

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

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

INFORMATION

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

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

The Defendant and His Co-Conspirators

1. At all times relevant to this Information:
 - a. Defendant JOHN BINGAMAN resided in Arkansas and was the owner and operator of Five Stone Development Corp. (“Five Stone Development”) which had a bank account at Bank of America.
 - b. John Leadbeater, a co-conspirator who is not named as a defendant herein, resided in New Jersey, and was the sole owner and operator of the companies, BCJL Enterprises, LLC (“BCJL Enterprises”) and Lead 1 Investments, LLC (“Lead 1 Investments”). John Leadbeater held himself out to be a provider of real estate investors.
 - c. T.C.J., a co-conspirator who is not named as a defendant herein, was a title company at which real estate transactions took place and had offices in Wildwood, New Jersey.

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

Mortgage Lending Generally

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

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

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

closing attorney. The title companies and/or closing attorneys then distributed the funds according to the HUD-1 Settlement Statements, generally with a large portion of the funds going to the seller of the property. After funding the mortgages, the mortgage Lenders either serviced the loans during the mortgage period or sold them in the secondary market.

THE CONSPIRACY

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

JOHN BINGAMAN

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

OBJECT OF THE CONSPIRACY

8. The object of the conspiracy, which caused more than 1.6 million dollars in losses to mortgage Lenders, was to profit from the sale and repurchase of a real estate property at an inflated price by obtaining a mortgage loan for an unqualified borrower using a fraudulent loan application, HUD-1 Settlement Statement, and other documents.

MANNER AND MEANS OF THE CONSPIRACY

9. It was part of the conspiracy that co-conspirator John Leadbeater arranged to have defendant JOHN BINGAMAN purchase three separate real estate properties, including:

(a) 216 E. Denver Avenue, Unit 216, Wildwood Crest, New Jersey (Property #1) from John and Kathryn Leadbeater for \$735,000.00; (b) 618 W. Burke Avenue, Unit 201, Wildwood, New Jersey (Property #2) from Bella Mar Properties for \$559,000; and (c) 5501 Atlantic Avenue, Unit 205, Wildwood Crest, New Jersey (Property #3) from Holiday Developer, Inc. for \$659,000. Leadbeater knew that BINGAMAN lacked the financial resources to qualify for a mortgage loan to purchase the Property.

10. It was further part of the conspiracy that co-conspirator John Leadbeater induced defendant JOHN BINGAMAN to buy Property #1, #2, and #3 by promising BINGAMAN money back at closing, and promising that in exchange for purchasing Property #1, #2, and #3 BINGAMAN would not have to pay deposits and/or closing costs to acquire them.
11. It was further part of the conspiracy that co-conspirator John Leadbeater directed defendant JOHN BINGAMAN to co-conspirator D.W. to obtain a mortgage for Property #1.
12. It was further part of the conspiracy that defendant JOHN BINGAMAN, co-conspirator D.W., and others falsified a Uniform Residential Loan Application (“URLA”) by providing false information concerning BINGAMAN’s employment, income, and assets for a mortgage for Property #1.
13. It was further part of the conspiracy that defendant JOHN BINGAMAN, co-conspirator D.W., and others submitted and caused to be submitted to the lender a false and fraudulent URLA to induce the Lender to make a loan to BINGAMAN to purchase Property #1.
14. Defendant JOHN BINGAMAN and others falsified URLAs by providing false information concerning BINGAMAN’s employment, income, and assets for mortgages for Property #2 and Property #3.

15. Defendant JOHN BINGAMAN and others submitted and caused to be submitted to the lenders false and fraudulent URLAs to induce the Lenders to make loans to BINGAMAN to purchase Property #2 and Property #3.
16. It was further part of the conspiracy that defendant JOHN BINGAMAN caused First National Bank of Arizona located in Arizona (on behalf of GMAC Mortgage Clearing) to wire \$590,363.80 to the escrow account of S.T.A. located in New Jersey on or about January 30, 2007 so that defendant JOHN BINGAMAN could purchase Property #1.
17. It was further part of the conspiracy that defendant JOHN BINGAMAN received a portion of the proceeds from the fraudulent mortgage loan via a check payable to Five Stone Development in the amount of \$83,589.98 at the closing of Property #1, which BINGAMAN caused to be deposited into the account for Five Stone Development at Bank of America on or about February 5, 2007.
18. It was further part of the conspiracy that defendant JOHN BINGAMAN caused Accredited Home Lenders located in South Carolina to wire \$500,697.85 to the escrow account of T.C.J. located in New Jersey on or about May 15, 2007 so that defendant JOHN BINGAMAN could purchase Property #2.
19. It was further part of the conspiracy that co-conspirator John Leadbeater received a portion of the proceeds from the fraudulent mortgage loan via a check made payable to BCJL Enterprises in the amount of \$54,030.00 at the closing of the Property #2, which Leadbeater caused to be deposited into an account for BCJL Enterprises at PNC Bank, account ending *****5209, on or about May 17, 2007.
20. It was further part of the conspiracy that defendant JOHN BINGAMAN received a portion of the proceeds from the fraudulent mortgage loan via a check made payable to Five Stone

Development in the amount of \$83,200.00 at the closing of Property #2, which BINGAMAN caused to be deposited into the account for Five Stone Development at Bank of America on or about May 15, 2007.

21. It was further part of the conspiracy that defendant JOHN BINGAMAN caused Washington Mutual Bank (on behalf of North American Mortgage Company) located in California to wire \$534,327.20 to the escrow account of S.T.A. located in New Jersey on or about June 20, 2007 so that defendant JOHN BINGAMAN could purchase Property #3.
22. It was further part of the conspiracy that co-conspirator John Leadbeater received a portion of the proceeds from the fraudulent mortgage loan via a check made payable to BCJL Enterprises in the amount of \$60,629.70 at the closing of the Property #3, which Leadbeater caused to be deposited into an account for BCJL Enterprises at PNC Bank, account ending *****5209, on or about June 21, 2007.
23. It was further part of the conspiracy that defendant JOHN BINGAMAN received a portion of the proceeds from the fraudulent mortgage loan via a check made payable to Five Stone Development in the amount of \$75,000.00 at the closing of Property #3 which BINGAMAN caused to be deposited into the account for Five Stone Development at Bank of America on or about June 21, 2007.
24. It was further part of the conspiracy that the mortgage for each of the three properties identified above went into default.

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

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

1. The allegations set forth in Paragraphs 1 through 6 and 8 through 24 of Count 1 of this Information are re-alleged and incorporated as though set forth in full herein.

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

JOHN BINGAMAN

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

3. It was part of the conspiracy that defendant JOHN BINGAMAN and his co-conspirators caused over 1.6 million dollars in fraudulent mortgage loans to be funded in 2007 to enable BINGAMAN to purchase Property #1, #2, and #3.

4. It was further part of the conspiracy that defendant JOHN BINGAMAN and his conspirators through the fraudulent mortgage loans directed over \$1.6 million into the escrow accounts of T.C.J. and S.T.A. and then extracted proceeds from the fraud through checks to BCJL Enterprises and Five Stone Development.

5. It was further part of the conspiracy that S.T.A. and T.C.J. caused checks to be issued to defendant JOHN BINGAMAN's company, Five Stone Development.

6. It was further part of the conspiracy that defendant JOHN BINGAMAN

received a check made payable to Five Stone Development in the amount of \$83,589.98 which was deposited into an account controlled by defendant JOHN BINGAMAN on or about February 5, 2007 at Bank of America which represented an illegal kickback payment for BINGAMAN's role in purchasing Property #1 and fraudulently obtaining a mortgage loan to purchase Property #1.

7. It was further part of the conspiracy that defendant JOHN BINGAMAN received a check made payable to Five Stone Development in the amount of \$83,200.00 which was deposited into an account controlled by defendant JOHN BINGAMAN on or about May 15, 2007 at Bank of America which represented an illegal kickback payment for BINGAMAN's role in purchasing Property #2 and fraudulently obtaining a mortgage loan to purchase Property #2.

8. It was further part of the conspiracy that defendant JOHN BINGAMAN received a check made payable to Five Stone Development in the amount of \$75,000.00 which was deposited into an account controlled by defendant JOHN BINGAMAN on or about June 21, 2007 at Bank of America which represented an illegal kickback payment for BINGAMAN's role in purchasing Property #3 and fraudulently obtaining a mortgage loan to purchase Property #3.

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

FORFEITURE ALLEGATION


1. The United States hereby gives notice to defendant JOHN BINGAMAN that, upon his conviction of the offense in violation of Title 18, United States Code, Section 1956(h) charged in Count 2 of this Information, the Government will seek forfeiture in accordance with Title 18, United States Code, Section 982(a)(1), of all property, real and personal, involved in those offenses, and all property traceable thereto, including but not limited to a sum of money equal to at least approximately \$ 241,789.98 in United States currency, representing the amount of proceeds obtained as a result of the offense, for which the defendant is jointly and severally liable.

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

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided

without difficulty; it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any other property of defendant JOHN BINGAMAN up to the value of the forfeitable property described above.

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



PAUL J. FISHMAN
United States Attorney