ORIGINAL

U.S. DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
FILED
JUL 10 2008
CLERK, U.S. DISTRICT COURT
By _____ Deputy

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

UNITED STATES OF AMERICA	§	
	§	
v.	§	No. 3:07-CR-77-L
	§	
DONALD L. JONES (1)	§	

FACTUAL RESUME

Donald L. Jones, the defendant, Ronald L. Goranson, the defendant's attorney, and the United States of America agree to the law and facts as follows:

I. Elements of the Offense

The essential elements of an offense under 18 U.S.C. § 371 are as follows:

First: That the defendant and at least one other person made an agreement to commit the crime of wire fraud and bank fraud as charged in the information; and

Second: That the defendant knew the unlawful purpose of the agreement and joined in it willfully, that is, with the intent to further the unlawful purpose.

Third: That one of the conspirators during the existence of the conspiracy knowingly committed at least one of the overt acts described in the information, in order to accomplish some object or purpose of the conspiracy.

II. Stipulated Facts

The stipulated facts that support the defendant's plea of guilty to Count One of the superseding information are as follows:

Donald L. Jones, also known as Don Jones ("**Jones**"), and Joseph B. Jackson, Sr. ("Jackson"), held themselves out as real estate investors who owned and operated Affordable Homebuilders and the YIN Group in Irving, Texas.

Beginning in or about October 2003 and continuing through on or about May 2, 2005, in the Dallas Division of the Northern District of Texas, and elsewhere, **Jones** conspired and agreed with Jackson, Steven Michael Gillespie ("Gillespie"), Daniel J. Sattizahn ("Sattizahn"), Robert Patterson, Jr. ("Patterson"), Catherine L. Dike, also known as Cathy Dike and Cathy Carter ("Dike"), William Barnes ("Barnes"), Foday S. Fofanah ("Fofanah") and others to defraud mortgage lenders and financial institutions by making material misrepresentations and submitting fraudulent documents to such lenders and financial institutions for the purpose of obtaining inflated mortgage loans in the names of borrowers. **Jones** knew of the unlawful purpose of the agreement and willfully joined in it, with the intent to further the unlawful purpose and with the specific intent to defraud.

It was part of the conspiracy that **Jones** and Jackson would locate single-family residences offered for sale in the Dallas-Fort Worth area and recruit borrowers to purchase the residences from bona fide sellers for amounts greater than the fair market value of such residences. **Jones** and Jackson would also pay others, including Barnes and Fofanah, to recruit borrowers for this purpose. **Jones** and Jackson would negotiate the sales prices with the bona fide sellers and then cause sales contracts to be drafted that contained sales prices greater than those previously agreed upon. **Jones** and Jackson

would tell the bona fide sellers that the difference between the actual sales prices and the inflated contract sales prices would be placed in escrow ("escrow funds") and used to pay for updates and repairs to the properties, when, in truth and fact, as **Jones** well knew, the bulk of such money would not be used for updates and repairs to the properties but would go to **Jones**, Jackson and others for other purposes, including for their own personal use and benefit. Alternatively, **Jones** and Jackson would negotiate inflated sales prices that contained built-in amounts to be paid to Affordable Homebuilders for updates and repairs to the properties that were never performed or not substantially performed. The amounts paid to Affordable Homebuilders from such properties went to **Jones**, Jackson and others for other purposes, including for their own personal use and benefit.

Upon entering into sales contracts, **Jones** and Jackson would contact Gillespie, Sattizahn or Patterson, who would prepare and submit materially false and fraudulent loan applications in the borrowers' names to obtain funds based on the inflated sales prices. The false statements and/or material omissions contained in the loan applications included: (1) a statement that the borrower intended to use the property as his or her primary residence; (2) an inflated monthly income amount; (3) an inflated valuation of assets, including inflated bank account balances; and (4) an omission or misstatement regarding real estate owned. But for these materially false statements and omissions, the borrowers would have neither qualified for nor received the resulting mortgage loans.

To receive the escrow funds at closing, or soon thereafter, **Jones** and Jackson executed fraudulent invoices which stated that updates or repairs had been performed on

the property, knowing that no such work had been performed. The escrow agent, Dike, would then release the funds to **Jones**, Jackson and others.

With respect to the properties referenced in Count One of the superseding information–1419 Broadmoor Lane, Irving, Texas ("1419 Broadmoor"), 1418 Broadmoor Lane, Irving, Texas ("1418 Broadmoor"), 2000 Shadow Ridge, Arlington, Texas ("2000 Shadow Ridge"), 1901 Wimbledon Drive, Arlington, Texas ("1901 Wimbledon"), 1911 Wimbledon Drive, Arlington, Texas ("1911 Wimbledon"), 1413 Broadmoor Lane, Irving, Texas ("1413 Broadmoor"), 4710 Racquet Club Drive, Arlington, Texas ("4710 Racquet Club"), 1318 Broadmoor Lane, Irving, Texas ("1318 Broadmoor"), 2304 Woodsong Trail, Arlington, Texas ("2304 Woodsong"), 1300 Broadmoor Lane, Irving, Texas ("1300 Broadmoor"), 1408 Glenbrook Drive, Irving, Texas ("1408 Glenbrook"), 1311 Broadmoor Lane, Irving, Texas ("1311 Broadmoor"), 1406 Broadmoor Lane, Irving, Texas ("1406 Broadmoor"), 1315 Glenbrook Drive, Irving, Texas ("1315 Glenbrook"), 1218 Preston Drive, Sherman, Texas ("1215 Preston"), 2209 Post Oak Drive, Sherman, Texas ("2209 Post Oak"), 3420 Beech Street, Rowlett, Texas ("3420 Beech"), and 3415 Orchid Lane, Rowlett, Texas ("3415 Orchid")–**Jones** and Jackson contacted the bona fide sellers and negotiated the sales prices for the purchase of said properties. The sales prices included a significant amount of money that, at closing, would go to Affordable Homebuilders or BSCI Group LLC instead of the sellers. In each instance, Jackson signed an update contract or addendum which reflected those amounts.

Once the parties agreed upon a price, **Jones** and Jackson identified a borrower who

had agreed to allow Affordable Homebuilders to use his or her name and credit history to purchase properties in his or her name. Jackson, on behalf of Affordable Homebuilders and the YIN Group, entered into investment and lease agreements with each of the borrowers, each of which provided that the borrower would make application to purchase a certain property and Affordable Homebuilders and the YIN Group would pay the borrower an initial "investment" or "lease" fee, an additional monthly fee and twenty-five percent of the profits from the subsequent sale of the property.

With respect to 1300 Broadmoor, 1311 Broadmoor, 1318 Broadmoor, 1406 Broadmoor, 2304 Woodsong, 1315 Glenbrook, 2209 Post Oak, 3420 Beech, and 3415 Orchid, **Jones** and Jackson asked Gillespie and Sattizahn to prepare mortgage loan applications in the borrowers' names and submit them to lenders. In each instance, Gillespie or Sattizahn submitted to either a mortgage lender or a financial institution a mortgage loan application in the borrower's name that contained material misrepresentations regarding the borrower's monthly income, real estate owned, and intent to use the loan proceeds to purchase a primary residence. As a result of these materially false statements, **Jones**, Jackson, Gillespie, Sattizahn and others, caused lenders and financial institutions to fund and transmit by wire communication money to various title companies to close the borrowers' purchases of the properties.

With respect to 2000 Shadow Ridge, 1413 Broadmoor, 4710 Racquet Club, 1408 Glenbrook, and 1218 Preston, **Jones** and Jackson asked Patterson to prepare mortgage loan applications in the borrowers' names and submit them to lenders. In each instance,

Patterson submitted to either a mortgage lender or a financial institution a mortgage loan application that contained material misrepresentations regarding the borrower's monthly income, real estate owned, and intent to use the loan proceeds to purchase a primary residence. As a result of these materially false statements, **Jones**, Jackson, Patterson and others, caused lenders and financial institutions to fund and transmit by interstate wire communication money to various title companies to close the borrowers' purchases of the properties.

With respect to 1418 Broadmoor, 1419 Broadmoor, 1901 Wimbledon, and 1911 Wimbledon, **Jones** and Jackson caused mortgage loan applications to be submitted to mortgage lenders and financial institutions, each of which contained material misrepresentations regarding the borrower's monthly income, real estate owned, and intent to use the loan proceeds to purchase a primary residence. As a result of these materially false statements, **Jones**, Jackson, and others, caused lenders and a financial institution to fund and transmit by interstate wire communication money to various title companies to close the borrowers' purchases of the properties.

In each of the instances described above, Jackson caused fraudulent invoices or update addendums to be submitted to the title companies which reflected that significant upgrades or repairs had been performed on the properties. Based on such fraudulent invoices or addendums, the escrow agent caused the title companies to wire transfer money into Affordable Homebuilders Bank One business checking account number *****9302, or issue checks in the name of Affordable Homebuilders ("AH"). Money

was also wired into BSCI Group LLC Bank One business checking account number *****7883. The transactions are summarized in the following table:

Property	Seller	Borrower	Sales Price	Lender	Date	Wire/check amounts	Funds to AH/BSCI
1419 Broadmoor	Mynster	Mays	$295,000	Accredited Home	10/31/03	$237,998.34 $58,982.24	$63,000
1418 Broadmoor	Brown	King	$305,000	WMC Mtg. Corp.	1/5/04	$245,549.18 $60,492.36	$60,800
2000 Shadow Ridge	Moffitt	Deblanc	$291,000	Fremont	1/7/04	$235,257.54 $57,661.54	$70,000
1901 Wimbledon	Collins	Deblanc	$255,000	WMC Mtg. Corp.	1/21/04	$205,886.90 $50,827.09	$52,669.83
1911 Wimbledon	Musil	King	$275,00	Fremont	1/23/04	$221,995.22 $54,825.04	$70,000
1413 Broadmoor	Riggs	King	$310,000	Fremont	1/29/04	$251,918.35 $61,935.53	$49,099.70
4710 Racquet Club	Zedler	Deblanc	$295,000	Accredited Home	2/11/04	$235,833.46 $58,693.15	$70,000
1318 Broadmoor	Driscoll	Reeves	$305,000	Aegis Funding	2/20/04	$247,043.28 $60,587.43	$50,002
2304 Woodsong	Burris	Gibbs	$375,000	Aegis Funding	8/16/04	$300,840.90 $71,525.23 $212.21	$57,193.17
1300 Broadmoor	Blaylock	Gibbs	$430,000	Long Beach	8/26/04	$346,554.22 $85,832.18	$96,589.30
1408 Glenbrook	Akins	McCam-pbell	$287,000	Full Compass	9/24/04	$268,042.50	$84,500
1311 Broadmoor	Card	Dehorney	$291,000	Aegis Funding	10/7/04	$232,959.22 $57,701.07	$41,430 $30,249 $8,431

Property	Seller	Borrower	Sales Price	Lender	Date	Wire/check amounts	Funds to AH/BSCI
1406 Broadmoor	Cochran	Sattizahn	$330,000	Long Beach	12/31/04	$268,509.92 $65,951.94	$37,531
1315 Glenbrook	Silvester	Hyde	$245,000	Long Beach	1/27/05	$199,494.65 $48,904.55	$54,000
1218 Preston	Robinson	Lucky	$410,000	C&G Financial	3/18/05	$318,345.53 $75,284.35	$90,000
2209 Post Oak	McDonald	Wilson	$360,000	New Century	4/8/05	$288,829.48 $71,555.41	$45,000
3420 Beech	Hunt	Boss	$145,000	Argent Mtg. Co.	4/21/05	$117,468.50 $28,924.10	$3,137.28/ $32,960
3415 Orchid	Hunt	Boss	$140,000	New Century	4/29/05	$141,945.22	$3,939.57/ $25,000

Jones admits that he knowingly and willfully combined, conspired, confederated, and agreed with Jackson, Gillespie, Sattizahn, Patterson, Dike, Barnes, Fofanah and others to commit offenses against the United States, that is, wire fraud, in violation of 18 U.S.C. § 1343, and bank fraud, in violation of 18 U.S.C. § 1344, and is pleading guilty to Count One of the superseding information alleging conspiracy to commit wire fraud and bank fraud, in violation of 18 U.S.C. § 371, exactly as charged.

AGREED TO AND SIGNED this 10th day of July, 2008.

RICHARD B. ROPER
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