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U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

REPLY

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

February 2009 Grand Jury

'09CR1209 H

9 UNITED STATES OF AMERICA,
10 Plaintiff,

11 v.

- 12 DARNELL BELL (1),
- 13 aka D-Bell,
- 14 MICHAEL IVY (2),
- 15 STANLEY GENTRY (3),
- 16 BILLIE BISHOP (4),
- 17 DIANA JAIME (5),
- 18 LATASHIA MCKINNEY (6),
- 19 MARCUS DOZZELL (7),
- 20 aka Kali,
- 21 JORGE CORTEZ (8),
- 22 ESTEBAN VALENZUELA (9),
- 23 LORENA CALLU (10),
- 24 ANTON EWING (11),
- 25 RANDOLPH HIRSCH (12),
- 26 DENNIS TAPIA (13),
- 27 DESIREE HOLIDAY (14),
- 28 aka Desi,
- DEXTER HOLIDAY (15),
- KEITH HOLIDAY (16),
- RAY LOGAN (17),
- aka Jack Nasty,
- DAVID LEWIS (18),
- JOSEPH LEWIS (19),
- GERARD HOLIDAY (20),
- STEVIE FRAZIER (21),
- JORGE MAGANA (22),
- NICOLE WATSON (23),
- DANIEL WILLIAMS (24),

Defendants.

Case No.

I N D I C T M E N T

Title 18, U.S.C., Sec. 1962(d) -
Conspiracy to Conduct Enterprise
Affairs Through A Pattern of
Racketeering Activity; Title 18,
U.S.C., Sec. 1963 - Criminal
Forfeiture

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TWR:nlv:San Diego
3/26/09

1 The grand jury charges;

2 Count 1

3 THE ENTERPRISE

4 1. At various times material to this indictment:

5 a. Defendants DARNELL BELL, aka D-Bell, MICHAEL IVY,
6 STANLEY GENTRY, BILLIE BISHOP, DIANA JAIME, LATASHIA MCKINNEY, MARCUS
7 DOZZELL, aka Kali, JORGE CORTEZ, ESTEBAN VALENZUELA, LORENA CALLU,
8 ANTON EWING, RANDOLPH HIRSCH, DENNIS TAPIA, DESIREE HOLIDAY, aka Desi,
9 DEXTER HOLIDAY, KEITH HOLIDAY, RAY LOGAN, aka Jack Nasty, DAVID LEWIS,
10 JOSEPH LEWIS, GERARD HOLIDAY, STEVIE FRAZIER, JORGE MAGANA, NICOLELE
11 WATSON, DANIEL WILLIAMS (collectively "Defendants"), and others known
12 and unknown to the grand jury, were members and associates of an
13 organization whose members engaged in, among other things, conspiracy
14 to commit bank fraud, conspiracy to commit wire fraud, conspiracy to
15 launder money, wire fraud, bank fraud and money laundering. At all
16 relevant times, this organization operated in the Southern District
17 of California and elsewhere. The organization and the individuals who
18 associate with it for criminal purposes constitute an "Enterprise,"
19 as defined by Title 18, United States Code, Section 1961(4)
20 (hereinafter the "Enterprise"), that is, a group of individuals
21 associated in fact. The Enterprise constituted an ongoing
22 organization whose members functioned as a continuing unit for the
23 common purpose of achieving the objectives of the Enterprise. The
24 Enterprise was engaged in, and its activities affected, interstate and
25 foreign commerce.

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1 a. Members of the Enterprise used the Multiple Listing
2 Service ("MLS") and other methods of identifying properties for sale
3 throughout Southern California that had been on the market for an
4 extended period of time and/or for which the original asking price had
5 been reduced.

6 b. Members of the Enterprise recruited "straw buyers" to
7 purchase the identified properties, that is, individuals who allowed
8 their names, credit history and other personal information to be used
9 to obtain loans and purchase properties in name only on behalf of the
10 Enterprise.

11 c. Members of the Enterprise prepared and submitted offers
12 to purchase the identified properties which substantially exceeded the
13 asking price for those properties.

14 d. Members of the Enterprise hired real estate appraisers
15 to prepare inflated appraisals for the identified properties; the
16 inflated appraisals were then used to fraudulently induce lenders to
17 believe that the loans being given to the "straw buyers" would be
18 fully secured by the value of the properties being purchased.

19 e. Members of the Enterprise prepared and submitted false
20 loan applications for the "straw buyers" in order to induce lenders
21 to make loans to persons and at terms that the lenders otherwise would
22 not have funded.

23 f. Members of the Enterprise prepared and submitted false
24 documents and information in response to lender verification
25 inquiries, including "CPA letters," verification of employment forms,
26 verification of rent forms and "discrepancy letters."

27 g. Members of the Enterprise ensured that the "straw
28 buyers" purchased the identified properties with mortgages amounting

1 to 100 percent of the purchase price of the property, thus ensuring
2 that the defendants did not have any money at risk in the fraudulent
3 transactions.

4 h. Members of the Enterprise arranged to have the amount
5 of money that exceeded the asking price (i.e., the "kickback amount")
6 paid at the close of escrow to a shell construction company maintained
7 by the Enterprise.

8 i. Members of the Enterprise falsely informed the lenders
9 that the "kickback amount" would be used to pay for construction
10 upgrades to the identified properties, thereby falsely inducing the
11 lenders to believe that the entire loan amount would be secured by the
12 value of the identified properties.

13 j. Members of the Enterprise used the "kickback amount"
14 for personal enrichment, that is, funds were disbursed from the shell
15 construction company maintained by the Enterprise to members and
16 associates of the Enterprise as payment for those individuals'
17 participation in the fraudulent scheme.

18 k. Members of the Enterprise owned, established and
19 utilized real estate businesses and escrow companies to facilitate the
20 purchase of the identified properties by the "straw buyers" and to
21 generate income for the Enterprise by collecting real estate
22 transaction fees, that is, credit report fees, broker processing fees,
23 broker underwriting fees, broker application fees, notary fees, escrow
24 fees, appraisal fees, broker commissions and transaction coordinator
25 fees, in connection with the purchase of the identified properties.

26 l. Members of the Enterprise, including the "straw
27 buyers," would fail to make the required mortgage payments for the
28 fraudulently purchased properties, thereby allowing those properties

1 to go into foreclosure and which resulted in financial loss to the
2 lenders.

3 ROLES OF THE DEFENDANTS

4 4. At various times material to this Indictment, the defendants
5 had the following roles in the Enterprise:

6 a. Defendant DARNELL BELL acted as the leader of the
7 Enterprise and had oversight responsibility for the recruitment of the
8 "straw buyers" and their purchase of real property. Defendant BELL
9 was associated with Ivy House Inc., a business operated by defendant
10 MICHAEL IVY. Defendant BELL and other members of the Enterprise used
11 Ivy House Inc. to facilitate the fraudulent purchase of real estate.
12 In particular, defendant BELL recruited "straw buyers" and had them
13 use Ivy House Inc. to process their real estate purchases. Following
14 the closure of Ivy House Inc., defendant BELL and defendant MICHAEL
15 IVY established a business known as The Real Estate Center of La Mesa,
16 a subsidiary of The Real Estate Center of Southern California, a
17 business owned and operated by co-defendant STANLEY GENTRY. Defendant
18 BELL and other members of the Enterprise then utilized The Real Estate
19 Center of La Mesa to conduct fraudulent real estate purchases. As the
20 leader of the Enterprise, defendant BELL also maintained a bank
21 account in the name of DARNELL BELL, dba Bell Construction. Defendant
22 BELL and other members of the Enterprise used that account to obtain
23 and disburse the proceeds of their fraudulent activities. During the
24 time period of this Indictment, over \$9,000,000 in proceeds from the
25 illegal activities of the Enterprise were deposited into the above-
26 noted account maintained by defendant BELL. Defendant BELL also used
27 his status as a long-standing member of the Lincoln Park street gang

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1 to recruit some of the "straw buyers" and to maintain discipline
2 within the Enterprise.

3 b. Defendant MICHAEL IVY negotiated for the purchase of
4 real property on behalf of the Enterprise. During the time period of
5 this Indictment, defendant IVY obtained over \$200,000 in proceeds from
6 the fraudulent activities of the Enterprise.

7 c. Defendant STANLEY GENTRY was a real estate broker
8 licensed by the State of California. For a flat fee of \$10,000 per
9 month, defendant GENTRY allowed defendants BELL and IVY to gain access
10 to the MLS and to conduct fraudulent real estate transactions on
11 behalf of the Enterprise. Defendant GENTRY submitted false
12 verification of rent forms in connection with some of the fraudulent
13 real estate transactions. In addition to the \$10,000 monthly payment,
14 defendant GENTRY also obtained the real estate agent's commission and
15 broker's fees in connection with real estate purchases made on behalf
16 of the Enterprise. During the time period of this Indictment,
17 defendant GENTRY obtained over \$1,000,000 in proceeds from the
18 fraudulent activities of the Enterprise.

19 d. Defendant BILLIE BISHOP was an employee at BBC Escrow,
20 the principal escrow company utilized by the Enterprise to process
21 fraudulent real estate purchases. After leaving BBC Escrow, defendant
22 BISHOP worked for Ticor Title, a business also used by the Enterprise
23 to process fraudulent real estate purchases. During the time period
24 of this Indictment, defendant BISHOP was the escrow officer for over
25 100 real estate purchases conducted by members of the Enterprise; each
26 of those transactions included the payment of a "kickback amount" to
27 a shell construction company maintained by the Enterprise.

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1 e. Defendants LATASHIA MCKINNEY and MARCUS DOZZELL
2 recruited "straw buyers" for the Enterprise. Among the "straw buyers"
3 recruited by defendant MCKINNEY were W.M., B.S., A.H. and G.W. Among
4 the "straw buyers" recruited by defendant DOZZELL were M.S., J.P.,
5 A.B. and M.W. Defendant MCKINNEY obtained at least \$400,000 from the
6 Enterprise for her recruitment efforts. Defendant DOZZELL obtained
7 at least \$100,000 from the Enterprise for his recruitment efforts.

8 f. Defendants DIANA JAIME, JORGE CORTEZ and LORENA CALLU
9 were employees at real estate businesses in San Diego, California,
10 which were used by members of the Enterprise to facilitate the
11 fraudulent purchase of identified properties. As employees at those
12 businesses, the defendants prepared and submitted false loan
13 applications on behalf of "straw buyers." The defendants also
14 prepared and/or submitted false information in response to lender
15 verification inquiries, including false letters from tax advisers
16 ("CPA letters"), verification of employment forms, verification of
17 rent forms and "discrepancy letters."

18 g. Defendants STEVIE FRAZIER, DESIREE HOLIDAY, DEXTER
19 HOLIDAY, GERARD HOLIDAY, KEITH HOLIDAY, DAVID LEWIS, JOSEPH LEWIS, RAY
20 LOGAN, JORGE MAGANA, NICOLELE WATSON and DANIEL WILLIAMS acted as
21 "straw buyers" for the Enterprise. Each defendant signed and caused
22 to be submitted multiple false mortgage loan applications.

23 h. Defendant ESTEBAN VALENZUELA was a real estate
24 appraiser licensed by the State of California. During the time period
25 alleged in this Indictment, defendant VALENZUELA prepared and
26 submitted over 40 inflated appraisals in support of the Enterprise's
27 efforts to obtain loans which included a "kickback" amount. Defendant

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1 VALENZUELA obtained at least \$35,000 for his participation in the
2 Enterprise.

3 i. Defendants ANTON EWING, RANDOLPH HIRSCH and DENNIS
4 TAPIA prepared and submitted false documents and information in
5 response to lender verification inquiries, including "CPA letters" and
6 verbal verifications of employment.

7 THE RACKETEERING CONSPIRACY

8 5. Beginning in or about January 2005, and continuing up to and
9 including April 1, 2008, within the Southern District of California
10 and elsewhere, defendants DARNELL BELL, aka D-Bell, MICHAEL IVY,
11 STANLEY GENTRY, BILLIE BISHOP, DIANA JAIME, LATASHIA MCKINNEY, MARCUS
12 DOZZELL, aka Kali, JORGE CORTEZ, ESTEBAN VALENZUELA, LORENA CALLU,
13 ANTON EWING, RANDOLPH HIRSCH, DENNIS TAPIA, DESIREE HOLIDAY, aka Desi,
14 DEXTER HOLIDAY, KEITH HOLIDAY, RAY LOGAN, aka Jack Nasty, DAVID LEWIS,
15 JOSEPH LEWIS, GERARD HOLIDAY, STEVIE FRAZIER, JORGE MAGANA, NICOELE
16 WATSON, DANIEL WILLIAMS, and others known and unknown to the grand
17 jury, being persons employed by and associated with the Enterprise (as
18 defined above), which Enterprise was engaged in, and the activities
19 of which affected interstate and foreign commerce, did knowingly and
20 intentionally conspire with each other, and with other persons, to
21 violate Title 18, United States Code, Section 1962(c), that is, to
22 conduct and participate, directly and indirectly, in the conduct of
23 the Enterprise's affairs through a pattern of racketeering activity
24 involving multiple acts indictable under the following provisions of
25 federal law:

26 a. Title 18, United States Code, Section 1343 (wire
27 fraud);

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1 connection with WATSON's purchase of 6331 Amber Lake
2 Avenue, San Diego, California.

3 (5) On or about October 26, 2005, defendant NICOLELE WATSON
4 signed and submitted a loan application for the purchase
5 of 6331 Amber Lake Avenue, San Diego, California, wherein
6 WATSON stated her gross monthly income was \$10,893.

7 (6) On or about October 28, 2005, defendant NICOLELE WATSON
8 signed and submitted a loan application for the purchase
9 of 6339 East Thorn Street, San Diego, California, wherein
10 WATSON stated her gross monthly income was \$9,673.

11 (7) On or about November 2, 2005, defendant DARNELL BELL
12 caused a check in the amount of \$2,500 to be issued to
13 defendant MICHAEL IVY.

14 (8) On or about November 2, 2005, defendant DARNELL BELL
15 caused a second check in the amount of \$2,500 to be issued
16 to defendant MICHAEL IVY.

17 (9) On or about November 3, 2005, defendant DARNELL BELL
18 caused a check in the amount of \$553 to be issued to
19 defendant DESIREE HOLIDAY.

20 (10) On or about November 3, 2005, defendant DARNELL BELL
21 caused a check in the amount of \$2,500 to be issued to
22 defendant DESIREE HOLIDAY.

23 (11) On or about November 3, 2005, defendant DARNELL BELL
24 caused a second check in the amount of \$2,500 to be issued
25 to defendant DESIREE HOLIDAY.

26 (12) On or about November 7, 2005, defendant DARNELL BELL
27 caused a check in the amount of \$3,200 to be issued to
28 defendant NICOLELE WATSON.

