-to-face to obtain the information to complete the loan application.

30. The HUD-1 Settlement Statement contained in Victim DG's loan file, which was prepared by Able Title Insurance Agency, states that from Victim DG's \$170,269.84 in mortgage proceeds, after subtracting settlement charges and various payoffs, \$92,997.92 was disbursed to Victim DG on June 15, 2009.

31. The records of a URS Bank Account for which DIAMOND is the only signatory indicate that the following check was deposited on June 16, 2009: check date June 15, 2009, drawn on Able Title Insurance Agency, Inc. account held at American Chartered Bank, payable to Victim DG in the amount of \$92,997.92.

32. A review of the bank account records for a business owned by Co-Schemer A indicates that the following check was deposited on June 17, 2009: a check dated June 16, 2009, drawn on a URS account payable to Co-Schemer A's business in the amount of \$50,678.00, along with a deposit ticket bearing a notation of Victim DG's last name.

33. Victim DG was interviewed at her home and provided the following information:

a. A person whom Victim DG believed to be a building inspector from the City of Chicago came to Victim DG's residence and told Victim DG that her back porch needed to be repaired. Shortly thereafter, an individual named Mark DIAMOND came to Victim DG's residence and told her that he was a contractor who had been sent from the City of Chicago to perform Victim DG's repair work on her back porch.

b. Victim DG's sister subsequently drove Victim DG to DIAMOND's office located on the north side of Chicago, where Victim DG signed paperwork. Victim DG understood the paperwork related to the repair work and the financing of the repair work.

c. Victim DG thought the only thing that needed to be repaired on the back porch was a support pole that was rotting, as it had deteriorated due to the snow and rain. Victim DG expected the repair or replacement of the pole to be approximately \$200. However, DIAMOND's contractors ended up tearing down the entire back porch and re-constructing it. According to Victim DG, her back porch looks worse now than before DIAMOND's contractors worked on it.

d. Victim DG had multiple issues with the work DIAMOND conducted on her property. In addition to the poor repair work on the back porch, DIAMOND's contractors performed unwanted repair work on her garage and back bathroom. DIAMOND's contractors tore out Victim DG's garage top patio area and replaced it with a piece of tin, which Victim DG did not want. DIAMOND's contractors also moved a pipe in the back bathroom and then left the bathroom without insulation, so the bathroom is now cold in the winter. Victim DG and DIAMOND argued so much about the work DIAMOND's contractors had done on Victim DG's property that Victim DG

decided she did not want DIAMOND to do any other rehab work on her property.

e. At one point before the construction work started on the back porch, Victim DG told DIAMOND that she had changed her mind and wanted a different individual to conduct the rehab work. DIAMOND told Victim DG she could not hire another individual because she had signed a contract with him. Victim DG recalled being told by DIAMOND that he was doing the work, but Victim DG could not recall signing a contract with DIAMOND. DIAMOND told Victim DG he could sue her if she used the other individual.

f. DIAMOND did not provide Victim DG with a price quote for the work he was going to conduct on her property. DIAMOND only told Victim DG he needed to buy materials to complete the project.

g. As some point, Victim DG and her sister conducted research and found that a reverse mortgage had been obtained in Victim DG's name on her residence. Victim DG was not aware that she had obtained a reverse mortgage. When DIAMOND first came to Victim DG's property, he did not mention anything about a reverse mortgage and only told Victim DG he had been sent by the City of Chicago. Victim DG later learned that the reverse mortgage that was obtained on her property paid for the rehab work DIAMOND conducted on her property. Victim DG still does not understand how she obtained a reverse mortgage on her property.

h. Victim DG did not know that \$92,997.92 had been disbursed to her. DIAMOND never explained to Victim DG that she was going to receive money from a reverse mortgage closing on her property.

i. Victim DG never received any counseling regarding the reverse mortgage obtained on her property.

j. Victim DG never met with the purported loan originator.

k. DIAMOND returned to Victim DG's home in either May or June of 2016, saying that he wanted to correct issues at Victim DG's property. However, DIAMOND wanted Victim DG to sign additional documents, and Victim DG refused. Victim DG's daughter and grandson were at the Jackson property with Victim DG and started questioning DIAMOND. DIAMOND became agitated with the questions and with Victim DG's refusal to sign anything and told Victim DG words to the effect of "I don't care, I've got your signature."

Victim RC

34. Loan records indicate that Victim RC, 49XX W. West End, Chicago, IL, who was born in 1923, obtained a HUD insured reverse mortgage in the amount of \$168,834.97 on August 10, 2009. The lender was Genworth Financial Home Equity Access, Inc., Rancho Cordova, CA, and the settlement agent was Able Title Insurance Agency. Co-Schemer C notarized the borrower's signature on the loan documents.

35. Loan records for Victim RC's loan file contain a Certificate of HECM Counseling certifying that Victim RC received HECM counseling on July 20, 2009.

36. Loan records indicate that Victim RC's loan application for the reverse mortgage was prepared by Co-Schemer A, a loan originator located in Calumet City, IL. The loan application states that Co-Schemer A interviewed Victim RC face-to-face to obtain the information to complete the loan application.

37. The HUD-1 Settlement Statement contained in Victim RC's loan file, which was prepared by Able Title Insurance Agency, Inc., states that from Victim RC's \$168,834.97 in mortgage proceeds, \$104,557.59 was disbursed to Victim RC on August 14, 2009.

38. The records of a URS Bank Account for which DIAMOND was the only signatory revealed that the following check was deposited on August 17, 2009: check dated August 14, 2009, drawn on Able Title Insurance Agency, Inc. account held at American Chartered Bank, payable to Victim RC in the amount of \$104,557.59.

39. Victim RC, her god-son, and her great-grandson were interviewed at her home and provided the following information:

a. Victim RC purchased her residence in 1963. Victim RC worked full time at a telephone company in the northern suburbs of Chicago for 28 years. For 11 of those years, Victim RC would leave the second shift of that job and go straight to a second full time job at a television company and work the third shift. Victim RC was able to pay off her house in this manner.

b. Victim RC was approached outside her residence in 2009 by a white male and a black female and asked if she needed any repairs done on her house. The white male later identified himself to Victim RC as Mark DIAMOND. Victim RC's great-grandson, who also met DIAMOND, identified a photo of Mark DIAMOND as the individual they knew as DIAMOND.

c. DIAMOND and the black female followed Victim RC inside her house and continued to talk about how Victim RC could get repairs done to her house and receive some money back by getting a mortgage. Victim RC was initially happy to meet DIAMOND because she was having financial problems and really needed some money. Victim RC also needed work done on the first floor of her building, which was rented out to a tenant. Victim RC thought DIAMOND was an impressive talker and she felt he could help her.

d. DIAMOND gave Victim RC paperwork he had with him for her to sign that same day. DIAMOND presented Victim RC with several documents and repeatedly told her to "sign here" but never explained what the documents were. Victim RC signed the documents, which she believed were necessary so that DIAMOND could start the repairs. Victim RC told DIAMOND she only wanted repairs done to her back porch, kitchen and bathroom, but DIAMOND insisted the windows needed to be replaced.

e. DIAMOND did not call Victim RC to schedule the repair work, so Victim RC began calling DIAMOND to see when the repair work was going to

begin. DIAMOND did not return Victim RC's phone calls. Approximately six months later, DIAMOND returned to the house with some workers and began the repair work. Victim RC had to evict her tenant on the first floor while the repair work was being done.

f. One day DIAMOND told Victim RC the repair work was finished. Victim RC told DIAMOND that the repair work was not done in her downstairs apartment and he had never fixed her back porch. DIAMOND insisted the work was done and made Victim RC sign additional paperwork. Victim RC asked DIAMOND for the money he had promised would come back to her, but DIAMOND informed her there was none. DIAMOND told Victim RC he had used all of the money on the repairs.

g. Victim RC's god-son eventually became involved to help Victim RC. After reviewing Victim RC's documents, Victim RC's god-son realized that Victim RC had signed for a reverse mortgage of over \$100,000. Victim RC had no knowledge she had signed reverse mortgage documents. DIAMOND never explained to Victim RC what a reverse mortgage was and never told her she was signing reverse mortgage documents. On the day Victim RC was interviewed, Victim RC stated she still did not understand what a reverse mortgage was.

h. Victim RC depended on the income she received from the tenant on the first floor. Because DIAMOND left the first floor in disrepair, Victim

RC has been unable to rent this unit. Victim RC also needed the money back which DIAMOND promised her, which, coupled with the loss of rental income, placed Victim RC under extreme financial hardship.

i. Victim RC stated she did not receive HECM counseling. Victim RC never received a one-hour phone call from, nor did she have a face to face meeting with a HECM counselor. Victim R.C. only talked to DIAMOND.

j. Victim RC stated she had no knowledge that \$104,557.59 in reverse mortgage proceeds had been disbursed to her. Victim RC never received her reverse mortgage proceeds. DIAMOND only told Victim RC that she would get some money back, but he never mentioned an amount. DIAMOND never gave Victim RC a dollar amount for the cost of her repairs.

k. Victim RC recalled signing a check that DIAMOND presented to her because DIAMOND told Victim RC that he wanted her to sign it. Victim RC signed the check because she thought she would get money back. Victim RC was alone when DIAMOND presented her with the check and she never saw the amount of the check. When DIAMOND came back to her house a couple of days later, DIAMOND told her that the money was gone.

l. Victim RC does not know the purported loan originator, Co-Schemer A. Victim RC did not meet face-to-face with Co-Schemer A and did not provide him with any personal or financial information. The only person that Victim RC dealt with concerning paperwork was DIAMOND.

Victim LW

40. Loan records indicate that Victim LW, 15XX S. Drake, Chicago, IL, who was born in 1926, obtained a HUD insured reverse mortgage in the amount of \$120,802.42 on November 6, 2009. The lender was Genworth Financial Home Equity Access, Inc., Rancho Cordova, CA, and the settlement agent was Able Title Insurance Agency.

41. Loan records for Victim LW's loan contain a Certificate of HECM Counseling certifying that Victim LW received HECM counseling on September 23, 2009.

42. Loan records indicate that Victim LW's loan application for the reverse mortgage was prepared by Co-Schemer A. The loan application states that Co-Schemer A interviewed Victim LW face-to-face to obtain the information to complete the loan application.

43. The HUD-1 Settlement Statement contained in Victim LW's loan file, which was prepared by Able Title Insurance Agency, Inc., states that from Victim LW's \$120,802.42 in mortgage proceeds, \$110,564.47 was disbursed to Victim LW on November 12, 2009.

44. A review of DIAMOND's URS Bank Account revealed that the following check was deposited on November 13, 2009: check dated November 12, 2009, drawn on Able Title Insurance Agency, Inc. account held at American Chartered Bank, payable to Victim LW in the amount of \$110,564.47.

45. Victim LW, her son, her granddaughter, and her niece were interviewed at Victim LW's home and provided the following information:

a. Victim LW's family recalled Victim LW had lived at the Drake property "forever". Victim LW's son recalled he has lived at the Drake property since 1974. Victim LW's daughter, who was unable to be present for this interview, was approached outside Victim LW's residence by a female named Cynthia. Victim LW's daughter sent Cynthia inside the residence to talk to Victim LW. Cynthia told Victim LW that she could help Victim LW get her house fixed up and it would not cost the family any money.

b. Cynthia subsequently sent a man named Mark DIAMOND to Victim LW's residence. DIAMOND told Victim LW that she needed to talk to him, but Victim LW told DIAMOND no, because he had not spoken to Victim LW's daughter first. DIAMOND insisted that he needed to talk to Victim LW but Victim LW refused. DIAMOND returned the next day with another man, Co-Schemer C, and they convinced Victim LW that she should allow DIAMOND to fix up her house.

c. DIAMOND and Co-Schemer C never mentioned Victim LW would obtain a reverse mortgage. DIAMOND and Co-Schemer C only told Victim LW that DIAMOND would "fix the place up" and it wouldn't cost her any money. DIAMOND and Co-Schemer C also told Victim LW that they could pay some of her bills too. Victim LW only needed her bathroom fixed, but DIAMOND

and Co-Schemer C told her she needed her kitchen and both of her bathrooms fixed.

d. Cynthia picked up Victim LW from her residence one day and drove Victim LW to an office on the north side of Chicago, where Victim LW signed a lot of paperwork. Victim LW was alone and did not have any family members with her. Victim LW and Cynthia met with a white female who gave Victim LW the paperwork, and who instructed Victim LW where to sign.

e. After Victim LW signed the paperwork, Cynthia drove Victim LW to DIAMOND's office, located somewhere in downtown Chicago. Cynthia took Victim LW through the back entrance, where DIAMOND gave Victim LW a check for \$2,000. Cynthia took the check to a currency exchange and cashed for Victim LW. Victim LW is not aware of receiving another check from DIAMOND. Victim LW does not recall endorsing a check over to DIAMOND.

f. After Victim LW signed the paperwork, DIAMOND sent people to work on her kitchen and bathrooms. DIAMOND also installed new windows on both floors of the residence. Victim LW's son estimated the repair work started in the spring of 2010 and described the repair work as "falling apart". Victim LW's family complained to DIAMOND in 2011 or 2012 that he had still not finished the upstairs bathroom. DIAMOND came back to their home one day in response to the family's calls and complaints. DIAMOND told Victim

LW's family that Victim LW still had some money left and he would pay for some items and finish the repair work, but he never did.

g. Victim LW's son first learned that Victim LW had obtained a reverse mortgage when they started getting notices in the mail that the bank was foreclosing on the house. Victim LW's son learned the bank was foreclosing because they had dropped their homeowner's insurance. Victim LW didn't know she had a reverse mortgage which required her to have homeowner's insurance. Victim LW's son had to go to foreclosure court, where he learned that DIAMOND had received \$100,000 of Victim LW's reverse mortgage proceeds.

h. Victim LW had no knowledge she was receiving a reverse mortgage, only that she was signing paperwork in order to fix her house. Victim LW did not know that \$110,564.47 in reverse mortgage proceeds had been disbursed to her. Victim LW stated she had paid for her residence a long time ago, and she had no need for a mortgage.

i. Victim LW does not recall receiving HECM counseling. Victim LW only talked to Diamond, Cynthia, and Co-Schemer C about receiving home repairs. Victim LW does not know the purported loan originator, Co-Schemer A and does not recall talking to a loan originator and providing personal information. Victim LW only dealt with Diamond, Cynthia, and Co-Schemer C.

Victim VS

46. Loan records indicate that Victim VS, 6XX N. St. Louis Avenue, Chicago, IL, who was born in 1931, obtained a HUD insured reverse mortgage in the amount of \$123,553.18 on September 17, 2009. The lender was Genworth Financial Home Equity Access, Inc., Rancho Cordova, CA, and the settlement agent was Able Title Insurance Agency. Co-Schemer C notarized the borrower's signature on the loan documents.

47. Loan records for Victim VS's loan file contained a Certificate of HECM Counseling certifying that Victim VS received HECM counseling on September 4, 2009.

48. Loan records indicate that Victim VS's loan application for the reverse mortgage was prepared by Co-Schemer A. The loan application states that Co-Schemer A interviewed Victim VS face-to-face to obtain the information to complete the loan application.

49. The HUD-1 Settlement Statement contained in Victim VS's loan file, which was prepared by Able Title Insurance Agency, Inc., states that from Victim VS's \$123,553.18 in mortgage proceeds, \$111,112.71 was disbursed to Victim VS on September 22, 2009.

50. A review of Diamond's URS Bank Account revealed that the following check was deposited on September 23, 2009: check dated September 22, 2009, drawn

on Able Title Insurance Agency, Inc. account held at American Chartered Bank, payable to Victim VS in the amount of \$111,112.71.

51. Victim VS and her two sons, CS and HS were interviewed at Victim VS's home and provided the following information:

a. Victim VS purchased her residence in 1981 and had paid off the mortgage in 2000. Victim VS's other son, RS, who was unavailable for the interview, was approached outside Victim VS's residence by a black female who talked about fixing up Victim VS's house. CS believes the black female's first name started with the letter "C". The black female was invited inside Victim VS's residence to discuss home repairs further with Victim VS.

b. Victim VS met with the black female and a white male with the last name of DIAMOND. DIAMOND and the black female told Victim VS that they were going to renovate her whole house, including the basement and front and back porches. DIAMOND told Victim VS that he was a contractor who had done other work in the neighborhood. DIAMOND told Victim VS that she wouldn't have to pay for any of the repairs.

c. DIAMOND later returned to Victim VS's residence one evening with paperwork to start work on the basement. Victim VS signed paperwork at that time, but she doesn't recall what she signed due to having difficulty in seeing. Victim VS has cataracts and as a result, cannot see well. Victim VS suffered from cataracts in 2009 when she met DIAMOND. Victim VS lived

alone in the basement at the time DIAMOND approached her to sign the paperwork and no one else was present with Victim VS when she signed the paperwork with DIAMOND. The interviewing agents attempted to show Victim VS some of her reverse mortgage documents at the time of the interview, including the HECM counseling form, but Victim VS was unable to read them.

d. DIAMOND promised to fix Victim VS's roof, along with the front and back porches, but his construction crew never finished the repair work that he promised. At the time of the interview, HS stated the roof was leaking and the front porch was falling down. Victim VS received some repair work in the upstairs rooms such as new cabinets, drywall and some new paint. DIAMOND told Victim VS and CS that he could not complete the repair work because all of the money for repairs had been spent.

e. CS provided the interviewing agents with a copy of a home repair contract, dated September 17, 2009, which indicated Victim VS agreed to pay URS \$111,500 to rebuild Victim VS's front and rear porches, provide a new roof, provide tuck pointing, and mud and paint the first and second floor apartments. According to HS, a Chicago building inspector who thought Victim VS's residence was condemned had recently visited Victim VS's residence and instructed CS to post a sign that the front porch was dangerous.

Victim CS

52. Loan records indicated that Victim CS, 31XX W. Lexington Street, Chicago, IL, who was born in 1944, and his mother JS, born in 1924, obtained a HUD insured reverse mortgage in the amount of \$98,177.04 on April 28, 2010. The lender was Urban Financial Group, Tulsa, OK and the settlement agent was Able Title Insurance Agency. Co-Schemer C notarized the borrower's signature on the loan documents.

53. Loan records revealed Victim CS and JS's loan application for the reverse mortgage was prepared by a loan originator employed by a mortgage brokerage in Calumet City, Illinois, which was owned and controlled by Co-Schemer A. The loan application states that the loan originator interviewed Victim CS and JS face-to-face to obtain the information to complete the loan application.

54. The HUD-1 Settlement Statement contained in Victim CS and JS's loan file, prepared by Able Title Insurance Agency, Inc., revealed that from Victim CS and JS's \$98,177.04 in mortgage proceeds, \$90,679.04 was disbursed to Victim CS and JS on May 3, 2010.

55. A review of Diamond's URS Bank Account revealed that the following check was deposited on May 5, 2010: check dated May 4, 2010 drawn on Able Title Insurance Agency, Inc. account held at American Chartered Bank, payable to Victim CS and JS in the amount of \$90,679.04.

56. Victim CS was interviewed at his home on March 17, 2016 and provided the following information:

a. Victim CS's mother, JS, passed away in April of 2014. Victim CS' mother and late father had owned the Lexington property for many years.

b. Victim CS was approached by a female named Cynthia who was going door to door in Victim CS's neighborhood. Cynthia asked if Victim CS needed any work done on his home and Victim CS told Cynthia his mother's bathroom needed repair. Cynthia later returned with an individual named Mark DIAMOND. DIAMOND told Victim CS that Victim CS and his mother could obtain a reverse mortgage which would pay for the home improvements they needed. DIAMOND also told Victim CS that he could get a lot of money from the reverse mortgage, in addition to the home repairs.

c. DIAMOND told Victim CS that in addition to repairing the bathroom, Victim CS could get enough money to repair other things. DIAMOND told Victim CS that he needed the windows, doors, and the downstairs bathroom repaired also. It was not Victim CS's idea to repair everything at the Lexington residence, but DIAMOND let him know he "could get all of this". Victim CS thought it sounded like a good idea because then his mother would be able to live in a nice place.

d. Victim CS understood that DIAMOND was getting Victim CS a reverse mortgage in order to pay for DIAMOND's repair work. Victim CS

understood from DIAMOND that that he was hiring DIAMOND to handle everything, including the reverse mortgage and the repair work.

e. DIAMOND told Victim CS he would be holding the reverse mortgage money for Victim CS. Victim CS refused to allow DIAMOND to hold the loan proceeds, because Victim CS's family had been victimized in the past by someone who had falsely promised to hold a lot of money for them. DIAMOND then suggested that the title company could hold Victim CS's reverse mortgage money in a construction account. DIAMOND subsequently brought an employee of the title company, Co-Schemer D, to meet with Victim CS at his home. Victim CS still had Co-Schemer D's Able Title business card. DIAMOND and Co-Schemer D brought papers with them to Victim CS's house which Victim CS signed.

f. DIAMOND brought another man who was a notary to Victim CS's house when he brought Co-Schemer D and the notary notarized the documents that Victim CS signed in order to get the reverse mortgage. Victim CS assisted his mother, JS, in signing all the loan documents, including the mortgage, because his mother had Alzheimer's at the time and needed help with her signature. Victim CS recalled DIAMOND brought Co-Schemer D and the notary with him to Victim CS's residence on several different occasions, and identified a photo of Co-Schemer C as the notary.

g. After Victim CS completed the paperwork for the reverse mortgage and obtained the loan, DIAMOND's subcontractors started working on the house. DIAMOND's workers only completed the porch and the windows, though, and never completed the rest of the work that DIAMOND promised to Victim CS. DIAMOND's workers started work on the bathrooms but they did not finish and they did poor work. Victim CS's second floor bathroom leaked onto the first floor bathroom, and the first floor bathroom's toilet did not work. Victim CS's second floor bathroom still has a gaping hole in the wall and the walk in shower that DIAMOND's workers installed has always leaked and is still leaking today.

h. Victim CS recalled that DIAMOND and Cynthia had brought his \$90,000 reverse mortgage check to his residence and tried to talk Victim CS into signing the check over to DIAMOND. Victim CS had an argument with DIAMOND and Cynthia about the check and refused to sign it. However, due to Co-Schemer D's subsequent assurances about holding Victim CS's money in escrow at Able Title, Victim CS ultimately agreed to sign the \$90,000 check. Victim CS understood that Co-Schemer D took Victim CS's \$90,000 check, gave DIAMOND \$25,000 that same day, and then kept \$50,000 in escrow. During his interview, Victim CS provided a document entitled "Able Title Insurance Agency Inc.", dated 4/28/10, which states that Able Title is holding \$50,000 of

Victim CS's "construction and rehab monies". Victim CS stated this was the document he received regarding Able Title holding his \$50,000.

i. Victim CS does not know what happened to his remaining \$10,000. Victim CS went to Co-Schemer C's office at Able Title office on numerous occasions. On one of these occasions, Co-Schemer D assured Victim CS that everything was ok and that the rest of Victim CS's money was still in escrow.

j. Victim CS does not know the purported loan originator, and only dealt with DIAMOND, Cynthia, and Co-Schemers C and D concerning his reverse mortgage.

57. A review of SW materials obtained from URS revealed a file containing Victim CS's name and address on the outside. A review of documents contained in this file revealed a carbon copy of URS check number 20158, dated May 4, 2010, drawn on DIAMOND's URS Bank Account, made payable to Able Title for \$50,000, and containing the notation "Escrow Story". A review of Diamond's URS Bank account revealed URS check number 20158 had never been negotiated.

58. On December 5, 2016, Co-Schemer D was confronted and in an unprotected interview admitted that he had falsely represented that he had held Victim CS's reverse mortgage proceeds in escrow at Able Title. Co-Schemer D admitted he had only held DIAMOND's \$50,000 URS check in his possession, but had not cashed it, and did not have any of Victim CS's reverse mortgage proceeds in

escrow at Able Title. Co-Schemer D was subsequently charged in a case in this district with an unrelated offense, and this matter is still pending. No promises have been made to Co-Schemer D.

Victim BD

59. Loan records indicate that Victim BD, 41XX W. West End, Chicago, Illinois, who was born in 1917, obtained a HUD insured reverse mortgage in the amount of \$100,696 on March 7, 2014. The lender was Sun West Mortgage Company, Inc., Cerritos, CA, and the settlement agent was Primary Title Services, Skokie, Illinois.

60. Loan records for Victim BD's loan file contained a Certificate of HECM Counseling certifying that Victim BD received HECM counseling on January 20, 2014.

61. Cook County Recorder of Deeds records indicate that a document entitled "General Contractor's Mechanic's Lien – Notice and Claim" was recorded on Victim B.D.'s property on February 7, 2014, by URS, 2355 N. Damen Ave. Chicago, IL. The lien states URS entered into a contract with Victim BD on or about November 11, 2013, to perform \$50,000 worth of work on Victim BD's property. The lien also states that URS completed all of the work under the terms of the contract on January 24, 2014. The lien is certified and signed by Mark Diamond, President of URS.

62. Loan records for Victim BD's loan file contained a document prepared on URS letterhead, entitled "Pay Off Letter", dated February 14, 2014. The document

states that the total amount due to pay off a lien for Victim BD, 41XX W. West End, Chicago, Illinois, is \$55,000.

63. Loan records indicate that Victim BD's loan application for the reverse mortgage was prepared by Co-Schemer B, a loan originator with an office in Hoffman Estates and later in Schaumburg, Illinois. The loan application states that Co-Schemer B interviewed Victim BD telephonically to obtain the information to complete the loan application. The loan application states that there is a lien against Victim BD's property, and that Victim BD purportedly owes the creditor, URS, an unpaid balance of \$55,000.

64. The HUD-1 Settlement Statement contained in Victim BD's loan file states that from Victim BD's \$100,696 in mortgage proceeds, \$55,000 was disbursed on March 12, 2014, to URS and noted on line 104 of the HUD-1 as a "Payoff Lien."

65. The aforementioned HUD-1 also states that from Victim BD's reverse mortgage proceeds \$8,991.49 was disbursed to Victim BD on March 12, 2014.

66. A review of DIAMOND's URS Bank Account revealed that the following two checks were deposited on March 12, 2014: (1) check dated March 12, 2014, drawn on Primary Title Services, LLC account held at Banco Popular, payable to URS in the amount of \$55,000, with the notation "Payoff Lien"; and (2) check dated March 12, 2014, drawn on Primary Title Services, LLC account held at Banco Popular, payable to Victim BD in the amount of \$8,991.49, with the notation "Excess Cash to Close."

67. Victim BD and her son were interviewed at her home and provided the following information:

a. Victim BD. stated that she purchased her residence in 1968. Victim BD met someone named "Mark" sometime in January 2014, when Mark contacted Victim BD at her residence. Mark did not reveal his last name. Victim BD identified a photo of DIAMOND as the individual she knew as "Mark." DIAMOND told Victim BD that the City of Chicago had contacted him about putting a wheelchair ramp on her house. Victim BD had previously discussed her need for a wheelchair ramp with someone at her church. Victim BD understood from DIAMOND that her church had contacted the City of Chicago, who had, in turn, contacted DIAMOND to build the ramp.

b. According to Victim BD, DIAMOND brought a lot of paperwork to Victim BD to sign. Victim BD did not know what she was signing, but understood DIAMOND was going to do repair work on her house. At some point, Victim BD became suspicious about the words being used by DIAMOND and questioned him as to whether he had obtained a reverse mortgage for Victim BD. When DIAMOND confirmed Victim BD was obtaining a reverse mortgage, Victim BD told DIAMOND that she did not want a reverse mortgage. DIAMOND subsequently assured Victim BD that it was fine for her to obtain a reverse mortgage. DIAMOND falsely represented that when Victim BD passed away, any family member who was over the age of 62 could keep

the house by “signing on to the program.” DIAMOND stated that the reverse mortgage would provide a line of credit at the bank, which they could use to hire contractors to perform repair work on the house. DIAMOND also promised that Victim BD would receive some money back from the reverse mortgage.

c. When Victim BD received paperwork in the mail from Sun West Mortgage Company, she learned from Sun West that the money had already been given to a contractor. Victim BD’s son subsequently confronted DIAMOND about the information Sun West had provided. DIAMOND falsely represented that the money had to go to the contractor because of all of the repair work that needed to be done on their house. DIAMOND admitted that the contractor, URS, was his company, and that he had done them a favor by structuring the loan this way. DIAMOND did not provide any paperwork to Victim BD or her son regarding the repair work to be done on their home. DIAMOND promised to replace the bathrooms and kitchens in the upstairs and downstairs units. DIAMOND also promised to place a ramp on the front of the house, replace the basement windows, and fix the tuck pointing on the outside of the house.

d. According to Victim BD and her son, neither Victim BD nor Victim BD’s son had any knowledge that a \$50,000 lien had been placed on their residence by Diamond/URS. Nor did they know that \$55,000 of Victim

BD's reverse mortgage proceeds had been paid out to URS. Victim BD had no knowledge that a check had been issued to her in the amount of \$8,991.49 from her reverse mortgage proceeds. Victim BD never saw the check prior to the interviewing agents showing it to her. Victim BD did not sign a check over to DIAMOND, and never received any money from DIAMOND or anyone else in connection with her reverse mortgage.

f. Victim BD and her son both stated the URS lien was false in that the lien stated that Victim BD had entered into a contract with DIAMOND/URS on November 11, 2013, when, in fact, Victim BD did not meet DIAMOND until sometime in January 2014. Additionally, neither Victim BD nor her son have ever received a contract, an estimate, or anything in writing from DIAMOND in regards to repair work on their residence.

g. Victim BD and her son also stated the lien was false in stating that DIAMOND/URS completed work on Victim BD's residence in the amount of \$50,000 on January 24, 2014. Additionally, DIAMOND's contractors did not perform any work on the residence until after the reverse mortgage closed (March 12, 2014), and the only work completed by DIAMOND's contractors on Victim BD's residence was the wheelchair ramp, followed by the repair of the first floor bathroom.

68. A review of DIAMOND's URS Bank Account revealed only two checks written on the account with notations related to Victim BD (1) a check written to

“Cash” for \$800 on February 3, 2014, with the notation “appraisal [Victim BD]”; and (2) a check written to [S.S.] for \$1,500 on April 2, 2014, with the notation “Draw-[4100 block of] W. West End” “[Victim BD] Ramp.”

69. Victim BD does not know the purported loan originator, Co-Schemer B. The only person that Victim BD dealt with concerning the reverse mortgage was DIAMOND. Victim BD recalled DIAMOND was once accompanied by a black female and identified a photo of Cynthia Wallace as the black female who accompanied DIAMOND.

70. Victim BD stated that she did not receive HECM counseling. Victim BD recalled that DIAMOND once came to her house unexpectedly and said the lender was going to call. DIAMOND answered Victim BD’s home telephone and changed his voice to sound like a female. Diamond responded either “yes” or “no” to whomever was on the phone, while continuing to use the female voice.

71. According to bank records, on March 12, 2014, an interstate wire transmission in the form of a wire transfer of funds in the amount of \$105,286.90 was sent from Sun West Mortgage Company, Cerritos, California, through the Fedwire Funds Transfer System, from a bank account held at UBS Bank to an account held at Banco Popular, in the name of Primary Title Services LLC, Skokie, Illinois, to fund the reverse mortgage Loan for Victim BD. Based on my experience and training, including information from the Federal Reserve System, all wire transfers through

the Fedwire Funds Transfer System during the time period of the scheme travel through more than one state.

Victim HS

72. Loan records indicate that Victim HS, 6XX N. Lotus, Chicago, IL, who was born in 1944, obtained a HUD insured reverse mortgage in the amount of \$64,957.50 on December 10, 2013. The lender was American Advisor's Group, Orange, CA and the settlement agent was Primary Title Services, Skokie, Illinois.

73. Loan records for Victim HS's loan file contained a Certificate of HECM Counseling certifying that Victim HS received HECM counseling on October 29, 2013.

74. A review of the Cook County Recorder of Deeds website revealed a document entitled "General Contractor's Mechanic's Lien – Notice and Claim" had been recorded on HS's property on December 6, 2013, by URS. The lien states URS entered into a contract with Victim HS on or about October 8, 2013, to perform \$23,000 worth of work on his property. The lien also states that URS completed all of the work under the terms of the contract on October 31, 2013. The lien is certified and signed by Mark Diamond, President of URS.

75. Loan records for Victim HS's loan file contained a document prepared on URS letterhead, entitled "Pay Off Letter", dated December 6, 2013. The document states that the total amount due to pay off a lien for Victim HS, 6XX N. Lotus, Chicago, IL is \$23,000.

76. Loan records revealed Victim HS's loan application for the reverse mortgage was prepared by Co-Schemer B. The loan application states that Co-Schemer B interviewed Victim HS telephonically to obtain the information to complete the loan application. Victim HS's loan application also states that there is a lien against his property, and that Victim HS owes the creditor, URS, an unpaid balance of \$23,000.

77. The HUD-1 Settlement Statement contained in Victim HS's loan file, prepared by Primary Title Services, revealed that from Victim HS's \$64,957.50 in mortgage proceeds, \$23,000 was disbursed on December 16, 2013, to URS and noted on line 104 of the HUD-1 as a "Payoff URS Lien". The HUD-1 also showed that \$86.10 was disbursed to Victim HS on December 16, 2013, from his reverse mortgage proceeds.

78. A review of Diamond's URS Bank Account revealed that a check dated December 16, 2013, drawn on Primary Title Services, LLC account held at Banco Popular, payable to URS in the amount of \$23,000, with the notation "Payoff URS Lien" was deposited on December 16, 2013.

79. Victim HS's wife and his stepson were interviewed at Victim 2's home, informed the interviewing agents that Victim HS had passed away on November 11, 2014, and provided the following information:

- a. According to Victim HS's wife, she and Victim HS, who was blind, were approached, while sitting on their front porch, by a black female in the

summer of 2013. The black female began talking to them about reverse mortgages and money for home repairs. The black female was walking the block and going from door to door. When Victim HS expressed interest in a reverse mortgage, the black female began to talk about how her associate, "Mark," could help them obtain a reverse mortgage.

b. Shortly thereafter, the black female returned to their residence with "Mark." Victim HS's wife identified a photo of DIAMOND as the individual she knew as "Mark." DIAMOND explained to Victim HS and his wife that Victim HS could obtain a reverse mortgage because he was over the age of 62. DIAMOND explained the reverse mortgage money could be used to perform repairs to their home, and promised that he would renovate the kitchen and bathroom with the reverse mortgage money and that there would be cash left over for Victim HS and his wife.

c. Victim HS's wife had no knowledge that a \$23,000 lien had been placed on their residence by DIAMOND/URS, and had never heard of URS prior to talking to the interviewing agents. Victim HS's wife had no knowledge that \$23,000 of reverse mortgage proceeds had been paid out to URS, or that a check had been issued to Victim HS in the amount of \$86.10 from his reverse mortgage proceeds. The only money that Victim HS or his wife received from Victim HS's reverse mortgage was a \$1,000 check from DIAMOND, despite DIAMOND giving them the impression that they would receive more money.

d. Victim HS's wife stated the URS lien was false because it stated that Victim HS had entered into a contract with DIAMOND/URS on October 8, 2013, to perform \$23,000 worth of work. Victim HS's wife had no knowledge of a contract between DIAMOND and Victim HS. Because Victim HS was blind when he and his wife met DIAMOND, Victim HS was not able to do anything without his wife being present, and thus Victim HS did not sign any paperwork for DIAMOND. DIAMOND provided Victim HS's wife with a lot of paperwork and instructed Victim HS's wife to sign for Victim HS.

e. Victim HS's wife stated the lien was false in stating that URS completed work on Victim HS's residence in the amount of \$23,000 on October 31, 2013. To date, DIAMOND has not performed any repair work as promised. The only work completed by DIAMOND's contractors on the residence was the replacement of a few pieces of siding on the side of the home, which occurred after October 2013.

f. Victim HS's wife last saw DIAMOND before Christmas of 2014. DIAMOND is aware that Victim HS passed away. DIAMOND told Victim HS's wife that he is in the process of transferring the paperwork over to her name. DIAMOND advised Victim HS's wife to not tell anybody that Victim HS has passed away.

g. Victim HS's wife does not know the purported loan originator, Co-Schemer B, as Victim HS and his wife only dealt with DIAMOND for Victim

HS's reverse mortgage. DIAMOND instructed Victim HS's wife to sign for Victim HS on a lot of documents. Victim HS's wife did not understand the documents she was signing, but did so because DIAMOND told her they needed to be signed so that repair work could start.

h. Victim HS's wife stated that Victim HS did not receive HECM counseling. Due to Victim HS's blindness, he relied on Victim HS's wife for everything and had all his phone calls forwarded to her cell phone.

80. A review of DIAMOND's URS Bank Account revealed one check written on the account with a notation related to Victim HS, specifically, a check written to "Cash" for \$400 on November 15, 2013, with the notation "[Victim HS] appraisal."

Victim ET

81. Loan records indicate that Victim ET, 5XX N. Hamlin, Chicago, Illinois, who was born in 1933, obtained a HUD insured reverse mortgage in the amount of \$102,490 on March 4, 2014. The lender was Sun West Mortgage Company, and the settlement agent was Primary Title Services.

82. Loan records for Victim ET's loan file contained a Certificate of HECM Counseling, certifying Victim ET received HECM counseling on January 13, 2014.

83. A review of the Cook County Recorder of Deeds website revealed a document entitled "General Contractor's Mechanic's Lien – Notice and Claim" had been recorded on Victim ET's property on February 7, 2014, by URS, which states

URS entered into a contract with Victim ET on or about October 17, 2013, to perform \$86,500 worth of work on Victim ET's property. The lien also states that URS completed all of the work under the terms of the contract on January 15, 2014. The lien is certified and signed by Mark Diamond, President of URS.

84. Loan records for Victim ET's loan file contained a document prepared on URS letterhead, entitled "Pay Off Letter", dated February 26, 2014, stating that the total amount due to pay off a lien for Victim ET, 5XX N. Hamlin, Chicago, Illinois, is \$76,250.

85. A review of HUD records revealed Victim ET's loan application for the reverse mortgage was prepared by Co-Schemer B. The loan application states that Co-Schemer B interviewed Victim ET telephonically to obtain the information to complete the loan application.

86. Victim ET's loan application also states that there is a lien against her property, and that she owes the creditor, URS, an unpaid balance of \$76,250.

87. The HUD-1 Settlement Statement contained in Victim ET's loan file, prepared by Primary Title Services, revealed that from Victim ET's \$102,490 in mortgage proceeds, \$76,250 was disbursed on March 10, 2014, to URS and noted on line 104 of the HUD-1 as a "Payoff." The HUD-1 also showed that \$3,156.06 was disbursed to Victim ET on March 10, 2014, from her reverse mortgage proceeds.

88. A review of DIAMOND's URS Bank Account revealed that on March 10, 2014, a check dated March 10, 2014, drawn on Primary Title Services, LLC account

held at Banco Popular, payable to URS in the amount of \$76,250, with the notation "Payoff" was deposited, and that on March 11, 2014, a check dated March 10, 2014, drawn on Primary Title Services, LLC account held at Banco Popular, payable to Victim 3 in the amount of \$3,156.06, with the notation "Excess Cash to Close" was deposited.

89. Victim ET was interviewed at her home along with her granddaughter, and provided the following information:

a. Victim ET met DIAMOND sometime in January 2014, when DIAMOND contacted her at her home. DIAMOND asked Victim ET if she wanted repairs done to her house, to which she responded yes. DIAMOND told Victim ET that she could obtain a reverse mortgage to pay for the repairs. Victim ET told DIAMOND she wanted a new front porch, a new front door, and the interior of her house repaired as well. Specifically, Victim ET told DIAMOND she needed new bathrooms, new electrical outlets, and new kitchens in both the downstairs and upstairs units. Victim ET also told DIAMOND she needed the back porch torn down and a new one constructed. DIAMOND told Victim ET that he could help her get a reverse mortgage, which would allow her to receive money to fix up her house. DIAMOND also told Victim ET that she would receive \$1,600 from the reverse mortgage.

b. Victim ET recalled that DIAMOND had her sign a lot of paperwork, but she cannot recall what she signed. Victim ET said that she

was hesitant to sign the documents, but DIAMOND encouraged her to sign them. Victim ET signed the paperwork because she thought she was doing a good thing for her family before she passed away. Victim ET wanted the house fixed up so that her family would not have to worry about anything.

c. DIAMOND told Victim ET and her granddaughter that the reverse mortgage would have to be paid off after Victim ET's death. However, DIAMOND told them not to worry because he would get a life insurance policy for Victim ET. DIAMOND assured Victim ET and her granddaughter that the family members could use the life insurance proceeds to pay off the mortgage in full or use it to make the monthly mortgage payments. DIAMOND also said the family could choose to keep the life insurance proceeds and let the bank take the house. After the reverse mortgage closed, a nurse came to Victim ET's residence to examine her. Victim ET later received a letter in the mail from a company that was associated with the nurse, stating she was denied for life insurance due to her health.

d. DIAMOND told Victim ET's granddaughter that he would not receive any money from Victim ET's reverse mortgage. Diamond explained the money would be paid out to the contractor after the rehabilitation work was completed. Victim ET's granddaughter learned, after Victim ET signed the paperwork, that DIAMOND was to be the contractor for Victim ET's residence.

e. Neither Victim ET nor her granddaughter had any knowledge that an \$86,500 lien had been placed on their residence by DIAMOND/URS. Neither Victim ET nor her granddaughter had any knowledge that \$76,250 of Victim ET's reverse mortgage proceeds had been paid out to URS. Neither Victim ET nor her granddaughter had any knowledge that a check had been issued to Victim ET in the amount of \$3,156.06 from her reverse mortgage proceeds. Victim ET never saw the check prior to the interviewing agents showing it to her. Victim ET never received any money from DIAMOND or anyone else in connection with her reverse mortgage.

f. Victim ET recalled DIAMOND came to her house with a check and took a picture of her holding the check. DIAMOND told her the check was for them to start work on her porch. Victim ET is unsure of how much the check was for and whether or not she endorsed it. Victim ET's granddaughter was at work when DIAMOND came with the check. DIAMOND knew of Victim ET's granddaughter's work schedule and came to their residence when the granddaughter was at work.

g. Victim ET and her granddaughter stated the URS lien was false in stating that Victim ET had entered into a contract with DIAMOND/URS on October 17, 2013. Victim ET did not meet DIAMOND until sometime in January of 2014. Additionally, Victim ET never entered into a contract with DIAMOND to complete \$86,000 worth of work.

g. Victim ET and her granddaughter stated the lien was false in stating that DIAMOND/URS completed work on Victim ET's residence in the amount of \$86,000 on January 15, 2014. Again, Victim ET did not even meet DIAMOND until sometime in January of 2014. Additionally, DIAMOND's contractors did not perform any work on Victim ET's residence until after Victim ET signed DIAMOND's paperwork in March 2014. Victim ET and her granddaughter estimated DIAMOND's contractors began working on the front porch approximately one month later.

h. DIAMOND's contractors replaced Victim ET's front porch and first floor bathroom. DIAMOND's contractors then began work on the back porch, but did not demolish it as promised. DIAMOND's contractors installed new drywall on the back porch but then stopped working and left the back porch unfinished. DIAMOND's contractors said DIAMOND was not paying them so they could not complete the work.

i. No additional work was completed on Victim ET's residence until her granddaughter began to complain to DIAMOND in the summer of 2014. DIAMOND's contractors subsequently began repair work on the second floor unit.

j. DIAMOND provided Victim ET's granddaughter with a document in the summer of 2014, entitled "[Victim ET], 5XX N Hamlin, Chicago, IL 60624, Work Breakdown." This document itemized what had been

“completed,” what was “in work,” and what was “ordered.” This document indicated DIAMOND had completed \$31,300 worth of work on Victim ET’s porch, roof, and bathroom. This document indicated another \$4,500 worth of work on the rear den was “in work.” DIAMOND’s document of the work further indicated that a front door system and permit, totaling \$4,000, were “ordered.” The remaining items, which included the rear porch, a heating system, the electrical, a kitchen, an iron gate and fence, and first floor bedroom, contained no status and totaled \$43,700.

k. Neither Victim ET nor her granddaughter knew the purported loan originator, Co-Schemer B. The only person that they dealt with concerning the reverse mortgage was DIAMOND, who had called Victim ET and her granddaughter to tell them he was coming to their house with two individuals for the reverse mortgage closing.

l. Victim ET recalled DIAMOND told her she needed to receive counseling over the phone for the reverse mortgage. DIAMOND called Victim ET approximately one week after first meeting her to say the counselor would be calling that day and that he (DIAMOND) would be coming to her house for the call. DIAMOND subsequently came to Victim ET’s house and was present for the phone call. Victim ET was the only person who talked to the counselor. Victim ET recalled she did not understand anything the counselor was saying.

m. Victim ET's granddaughter estimated that DIAMOND had spent approximately \$15,000 on repair work on Victim ET's residence.

90. A review of the URS account held at North Bank revealed three checks written on the account with notations related to Victim ET: (1) a check written to "Cash" for \$700 on January 15, 2014, with the notation "appr on [Victim ET]"; (2) a check written to [S.S.] for \$1,500 on March 15, 2014, with the notation "Draw-[Victim ET]"; and (3) a check written to [S.S.] for \$1,400 on April 2, 2014, with the notation "Bal in Full" "[Victim ET]."

Victim RH

91. Loan records indicate that Victim RH, 1XX N. Leamington, Chicago, Illinois, who was born in 1934, obtained a HUD insured reverse mortgage in the amount of \$80,850 on February 10, 2014. The lender was Maverick Funding Corporation, Parsipanny, New Jersey, and the settlement agent was Primary Title Services.

92. Loan records showed Victim RH's loan file contained a Certificate of HECM Counseling certifying that Victim RH received HECM counseling on January 9, 2014.

93. A review of the Cook County Recorder of Deeds website revealed a document entitled "General Contractor's Mechanic's Lien – Notice and Claim" had been recorded on Victim RH's property on February 3, 2014, by URS. The lien states URS entered into a contract with Victim RH on or about January 3, 2014, to perform

\$78,000 worth of work on his property. The lien also states that URS completed all of the work under the terms of the contract on November 18, 2014. The lien is certified and signed by Mark Diamond, President of URS.

94. Loan records showed Victim RH's loan file contained a document prepared on URS letterhead, entitled "Pay Off Letter", dated February 7, 2014. The document states that the total amount due to pay off a lien for Victim RH, 1XX N. Leamington, Chicago, IL is \$68,200.

95. A review of HUD records revealed Victim RH's loan application for the reverse mortgage was prepared by Co-Schemer B. The loan application states that Victim RH provided the information needed to complete the loan application and submitted it by fax or mail to Co-Schemer B.

96. Victim RH's loan application also states that there is a lien against his property, and that he owes the creditor, URS, an unpaid balance of \$68,200.

97. Loan records revealed Victim RH's loan file contained a notarized Quit Claim Deed, dated February 10, 2014. This document states Victim RH's daughter is quit claiming her interest in the Leamington property to Victim RH. The HUD-1 Settlement Statement contained in Victim RH's loan file, prepared by Primary Title Services, revealed that from Victim RH's \$80,850 in mortgage proceeds, \$68,200 was disbursed on February 14, 2014, to URS and noted on line 105 of the HUD-1 as a "Lien."

98. The HUD-1 also showed that \$104.15 was disbursed to Victim RH on February 14, 2014, from his reverse mortgage proceeds.

99. A review of DIAMOND's URS Bank Account revealed that a check dated February 14, 2014, drawn on Primary Title Services, LLC account held at Banco Popular, payable to URS in the amount of \$68,200, with the notation "Lien" was deposited on February 17, 2014.

100. Victim RH's daughter was interviewed at the 1XX N. Leamington, and provided the following information:

a. Victim RH's daughter stated that she and her father were approached at their residence by a black female who was handing out flyers regarding reverse mortgages. The black female told them that a reverse mortgage would pay for any repair work they needed done on their property. The black female told them that she worked with someone named "Mark" who handled the reverse mortgage. The female vouched for Mark and said he did good work and hired people whom he paid well. Victim RH's daughter identified a photo of Cynthia Wallace as the black female who approached them about reverse mortgages.

b. DIAMOND subsequently contacted Victim RH and his daughter at their residence, sometime in December 2013 or January 2014. DIAMOND explained the reverse mortgage process, and DIAMOND informed them that Victim RH could obtain a reverse mortgage because it was available to anyone

who was 62 years or older. DIAMOND said that they would not have to pay back the loan as long as Victim RH lived in the home. DIAMOND also falsely represented that that if Victim RH passed away, his daughter would have two to three years until the mortgage company took the house, which would allow her time to make arrangements for repaying the loan.

c. DIAMOND told them the reverse mortgage money could be used to make repairs to their house. Victim RH and his daughter told DIAMOND what repairs they wanted done and Diamond made a list, but he did not give them a copy of the list. DIAMOND told Victim RH and his daughter that when the reverse mortgage loan closed, Victim RH would receive a check, and then Victim RH could decide which contractor he wanted to hire to perform the repair work.

d. Victim RH did not receive a check after his reverse mortgage closed. Victim RH and his daughter learned, after the loan closed, that DIAMOND was going to be the contractor to perform repair work on the house. When Victim RH's daughter argued with DIAMOND about being able to choose their own contractor, Diamond informed her that he had to be the contractor.

e. DIAMOND's contractors began repair work on the second floor unit of the Victim RH's residence in approximately April 2014, but they did not finish. Victim RH's daughter complained several times to DIAMOND and

asked him to return her father's money so that she could hire somebody else. DIAMOND falsely represented to Victim RH's daughter that he could not return her father's money because that was not how the program worked, and that he had to complete the work to the satisfaction of the lender.

f. DIAMOND's contractors performed additional work on the second floor unit, but never completed the work. DIAMOND met with Victim RH's daughter at her residence in July 2014. DIAMOND provided Victim RH's daughter with a "Job Specifications" sheet on URS letterhead, dated July 10, 2014, detailing \$70,800 worth of work to be completed on the first and second floors and the exterior, which was then "Discounted to \$68,500." The Job Specification sheet lists an additional \$11,100 worth of work that DIAMOND states he will provide at no charge, including work in the basement and a new fence, along with a \$6,000 refund.

g. Victim RH's daughter had no knowledge that a \$78,000 lien had been placed on their residence by DIAMOND/URS. Victim RH's daughter had no knowledge that \$68,200 of Victim RH's reverse mortgage proceeds had been paid out to URS. Victim RH never received any money from Diamond or anyone else in connection with his reverse mortgage.

h. Victim RH's daughter stated DIAMOND had not performed any work on their residence when the reverse mortgage closed in February 2014, and that the lien was false in stating that DIAMOND/URS completed work on

Victim RH's residence in the amount of \$78,000 on November 18, 2014. DIAMOND's contractors have still not completed the work on the upstairs unit, and have not performed any work on the first floor, basement, or the exterior.

i. Victim RH's daughter recalled she signed a Quit Claim Deed because DIAMOND told her she would have to take her name off the Leamington property in order for her father to be eligible for the reverse mortgage.

j. Victim RH's daughter stated that Victim RH did receive HECM counseling. She recalled that DIAMOND advised that a man would call and explain the reverse mortgage to Victim RH and his daughter. DIAMOND told them that he had to be present for the phone call. When the call was received, the counselor was placed on speaker phone and DIAMOND guided Victim RH by nodding his head up and down and saying "yes" quietly when the counselor asked questions. Victim RH would look to Diamond and then reply "yes" to the counselor's questions.

101. A review of the URS account held at North Bank revealed four checks written on the account with notations related to Victim RH: (1) a check written to "Cash" for \$700 on January 15, 2014, with the notation "Appr on [Victim RH]"; (2) a check written to "Cash" for \$647.88 on February 11, 2014, with the notation "For: [Victim RH], Water Cert [100 block of] N. Leamington"; (3) a check written to Roman LNU for \$1,500 on February 27, 2014, with the notation "Draw-[Victim RH] [100

block of] N Leamington Furnace”; and (4) a check written to Roman Fence for \$450 on March 12, 2014, with the notation “Bal in full – 1 Furnace [100 block of] Leamington.”

Victim AB

102. Loan records indicate that Victim AB, 47XX W. Adams Street, Chicago, Illinois, who was born in 1926, obtained a HUD insured reverse mortgage in the amount of \$87,290 on December 17, 2013. The lender was Maverick Funding Corporation, New Jersey, and the settlement agent was Primary Title Services.

103. Loan records showed Victim AB’s loan file contained a Certificate of HECM Counseling, certifying that Victim AB received HECM counseling on September 16, 2013.

104. A review of the Cook County Recorder of Deeds website revealed that a document entitled “General Contractor’s Mechanic’s Lien – Notice and Claim” had been recorded on Victim 5’s property on December 13, 2013, by URS. The lien states URS entered into a contract with Victim AB on or about October 7, 2013, to perform \$60,950 worth of work on Victim AB’s property. The lien also states that URS completed all of the work under the terms of the contract on December 2, 2013. The lien is certified and signed by Mark Diamond, President of URS.

105. Loan records showed Victim AB’s loan file contained a document prepared on URS letterhead, entitled “Pay Off Letter”, dated December 13, 2013. The

document states that the total amount due to pay off a lien for Victim AB, 47XX W. Adams, Chicago, Illinois, is \$60,950.

106. A review of HUD records revealed Victim AB's loan application for the reverse mortgage was prepared by Co-Schemer B. The loan application states that Victim RB provided the information needed to complete the loan application and submitted it by fax or mail to Co-Schemer B.

107. Victim AB's loan application also states that there is a lien against her property, and that she owes the creditor, URS, an unpaid balance of \$60,950.

108. The HUD-1 Settlement Statement contained in Victim AB's loan file, prepared by Primary Title Services, revealed that from Victim AB's \$87,290 in mortgage proceeds, \$60,950 was disbursed on December 23, 2013, to URS and noted on line 105 of the HUD-1 as a "Lien Payoff." The HUD-1 also showed that \$8,729 was disbursed to Victim AB on December 23, 2013, from her reverse mortgage proceeds.

109. A review of DIAMOND's URS Bank Account revealed that a check dated December 23, 2013, drawn on Primary Title Services, LLC account held at Banco Popular, payable to URS in the amount of \$60,950, with the notation "Lien Payoff" was deposited on December 24, 2013. A review of same account at North Bank revealed that a check dated December 23, 2013, drawn on Primary Title Services, LLC account held at Banco Popular, payable to Victim AB in the amount of \$8,729, with the notation "Excess Cash to Close" was deposited on December 26, 2013.

110. Victim AB was interviewed at her home, along with Victim AB's granddaughter, and provided the following information:

a. Victim AB's granddaughter had caused Victim AB to obtain the reverse mortgage to enable Victim AB to upgrade the house and have some money left over. Victim AB's granddaughter learned through the upstairs tenant that someone named "Mark" was handling the reverse mortgage and that her grandmother had signed over her reverse mortgage check to Mark.

b. Victim AB's granddaughter became frustrated in the summer 2014 that the repair work promised by Mark had not occurred, so she began to deal directly with Mark. After Victim AB's granddaughter complained, Mark sent workers to perform repair work in the upstairs unit. When Victim AB's granddaughter learned no repair work had been completed in the downstairs unit where Victim AB resides, she again complained to Mark. Mark subsequently met with Victim AB's granddaughter at Victim AB's residence in November or December 2014.

c. Mark provided Victim AB's granddaughter with a document which outlined a contract price of \$70,000 for the following work on Victim AB's property: garage roof, first floor kitchen, first floor pantry, first floor bathroom, second floor kitchen, second floor master closet, and second floor bathroom. Mark told Victim AB that there would be no money left over for Victim AB from the reverse mortgage, as originally promised, because he was "short"

approximately \$11,000. Mark explained this shortage was due to the “extra” work he had already performed that was outside the original contract, the “refund” he had given to Victim AB and the upstairs tenant, and the repair work that still needed to be completed on the first floor.

d. Victim AB’s granddaughter had no knowledge that a \$60,950 lien had been placed on Victim AB’s residence by DIAMOND/URS. Victim AB’s granddaughter was not familiar with the name URS and was not aware that “DIAMOND” was Mark’s last name. Victim AB’s granddaughter had no knowledge that \$60,950 of Victim AB’s reverse mortgage proceeds had been paid out to URS. Victim AB’s granddaughter had no knowledge that a check had been issued to Victim AB in the amount of \$8,729 from her reverse mortgage proceeds. Victim AB’s granddaughter has control over Victim AB’s finances and knows that Victim AB never received any money in connection with her reverse mortgage.

e. Victim AB’s granddaughter stated the lien was false in stating that DIAMOND/URS completed work on Victim AB’s residence in the amount of \$60,950 on December 2, 2013. Victim AB’s granddaughter stated that the only work completed on Victim AB’s residence in late 2013 was possibly the garage door. Other than the garage door, DIAMOND’s contractors did not perform any work on Victim AB’s residence until after Victim AB’s granddaughter complained in the summer 2014. Victim AB’s granddaughter

stated that, to date, there has not been \$60,950 worth of work completed by Diamond.

111. A review of the URS account held at North Bank revealed four checks written on the account with notations related to Victim AB: (1) a check written to Mark Diamond for \$7,800 on December 12, 2013, with the notation "For: [Victim AB] Job"; (2) a check written to [RK] for \$1,500 on December 28, 2013, with the notation "Draw on [Victim AB] on garage roof"; (3) a check written to [RK] for \$900, also dated December 28, 2013, with the notation "Draw on [Victim AB] garage roof"; and (4) a check to Roman Fence for \$3,000 on March 12, 2014, with the notation "[4700 block of] W Adams Balance in Full, [Victim AB misspelled].

112. On January 27, 2015, Victim AB's granddaughter met with DIAMOND at URS's Office. The meeting was consensually recorded and Special Agents from the FBI and HUD-OIG also conducted surveillance.

113. According to the recording of the January 27, 2015 meeting, despite that the URS lien stated that all of the work had been completed, DIAMOND discussed with victim AB's granddaughter the rehabilitation work still to be performed at Victim AB's property.

**Information From Co-Schemers Who Are Cooperating With The
Investigation**

Information Provided by Cynthia Wallace

114. In approximately February 10, 2015, a former employee of Diamond's, Cynthia Wallace, began cooperating with law enforcement in this investigation, which has included providing investigators with information about her involvement with DIAMOND in the home repair and reverse mortgage fraud scheme.¹ Subsequent to Wallace providing the information set forth below, it was determined that Wallace had continued to engage in criminal activity involving elderly homeowners, and, on January 29, 2016, as a part of this investigation, Wallace was arrested as the result of a covert investigation by myself and special agents with the

¹ No promises regarding potential criminal liability were made to Wallace at the time she provided this information to law enforcement officers. Prior to Wallace's cooperation in this investigation, Wallace has been arrested approximately eleven times on state matters, primarily for fraudulent activity as well as for larceny, obstruction, and drugs. Wallace has been convicted four times on state charges: (1) theft/deception (convicted on or about June 8, 2011); (2) theft by deception (convicted on or about June 8, 2005); (3) manufacture/delivery of controlled substances (convicted on or about January 15, 2004); and (4) manufacture/delivery of between 100-400 grams cocaine (convicted on or about March 18, 2002).

According to information provided by the Cook County State's Attorney's office, Wallace is a criminal defendant in at least three pending state cases. First, in 14CR02026, Wallace was arrested by the Chicago Police Department ("CPD") and was subsequently indicted on or about January 22, 2014, and charged with Theft by Deception and Aggravated Home Repair Fraud for alleged conduct between February 1, 2013, and April 1, 2013. Second, in 14CR06635, Wallace was arrested by the Oak Park Police Department and was subsequently indicted on or about April 10, 2014, and charged with Theft by Deception and Aggravated Home Repair Fraud for alleged conduct between November 1, 2011, and July 31, 2012. Third, in 15CR60015, Wallace was arrested by CPD and was subsequently indicted on or about January 9, 2015, and charged with Theft by Deception and Aggravated Home Repair Fraud for alleged conduct between September 9, 2014, and September 18, 2014.

FBI and HUD-OIG. Wallace has been charged in this district in criminal case 16CR54, and remains in custody pending trial. Wallace has been told that she will be charged with additional offenses based upon her involvement with DIAMOND and that her cooperation will be considered in the government's sentencing recommendation.

115. Wallace told special agents with the FBI and HUD-OIG that she worked for DIAMOND from approximately 2006 until the end of 2012, and then again from the end of 2013 to approximately January 2015. Wallace said that she has primarily been involved in the direct promotion of DIAMOND's business by communicating with potential and actual customers. In summary, Wallace told agents the following about her sales pitch on behalf of DIAMOND:

- Wallace solicited business for DIAMOND through "cold calls" to the public either via phone calls or in person by canvassing certain areas.
- From approximately, 2006 until 2008, Wallace's sales pitch to potential customers was that URS would do residential home repair work. Although DIAMOND only had a construction company, URS, DIAMOND instructed Wallace to pitch mortgage refinance as a mechanism to pay for DIAMOND's construction work.
- After approximately one year of working with DIAMOND, Wallace explained that she began to receive complaint calls from customers regarding insufficient or non-existent home repair work that had been promised by DIAMOND.
- Beginning in 2009, DIAMOND's business became reliant upon the sale of reverse mortgages. Consequently, at that time, Wallace began to canvass certain areas that DIAMOND selected for business. These areas were always on the west side of Chicago because DIAMOND advised Wallace that the homes in that area had equity in them. DIAMOND also directed Wallace to inquire as to what potential customers had left to pay on their

properties because DIAMOND wanted homes to be free and clear of encumbrances in order to maximize his revenue.

- When it became apparent that some potential customers did not want to hear a pitch about reverse mortgages during Wallace's neighborhood sales canvassing, DIAMOND instructed Wallace to stop using the words, "reverse mortgage." Rather, DIAMOND directed Wallace to tell potential customers, "This is a Government program for those that need work done on their homes."

116. According to Wallace, after a homeowner was successfully developed by Wallace as a potential borrower, then Wallace would bring the homeowner's address, name, and phone number back to DIAMOND who would then run the property through both the Cook County Assessor's Office and the Cook County Recorder of Deeds websites in order to assess whether there was enough equity in the home to proceed. Assuming there was enough equity in the home, defined by Wallace as a property that does not have an existing large mortgage, DIAMOND would then check a potential borrower's credit using the online Factual Data credit system. Wallace said that DIAMOND even had a system for running credit checks anonymously which involved running a prospective borrower's name and other identifying information.

117. According to Wallace, as a next step in DIAMOND's process to finalize a transaction, Wallace would often accompany DIAMOND to follow-up appointments at the potential targeted customers' homes. Wallace said that DIAMOND wanted Wallace to be present with him for the first appointments because DIAMOND knew that Wallace was needed in order to convince people to let him in the door. Wallace said that potential borrowers would typically have a list of work they wanted done

but that DIAMOND would not listen, and instead, DIAMOND would simply pick the repair work he wanted to do, which, according to Wallace, was repair work that would ultimately cost the most amount of money and thus allow DIAMOND to maximize his revenue.

118. Wallace told the investigators that, after a homeowner agreed to repair work to be completed by DIAMOND, then there would be a closing for the transaction. According to Wallace, following a closing (which usually occurred at borrowers' homes, or sometimes, at the URS office), then DIAMOND used several methods to divert the proceeds from the homeowner's Reverse Mortgage Loan to himself rather than to the homeowner. Once DIAMOND had a borrower's unsigned check, DIAMOND would subsequently meet with the borrower alone in his or her residence to get the check signed.

119. DIAMOND's most recent tactic, however, is not to obtain the borrowers' closing checks, but rather, DIAMOND to record liens on the borrowers' properties prior to the closings to obtain the money directly. These liens falsely represent that the work had already been completed. This has included DIAMOND placing liens for purported services rendered by his company, URS, as well as liens recorded in the name of "Peszko Construction." Wallace explained that DIAMOND switched to liens in the name of Peszko because too many people were aware of URS's name and reputation. As an example of a DIAMOND's use of lien, Wallace recalls attending a closing with borrower DH, which is when Wallace first noticed the use of lien in the

name of Peszko Construction. In that instance, the lien payoff amount was listed as \$85,000.²

120. According to Wallace, her role at closings was to make sure that DIAMOND received all of his money, and additionally, to explain everything to the borrower in a way that was most beneficial to Diamond. Concerning the transaction with Victim DH, Wallace told investigators that DIAMOND asked Wallace to attend the closing and to pretend to be DH's granddaughter.³ According to Wallace, DIAMOND told Wallace that the title company was sending a closer (an individual to be at the closing) at DH's home and that Wallace needed to be present by pretending to be DH's granddaughter in order to insure that no unfavorable questions arose as the closer went over the documents. In this particular transaction, Wallace said that after the closing, she took DH's closing documents back to the URS office. Wallace told the investigators that Wallace does not believe that Victim DH understood the reverse mortgage documents that DH had just signed.

121. According to Wallace, after the closings and after DIAMOND obtained the various borrowers' reverse mortgage proceeds, despite the home repair promises

² According to closing records obtained in this investigation, Victim DH's closing—which resulted in a payment to Diamond and not the real Peszko Construction, as a result of the \$85,000 lien—occurred on or about June 26, 2014. Bank records obtained in this investigation indicate that DIAMOND opened a bank account in the name of Mark Diamond dba Daimond Pescko Construction.

³ According to Wallace, D.H. knew that Wallace was pretending to be D.H.'s granddaughter at this closing and that, in Wallace's estimation, D.H. allowed it because D.H. and Wallace had developed a relationship and, therefore, D.H. presumably trusted Wallace.

that DIAMOND made to the various borrowers, DIAMOND's customers either received no home repair work or, if they did, the work was never completed as promised in that it was delayed, incomplete, or deficient. As an example, Wallace told investigators that DIAMOND never did any construction work for victim DH (who, as described above had an \$85,000 lien placed on her home).

122. Moreover, Wallace told investigators that many of the customers who were defrauded by DIAMOND came about because Wallace secured the customers for DIAMOND herself. Wallace told investigators that she knew what DIAMOND was doing was wrong, fraudulent, and illegal, but that she continued with DIAMOND anyway because she needed both the money DIAMOND paid her, as well as the home she has lived in rent-free, which is owned by Diamond.⁴

123. According to Wallace, she observed DIAMOND manually cut and paste documents in his office in order to create a Peszko Construction contract. Wallace told investigators that she has also observed DIAMOND forge signatures on documents.

⁴ When asked by investigators if she had committed any other potential criminal acts as they relate to Diamond's alleged reverse mortgage scheme, Wallace stated that she would sometimes ask for extra money from certain borrowers even after Diamond had already defrauded them. Wallace explained that she made these follow-up pitches to victims because she needed the money and, as a result of those follow-up pitches to already defrauded victims, Wallace is currently charged in a criminal case being prosecuted by the State of Illinois, as described above. More specifically, Wallace said that she was arrested in Oak Park, Illinois, after taking more money from one of Diamond's former victims, but that her two other pending state cases do not involve previous victims of Diamond.

124. Finally, Wallace told investigators that DIAMOND also purchased a special “card” from the “Spy Store,” which allows him to make his outgoing phone calls appear to be coming from any number of his choosing, like an official HUD phone number, for example, or most commonly, like a borrower to a counseling agency. According to Wallace, DIAMOND has used this card on occasion to falsely perform housing counseling for customers. Diamond has also used a device that also allows him to disguise his voice.

Information from Co-Schemer B

125. Co-Schemer B was a licensed mortgage loan originator in the State of Illinois, and worked for a Mortgage Broker Company in Schaumburg, Illinois, formerly located in Hoffman Estates, Illinois. Co-Schemer B originated loans for customers of DIAMOND, as well as for customers of Co-Schemer A.

126. In February of 2015, Co-Schemer B and Co-Schemer A met with a potential reverse mortgage / home repair customer, M.B., and M.B.’s daughter, S.W., at their residence of 61XX S. Elizabeth Street, Chicago, Illinois. Co-Schemer B reviewed and had M.B. sign documents to obtain a reverse mortgage on her property, while Co-Schemer A discussed the repair work he intended to conduct in the future at the property. However, Co-Schemer A had already caused a mechanic’s lien to be filed against M.B.’s property on behalf of one of Co-Schemer A’s entities which falsely represented that work had already been completed. Also prior to the February of 2015 meeting at M.B.’s property, Co-Schemer B had already forwarded an email from Co-

Schemer A to a title company indicating that all repair work had been completed on M.B.'s property when, in fact, no work had been performed.

127. Unbeknownst to Co-Schemer B and Co-Schemer A, M.B. and S.W. had previously agreed to assist the HUD-OIG and FBI with their investigation, and had consensually recorded their February 2015 meeting with Co-Schemer B and Co-Schemer A at M.B.'s property. Federal agents also attended this meeting in an undercover capacity. A few days later, Co-Schemer B and Co-Schemer A were confronted by federal agents when they attempted to pick up their share of the proceeds from the M.B. reverse mortgage loan closing at a title company which was also assisting the HUD-OIG and FBI in their covert investigation.

128. In March 2015, Co-Schemer B began cooperating with the HUD-OIG and FBI investigation of DIAMOND and others, which has included, in part: (1) providing investigators with the following information about his involvement in criminal activities with DIAMOND; (2) making consensually recorded phone calls with parties involved in criminal activities with DIAMOND; and (3) providing investigators with copies of email messages sent and received by DIAMOND.⁵

⁵ Co-Schemer B was told that he should expect to be charged and that any cooperation would be considered in the government's sentencing recommendation. No promises regarding potential criminal liability were made to Co-Schemer B at the time he provided this information to law enforcement officers, and to date, no such promises have been made. Prior to Co-Schemer B's cooperation in this investigation, Co-Schemer B has been arrested approximately two times. First, on or about January 27, 1995, Co-Schemer B was arrested for battery. Second, on or about April 17, 2002, Co-Schemer B was arrested for possession of various narcotics and also possession of a firearm without a valid FOID, and he was subsequently convicted on or about August 17, 2004, and sentenced on or about December 10, 2004.

129. Co-Schemer B told special agents with the FBI and HUD-OIG that, although he has known Diamond since approximately 2003 or 2004, Co-Schemer B began a specific business relationship with Diamond in approximately 2011, in which Co-Schemer B has worked to obtain reverse mortgages (and before that, mortgage refinances) for the customers whom Diamond has agreed to provide supposed home repairs using the reverse mortgage proceeds.

130. DIAMOND's customers complained that they could not get in touch with DIAMOND, and/or that DIAMOND was not conducting the rehabilitation work on their property that he had promised. This caused DIAMOND's customers to complain to Co-Schemer B, who called DIAMOND and told him of the complaints. By the middle to end of 2013, Co-Schemer B received even more complaints about DIAMOND not completing the rehabilitation work on properties, and Co-Schemer B felt the complaints were beginning to "snowball".

131. Around the time that some of the rules changed regarding reverse mortgages limiting a homeowner to a payout of only sixty percent (60%) of their reverse mortgage loan proceeds at the closing, DIAMOND started filing mechanic's liens on his customers' properties before the reverse mortgage closed. This allowed DIAMOND to still receive more than 60% of his customers' equity at the time the reverse mortgage funded. In some instances, DIAMOND did some work on a customer's property prior to the reverse mortgage loan closing. In other instances, DIAMOND had not conducted any work on a customer's property prior to the reverse

mortgage loan closing. In both scenarios, DIAMOND did not conduct the amount of rehabilitation work on the properties prior to the reverse mortgage loan closing that he claimed was completed in the mechanic's liens. At the time, Co-Schemer B knew DIAMOND's mechanic's liens were false. Co-Schemer B was aware that DIAMOND did not complete the amount of rehabilitation work on his customers' properties that he claimed he had in his mechanic's liens, but Co-Schemer B completed the reverse mortgage loans for the DIAMOND clients anyway.

132. After DIAMOND started using the mechanic's liens on his customers' properties, Co-Schemer B observed that the complaints from DIAMOND's customers increased. DIAMOND was successful at keeping complaining customers at bay for a while. Co-Schemer B was aware that one way DIAMOND accomplished this was by providing money to the children of the property owners of the properties he signed up for rehabilitation work / reverse mortgages.

133. Co-Schemer B was compensated for the reverse mortgage loans he conducted for DIAMOND by collecting a portion of the yield spread of the reverse mortgage loan amount. The higher the customer's loan amount, the higher Co-Schemer B's commission payment. Co-Schemer B also made extra money on the loans for DIAMOND's customers. DIAMOND provided money to Co-Schemer B to pay for the property appraisals on DIAMOND's customer's properties, which Co-Schemer B kept for himself. DIAMOND also paid Co-Schemer B a fee of one percent (1%) of

his customer's reverse loan amount. The extra moneys that DIAMOND paid Co-Schemer B were not reflected on the HUD-1 Settlement Statements of the customers.

134. Contrary to the representations on the loan applications, Co-Schemer B did not have direct contact with all of DIAMOND's customers. DIAMOND asked Co-Schemer B to send the reverse mortgage paperwork packet to DIAMOND. It was DIAMOND who took the reverse mortgage paperwork to many of the customer and got the customer to sign the paperwork.

135. At the beginning of Co-Schemer B and Mortgage Broker Company working as the mortgage broker for DIAMOND's customers, Co-Schemer C handled the closings for all of the reverse mortgages obtained by DIAMOND's customers. Co-Schemer B attended a few of the reverse mortgage loan closings at the beginning of his work as a loan officer for DIAMOND's customers. During the closings that Co-Schemer B attended, Co-Schemer C reviewed the closing documents with the homeowners obtaining the reverse mortgages. Co-Schemer B witnessed Co-Schemer C answering the homeowners' questions during the closing. Co-Schemer C did not tell the homeowners that he was DIAMOND's attorney. If the homeowner had a problem or was resistant to sign the closing paperwork, then DIAMOND talked to the homeowner.

136. Co-Schemer B was also aware that DIAMOND set up the HECM counseling sessions with a HECM Counseling Company for his customers himself. Co-Schemer B was not sure how DIAMOND was able to schedule the HECM

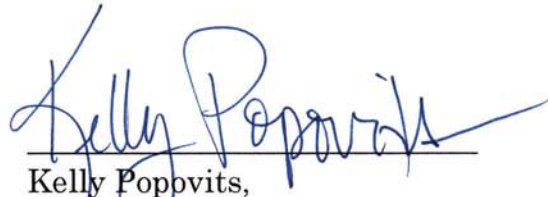
counseling sessions for his customers. DIAMOND kept Co-Schemer B updated on the progress of the HECM counseling sessions. DIAMOND told Co-Schemer B when the HECM counseling sessions for his customers were completed.

137. DIAMOND also told Co-Schemer B that he had acquired software and/or an apparatus that could “mask” the true phone number making a phone call from a caller identification (caller ID) system. DIAMOND also had something that would disguise or mask the voice of the individual making the phone call. At one point, Co-Schemer B and DIAMOND were at a customer’s house when the phone rang. DIAMOND took the customer’s phone and started acting like he was the customer to the person on the other end of the phone call. Co-Schemer B figured out that DIAMOND had conducted the HECM counseling session as if he was the customer, and that the customer therefore did not receive the HECM counseling as required for the HECM reverse mortgage program.

CONCLUSION

138. Based upon the above information, I believe there is probable cause to believe that Mark Steven Diamond, also known as "Mark Stevens," has engaged in a scheme to defraud which was executed using interstate wire transmissions, in violation of Title 18, United States Code, Section 1343.

FURTHER AFFIANT SAYETH NOT.



Kelly Popovits,
Special Agent,
Housing and Urban Development,
Office of Inspector General

Subscribed and sworn
before me this 22nd day of May 2017



Honorable JEFFREY COLE
United States Magistrate Judge