



U.S. Department of Justice

*United States Attorney
Northern District of Illinois
Western Division*

*Scott A. Verseman
Assistant U.S. Attorney*

*308 West State Street - Room 300
Rockford, Illinois 61101*

*PH: (815) 987-4444
FAX: (815) 987-4236*

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FOUR FREEPORT-AREA RESIDENTS PLEAD GUILTY TO CHARGES RELATING TO \$1 MILLION FHA MORTGAGE INSURANCE FRAUD

ROCKFORD – PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois; ROBERT D. GRANT, Special Agent-In-Charge of the Chicago Office of the Federal Bureau of Investigation; BARRY McLAUGHLIN, Special Agent-In-Charge of the Chicago Field Office of the Department of Housing and Urban Development – Office of the Inspector General (“HUD-OIG”); and JERRY L. WHITMORE, Chief of the Freeport Police Department, today made the following announcement:

Earlier this week, four individuals from the Freeport-area pled guilty to various charges relating to a scheme to defraud the federal government in connection with the FHA mortgage insurance program. Two of the defendants pled guilty to felony charges contained in the 61-count indictment returned by the federal grand jury in Rockford last week, while the other two pled guilty to separate, but related, misdemeanor charges. The defendants who pled guilty this week are:

EDWARD J. MARTINS, 40 (DOB: 09/14/64), 4995 Stagecoach Trail, Lena. On Monday, Martins pled guilty to conspiring to defraud the United States and making a material false statement to HUD. In his plea agreement, Martins admitted that he conspired to defraud the United States by causing unqualified individuals to receive FHA insured loans to purchase houses that he was involved in selling. To accomplish this fraud, Martins admitted that he falsified various documents that were submitted to HUD. Martins’ sentencing hearing has been set for September 2, 2005, at 1:30 p.m. Both of the counts which Martins pled guilty to carry a maximum sentence of up to 5 years in prison, a maximum fine of \$250,000, or twice the loss caused by the fraud, and restitution.

PRICE V. BROOKS, 50 (DOB: 01/31/55), 621 East Iroquois, Freeport. On Tuesday, Brooks pled guilty to conspiring to defraud the United States. In his plea agreement, Brooks admitted that he signed three fraudulent “Verification of Employment” forms which falsely stated that certain home-buyers worked at “Brooks Detail Shop” in Freeport. Brooks’ sentencing hearing has been set for August 26, 2005, at 1:30 p.m. The count which Brooks pled guilty to carries a maximum sentence of up to 5 years in prison, a maximum fine of \$250,000, or twice the loss caused by the fraud, and restitution.

ALEXANDREA M. ELLIS, 22 (DOB: 10/26/82), 726 ½ Adams in Freeport. On Thursday, Ellis pled guilty to a misdemeanor count of making false statements to HUD. In her plea agreement, Ellis admitted that she used a stolen identity to purchase a house in Freeport with an FHA insured loan. Ellis’ sentencing hearing has been set for August 19, 2005, at 9:30

a.m. The charge which Ellis pled guilty to carries a maximum sentence of up to 1 year in prison, a maximum fine of \$100,000, and restitution.

BRIAN A. FOX, 35 (DOB: 02/01/70), 1158 West Staver Street, Freeport. On Thursday, Fox pled guilty to a misdemeanor count of making false statements to HUD. In his plea agreement, Fox admitted that he signed a fraudulent "Verification of Rent" form which falsely stated that he had rented a residence to a certain home-buyer and that home-buyer had made her rent payments on time. Fox's sentencing hearing has been set for August 19, 2005, at 10:00 a.m. The charge which Fox pled guilty to carries a maximum sentence of up to 1 year in prison, a maximum fine of \$100,000, and restitution.

The charges against the remaining ten defendants charged in the 61-count indictment are pending. The indictment charges those individuals with conspiring to defraud the United States, making material false statements in a matter within the jurisdiction of HUD, and making false statements to cause HUD to insure home mortgage loans. Specifically, the indictment charges that the defendants falsified numerous documents in order to get FHA insured loans for unqualified applications. By causing these unqualified loan applicants to receive FHA insured loans, the indictment alleges, the defendants have placed the federal government at risk of losing more than \$1 million.

All of the remaining ten defendants have now been arraigned on the indictment. All have been ordered to appear before Magistrate Judge P. Michael Mahoney for status hearings on August 8 & 10, 2005. The ten remaining individuals charged in the indictment are:

DOUGLAS L. HASTINGS, 39 (DOB: 08/02/65), 645 North Quail Drive, Lena. Hastings owns several businesses, including "Stagecoach Trail Realty & Auction" in Lena, the "Presidents Club" bar in Freeport, and "Brooks Detail Shop," a carwash in Freeport. The indictment charges Hastings with one count of conspiracy, twenty-two counts of making material false statements to the federal government, and twenty-two counts of making false statements to cause HUD to insure loans.

PHILIP R. MISKIMON, 49 (DOB: 11/21/55), 424 Hubbard, Winslow, is charged with one count of conspiracy, twenty-five counts of making material false statements to the federal government, and twenty-five counts of making false statements to cause HUD to insure loans.

JEFFREY L. MEYER, 50 (DOB: 07/17/54), 206 Carver Street, Winslow. Meyer owns and operates Meyer Insurance Agency, an independent insurance agency in Winslow. The indictment charges Meyer with one count of conspiracy, three counts of making material false statements to the federal government, and three counts of making false statements to cause HUD to insure loans. The indictment alleges Meyer prepared fraudulent credit letters that falsely stated that certain home buyers had purchased insurance through Meyer Insurance Agency.

JULIE A. SMITH, 47 (DOB: 11/08/57), 219 Butternut Drive, Lena. Smith is a vice president of the Marvin Uecker Agency, an independent insurance agency in Lena. Smith is charged with one count of conspiracy, three counts of making material false statements

to the federal government, and three counts of making false statements to cause HUD to insure loans. The indictment alleges Smith prepared fraudulent credit letters that falsely stated that certain home buyers had purchased insurance through the Marvin Uecker Agency.

DALE L. NELSON, 49 (DOB: 03/20/56), 1439 Stephenson Street, Freeport. Nelson owns and operates AMD Sales & Services, a computer sales and service business in Freeport. Nelson is charged with one count of conspiracy, three counts of making material false statements to the federal government, and three counts of making false statements to cause HUD to insure loans. The indictment alleges Nelson signed "Verification of Employment" forms falsely stating that certain home buyers were employed by AMD Sales & Services and prepared credit letters falsely stating that certain home buyers had purchased computer items from his business.

TODD P. ERNST, 44 (DOB: 07/20/60), 3595 Scioto Mills Road, Freeport. Ernst owns and operates Ernst Roofing in Freeport. The indictment charges Ernst with one count of conspiracy, three counts of making material false statements to the federal government, and three counts of making false statements to cause HUD to insure loans. The indictment alleges Ernst signed "Verification of Employment" forms falsely stating that certain home buyers were employed by Ernst Roofing and assisted in providing a fraudulent gift to one of the home buyers.

CHAD J. NICKS, 30 (DOB: 01/26/75), 1719 S. West Avenue, Freeport. Nicks owns and operates Planet Wireless, a cellular telephone business in Freeport. Nicks is charged with one count of conspiracy, three counts of making material false statements to the federal government, and three counts of making false statements to cause HUD to insure loans. The indictment alleges Nicks prepared credit letters falsely stating that certain home buyers had purchased cellular telephone service through Planet Wireless.

TASHA M. THOMPSON, also known as "Tasha M. Barnes," 25 (DOB: 01/17/80), 1510 Winter Drive, Freeport, is charged with one count of conspiracy, three counts of making material false statements to the federal government, and three counts of making false statements to cause HUD to insure loans. The indictment alleges Thompson fraudulently purchased a house using false employment and landlord information, fraudulently acted as a "straw" seller in the sale of another house, and assisted in providing a fraudulent gift to another one of the home buyers.

AKIA A. SANDERS, 23 (DOB: 11/04/81), 508 South Carroll Avenue, Freeport, is charged with one count of conspiracy, two counts of making material false statements to the federal government, and two counts of making false statements to cause HUD to insure loans. The indictment alleges Sanders assisted in providing fraudulent gifts to two of the home buyers.

SHAWN M. FLEMING, 21 (DOB: 04/28/84), 305 ½ South Adams Street, Freeport, is charged with one count of conspiracy, two counts of making material false statements to the federal government, and two counts of making false statements to cause HUD to insure loans. The indictment alleges Fleming fraudulently purchased a house using false employment information and solicited another individual to purchase a house using a stolen identity.

The conspiracy charge and each charge of making a false statement to the federal government carry a maximum sentence of five years of imprisonment. Each charge of making a false statement to cause HUD to insure loans carries a maximum penalty of two years of imprisonment. All of the charges carry a fine of up to \$250,000 and restitution. If convicted, each defendant's actual sentence will be determined by the United States District Court, guided by the United States Sentencing Guidelines.

The case is being investigated by the Rockford office of the FBI, the Chicago office of HUD-OIG, and the Freeport Police Department. The case will be prosecuted in federal court by Assistant United States Attorney SCOTT A. VERSEMAN.

Members of the public are reminded that an indictment is only a charge and is not evidence of guilt. Each defendant is entitled to a fair trial at which the government has the burden of proving his or her guilt beyond a reasonable doubt.

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