



Department of Justice

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INDIANAPOLIS MAN SENTENCED TO 37 MONTHS IN PRISON FOR MORTGAGE FRAUD SCHEME

PRESS RELEASE

Susan W. Brooks, United States Attorney for the Southern District of Indiana, announced that JOHN WAGNER, 46, Indianapolis, Indiana, was sentenced to 37 months imprisonment today by U.S. District Judge Sarah Evans Barker following his guilty pleas to conspiracy to commit mail fraud and money laundering. This case was the result of a investigation by the Internal Revenue Service and the Federal Bureau of Investigation.

From late 2000 to early 2002, Romero Brice (who was sentenced on February 20 to 87 months in prison) was the owner of Promise Land Mortgage. Brice fraudulently obtained over \$4,000,000.00 in loans from a Michigan lending institution by submitting false loan applications, fraudulent financial documents, and falsely inflated appraisals for the purpose of obtaining mortgage loans. Brice located and obtained at fair market value properties in low income neighborhoods of Indianapolis. He then used “ investors” to repurchase the properties a very short time later at 3-4 times their fair market value. JOHN WAGNER was Brice’ s main recruiter of investors. WAGNER recruited numerous individuals to participate in the scheme, many of whom were relatives. WAGNER also held investor meetings at the business office he set up to perpetuate this scheme, and gave presentations to investors to convince them to participate in the scheme. WAGNER set up a company called Family Connections LLC, which was used by him to participate in and perpetuate the scheme.

The investors were encouraged by WAGNER to buy 3-4 properties at a time, for “ no money down.” They were given \$10,000.00 per property back at closing by Brice. WAGNER was generally given \$1,000.00-2,000.00 by Brice to locate and bring in the investors. WAGNER was also instrumental in obtaining the false down payment monies “ fronted” for the second sales; WAGNER instructed investors to provide these monies, explaining that they were helping other investors by loaning them money to purchase properties. The investors who provided the down payments received their fronted down

payment plus \$500.00 back at closing; WAGNER sometimes received additional monies from Brice subsequent to closing for obtaining the down payment monies. In addition, WAGNER provided the upfront money for the first (cash) sales on some occasions. After the second closing, WAGNER received this money back, plus several \$1000.00 per property for providing the money.

All of the fraudulent mortgages were obtained thru ABN-AMRO, a Michigan lender. Brice submitted false loan packages to the lender to obtain the mortgages. Along with the fraudulent appraisals, the loan packages included false loan applications, showing that the investors had assets and bank account balances far in excess of what they had. ABN-AMRO approved and financed at least eighty-three (83) loans, based upon the false documents submitted by Brice. WAGNER was directly involved in fifty-three (53) of the eighty-three (83) loans obtained by Brice. The total amount of those 53 loans was approximately \$2,666,400.00. The total amount of loss suffered by ABN AMRO on these 53 loans was approximately \$1,753,600.00.

According to Assistant United States Attorney Susan Heckard Dowd, who prosecuted the case for the government, Judge Barker also imposed 2 years supervised release following WAGNER's release from imprisonment. WAGNER was also ordered to make restitution in the amount of \$1,753,600.00.

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