

Memorandum

TO: Mayor Gregory A. Ballard

FROM: Ryan Vaughn, Chief of Staff

CC: Maggie Lewis, President of the City-County Council
Michael McQuillen, Minority Leader of the City County Council
Adam Thies, Director of Metropolitan Development
Samantha Karn, Corporation Counsel
Commissioners, Metropolitan Development Commission

RE: Internal investigation regarding land bank operations and allegations of criminal conduct.

Date: June 12, 2013

Introduction:

On May 21, 2013 the United States Attorney for the Southern District of Indiana announced that two Department of Metropolitan Development (DMD) employees, Reginald Walton, Assistant Administrator – Community Economic Development Division and John Hawkins, Senior Project Manager – Community Economic Development Division had been federally indicted for engaging in conduct intended to defraud the City of Indianapolis and accepting bribes and/or kickbacks related to sale of properties from the DMD Indy Land Bank (Land Bank).

Additionally, Reginald Walton is alleged to be a silent partner in a domestic, for-profit corporation operating in the City of Indianapolis known as “Naptown Housing Group, LLC” which benefited from his position as the head of the Land Bank.

What follows is a summary of our internal investigation into the operations of the Land Bank and allegations of criminal conduct against Reginald Walton and John Hawkins.

The Process of Tax Delinquency, Tax Sales and Land Banking:

In Marion County, as a property becomes tax delinquent and after a specified period of time depending on the nature of the property, the County Treasurer offers the property in a tax sale. The Treasurer’s tax sale is an open, public auction in which bidders in a room bid against one another for the opportunity to purchase the tax lien on a subject property. The list of properties offered at the Treasurer’s tax sale is published prior to the sale. Prior to the sale DMD has the opportunity to classify properties as “C”

properties. Properties classified as "C" are those that DMD has identified as possible candidates for redevelopment or reuse. All other properties are classified as "A" properties. The "A" classification is simply an alternative designation and is not representative of any particular characteristic. DMD makes this list in consultation with local non-profit housing corporations and community development corporations that believe they can assist in bringing the property to a status of reuse. Note, however, that all properties, both A and C are offered to the general public for purchase in a public auction, with multiple bidders actively bidding in real time. A winning bidder buys the tax lien on the property.

According to state law, after the tax lien is purchased, the previous property owner can claim the property back for an amount equal to the unpaid taxes, County Treasurer administrative fees, overbid amount and interest, with interest on the tax lien payment going to the tax sale purchaser. This is referred to as the right of redemption. For properties classified as "A," the previous owner has one year to exercise the right of redemption. For properties classified as "C," the previous owner has 120 days to exercise the right of redemption. If not claimed during these time periods, the tax lien purchaser must file a petition to the circuit court for purposes of obtaining the deed. Once the petition is filed in the circuit court, the original owner and other interested parties may attempt to intervene and petition the court to invalidate the sale on a limited set of defenses prescribed by law. If the sale is not invalidated, the purchaser of the tax lien can obtain the property deed. Anyone, including corporations, investor groups, individuals and non-profit organizations can purchase properties from the County Treasurer Tax Sale and properties are sold for the cost of their tax liens plus the additional costs mentioned above, not assessed or appraised values. All revenues minus fees from the County Treasurer Tax Sale are returned to local taxing units of government.

At every Treasurer's tax sale there are properties that are not purchased. Those properties classified as "C" properties and not sold at the tax sale, must be purchased by the DMD Land Bank for a County established administration fee, currently \$442.50. This fee reflects the County incurred expenses of preparing the property for sale (title, noticing, etc.). However, in 2012, DMD did not immediately purchase properties listed as "C" properties due to the considerable number of properties sitting in the DMD Indy Land Bank (approximately 1200) each with maintenance costs (the average DMD Indy Land Bank property costs \$400 + per year to maintain in a very basic manner with minimal mowing). Often, costs are significantly higher as challenges with the property arise and there are diminishing funds for such maintenance.

Properties that are neither purchased nor claimed by DMD at the Treasurer's tax sale are placed on the County Surplus Property list. At this point, the County Commissioners can sell these properties one at a time to non-profit organizations and to adjoining residential landowners. Alternatively, the County Commissioners can place them in a surplus auction conducted by the County Treasurer. At this time, estimates indicate approximately 8,000 properties are regarded as being on the Surplus list. Additionally, these properties remain in the title and ownership of the tax delinquent owner, not the County Treasurer or City (DMD) and no mowing or maintenance services are provided as are with properties owned by the DMD Indy Land Bank.

DMD, in addition to receiving "C" list properties not purchased in the initial tax sale, can claim properties on the County Surplus Property list for the County administrative fee, referenced above. These transactions, however, must be approved by the County Commissioners.

Once in the ownership of the DMD Land Bank, DMD is statutorily authorized to sell Land Bank properties to Marion County non-profits meeting the statutory requirements and which have a housing and community mission. Traditionally these non-profits are in the form of community development organizations; however, there are several qualifying non-profits that also participate in the program (i.e. Habitat for Humanity, etc).

The cost of the properties is correlated to the administrative cost of carrying the property through the process and preparing it for sale, but is not directly correlated as properties often are held by the DMD Indy Land Bank for years (above and beyond the 15-18 months since the initial tax delinquency) as a service to area Community Development Corporations and as such, during such holding, the DMD Indy Land Bank pays for the basic maintenance services mentioned above. In some cases where the DMD Land Bank has not completed quiet title action, properties are sold for \$1,000. In cases where DMD prepares title work on these properties, they are sold for \$2,500. Certain properties purchased with federal funds require that the sale price not exceed the amount of funds used in the purchase and maintenance of the properties. In these cases, DMD sets the price of the property at the total amount of funds used in the property, not to exceed \$2,500.

Additionally, sales to for-profit organizations or individuals (the law does not distinguish between the two) can occur when properties are offered for sale at a price not less than the average of two appraised (not assessed) values, with costs for appraisals paid for by the DMD Indy Land Bank. In practice, properties at this point in the process can have wide variations between an assessed value for tax purposes, an appraised value as an indicator of market value, and a true purchase price that someone would be willing to pay in a private transaction on the open market.

All sales (non-profit or for-profit) from the Land Bank must be approved by the MDC resolution that authorizes the DMD Director to sign deed transfers. All sales to non-profits are accomplished through traditional property sales documents as well as an execution of a project agreement between DMD and the non-profit. In almost all cases where a non-profit has purchased a property, the goal of the sale is for the property to be sold to the public (which can take the form of an individual or redevelopment investor) for benefit of the community, return of the property to the tax rolls and overall renovation potential. No Land Bank policy regulates the amount that the non-profit can or must charge for this second sale to the public. The project agreement indicates that if the non-profit transfers the property, they must have approval from the Land Bank. The project agreement, however, does not dictate the form of the approval. The terms and conditions of the project agreement are binding on the public buyer. In those instances where the use of Neighborhood Stabilization Program federal funds requires

monitoring for compliance with the Neighborhood Stabilization Program, DMD continues to monitor for compliance.

Indictment:

On May 14, 2013, the United States Attorney's Office filed a sealed indictment (Exhibit A: Indictment) against five individuals: Reginald T. Walton; Aaron Reed; David Johnson; John Hawkins and Randall K. Sargent. The indictment alleges that Reginald Walton and John Hawkins engaged in a scheme to use their official positions to enrich themselves by soliciting and accepting gifts, payments, and other things of value from Aaron Reed, David Johnson and Randall Sargent in exchange for favorable action for themselves and their companies from Reginald Walton and John Hawkins. Additionally, the indictment alleges Reginald Walton did accept and/or solicit bribes for purposes of directing the sale of certain properties to the other named defendants.

While there is no reason to doubt the allegations relative to the actions of individuals, the indictment provides only a snapshot view of the complex Land Bank process. It is worth noting that the purpose of the indictment is not to lay out the process for land banking; rather, the indictment exists for purposes of setting forth the facts which constitute the alleged criminal conduct of the named individuals.

With respect to the Land Bank process, the indictment states in "General Allegations" #3, "*For-profit investors interested in purchasing real estate from the Land Bank must ask the city treasurer [sic] to include the property in a sealed bid auction.*" In fact, for-profit investors are not required to ask the County Treasurer to include property in a sealed bid auction. The allegation references an option the County Commissioners are permitted to use in disposing surplus property to the public.

The DMD Land Bank uses a different process for disposing property to the public. For-profit investors can buy property directly from the Land Bank by participating in the process set forth in state law. I.C. 36-7-14-22 provides the redevelopment commission (MDC) can notice property for sale at a price that may not be less than the average of two independent appraisals. Copies of these offer sheets are furnished at a potential buyer's request. At a publically noticed meeting, the MDC shall open all bids related to each property. The Commission is required to evaluate those bids based on several factors including but not limited to: the character of improvements to be made; the ability of purchaser to improve the property in a timely manner; whether the property will be rented or sold and at what price point and whether the sale furthers the redevelopment mission of the area. The Commission may accept bids or reject all bids.

General Allegation #3 goes on further to state, "*The auction price paid by for-profit investors must meet or exceed a minimum bid set by an appraisal.*" The allegation confuses County and DMD Land Bank processes. There is no auction process, in the traditional sense, for the sale of Land Bank properties. As mentioned above, the MDC shall consider a number of factors in determining whether to sell the

property. Additionally, state law requires the sale of property to a for-profit entity to meet or exceed the minimum of the average of two appraisals.

General Allegation #3 further states, *“Non-profit purchasers, however, may bypass the auction process.”* No purchaser, for-profit or non-profit, can bypass the initial Treasurer’s tax sale with open, competitive bids. If the property is not acquired during that sale and is claimed by DMD for the Land Bank, the property can be sold directly to a non-profit with the approval of the Metropolitan Development Commission. For-profit purchasers are required to follow the process set forth in IC 36-7-14-22 referenced above.

General Allegation #3 further states, *“The Land Bank regulations provide that a non-profit purchaser may purchase only three parcels within a six-month period, unless the purchaser has demonstrated the capacity to successfully acquire and simultaneously renovate multiple properties.”* This is not a Land Bank policy. The County Commissioners have adopted a similarly worded policy relative to property under their control in County Surplus Property. Again, County Surplus Property is property that has gone through the initial Treasurer’s tax sale and was neither purchased nor claimed by DMD for the Land Bank. The County Commissioners have the authority to manage these properties.

Properties in Question:

Throughout the internal review process we have been contacted by citizens who now live in homes they have acquired and rehabilitated through the land banking process. Many of them expressed concern about the status of their homes, specifically whether or not the Land Bank intended to attempt to take the homes back. We have researched this issue and responded with the following:

We are aware that the media surrounding the federal investigation into the criminal activities of individuals associated with the land bank has been unsettling for those individuals that own or reside in properties acquired through the land banking process. We want to reiterate that at this time, we do not contemplate taking any action to recover title to real estate from an innocent purchaser for value, regardless of alleged fraudulent activity by a predecessor, or the agent of a predecessor in the chain of title. To be clear, we do not anticipate taking any actions that would affect your residence or additional investment in the property.

This position is consistent with state law. This statement makes no claims to those individual’s status of innocence as will be determined by the ongoing federal investigation. The City has contacted the United States District Attorney to determine if this policy decision in anyway would impede the on-going investigation and they have responded that it does not affect the current investigation.

Following the receipt of the indictment, DMD Staff immediately utilized remaining Land Bank digital records, MDC resolutions and public property transfer records to create a list of all properties

specifically listed in the indictment and their current ownership history. **(EXHIBIT B: Property history and MDC resolution dates for properties listed in the Indictment.)**

Additionally, during DMD's review of land bank transactions for 2012 and 2013, DMD identified a number of properties not listed in the indictment but associated with organizations named in the indictment. Specifically, DMD identified 20 additional properties sold to IMAC over this period (13 of which have end buyers identified as victims in the Sheila Amos fraud case), 20 additional properties sold to New Day Residential Inc., and 8 additional properties where Naptown Housing, Inc. was in the chain of title. A detailed listing of property histories for these properties will be provided to federal authorities in a separate document.

Note, because the DMD Land Bank documents have been seized by federal authorities, these records are only as accurate as the electronic systems from which DMD pulled the information and the recording process that exists.

Timeline of Events:

What follows is a timeline of events beginning in October 2012, the first date referenced in the indictment. It is clear, however, that transactions occurred with all three organizations throughout 2012.

On October 2nd, 2012, Mr. Edmund Mahern, President of the Metropolitan Development Commission, requested via email that Mr. Walton attend the October 3rd MDC pre-meeting. Mr. Mahern wanted to know how the DMD Land Bank could assist victims of a recent fraud case who had purchased homes from a seller that did not, in fact, own the homes. The victims had lost not only the money spent to buy the home but they also remained without a home. (EXHIBIT C: Email from Ed Mahern, MDC President, to Peggy Frazier, DMD Executive Assistant and Jennie Fults, Administrator, Community Economic Development Division, DMD on October 2, 2012). At the October 3, 2012 pre-meeting, Reginald Walton assumed responsibility for investigating what options the Land Bank could provide to assist the victims. He also indicated that he would prepare a presentation for the Commissioners that highlighted various non-traditional non-profits that were purchasing homes from the DMD Land Bank. His presentation on this topic was scheduled for the November 7th, 2012 MDC pre-meeting.

On November 3, 2012, the IBJ published an article detailing transactions between the Land Bank and Homeless Re-Entry Helpers (HRH). On Sunday, November 4, 2012, President Mahern sent an email (Exhibit D: Email from President Mahern) to Director Thies and Commission Members indicating that he wanted an update from Reggie Walton on this matter as well as the other non-profits discussed on October 3, 2012.

On November 7, 2012, Mr. Walton appeared at the MDC pre-meeting to make a presentation on non-profits that were considered non-traditional Community Development Corporations. Mr. Walton

represented that these organizations met the statutory criteria to be candidates eligible to receive properties from the Land Bank. (EXHIBIT E: November 7, 2012, Land Bank Presentation by Mr. Walton).

During this presentation (Exhibit E), Mr. Walton highlighted Somebody, Inc. and New Day Residential Development, Inc. Additionally, Mr. Walton included a slide in the presentation that highlighted the Indiana Minority Aids Coalition (IMAC). Members of these organizations were present at the pre-meeting and discussed with the MDC the work they had with previous DMD Land Bank properties (as seen in the presentation). It is uncertain at this time if those persons mentioned in the indictment as connected with these organizations were the representatives present at the meeting. The MDC pre-meeting is an informal public meeting to discuss general topics and receive project updates; however, no minutes are taken.

Either at the November 7th, 2012, MDC pre-meeting or some point near after, Mr. Walton represented to the MDC that the Indiana Minority Aids Coalition (IMAC) had agreed to assist victims of the fraud cases mentioned at the October 3rd MDC Pre-meeting. It is not known whether Mr. Walton contacted IMAC or if IMAC contacted Mr. Walton. The MDC Members, Director Thies and DMD staff were pleased that Mr. Walton found an organization willing to purchase properties from the DMD Land Bank and then help the fraud victims.

At this same meeting and immediately following the presentation by Mr. Walton, several MDC Commissioners expressed their concern related to the HRH Article in the IBJ and the bulk sale of properties to HRH in 2011. Mr. Walton addressed concerns after his presentation, which listed HRH as a non-traditional non-profit (See Exhibit E). Director Thies followed this discussion and indicated that the DMD Land Bank would not make any further bulk sales until a more formal process was adopted. Director Thies assured the Commissioners that work would begin on a new policy for land banking immediately.

Mr. Walton met with Mrs. Fults after this meeting and determined that Mr. Walton, as the DMD Land Bank manager, would request from non-profit purchasers, disclosure of potential end investors in properties sold from the DMD Land Bank to non-profits.

In Mid-November, both Mrs. Fults and Mr. Walton mentioned to Director Thies that the previous Director, Mr. Maury Plambeck, had agreed in principle to fund administrative and staff costs for a non-profit organization, named the Land Bank of Indianapolis. The Land Bank of Indianapolis has a board of directors comprised of a bipartisan group of city councilors (Councillor Osili (D) and Councillor Miller (R)), community development experts, and real estate professionals.

Director Thies inquired about the funding model and role of the new organization. Director Thies was informed that the funds could be provided from the administrative budget related to Neighborhood Stabilization Program funding. The money would be used to fund an executive director dedicated to advising and developing new land bank policies and improving current DMD Land Bank operations.

Funds would also be used to create a staff position that would manage mowing and maintenance contracts, specifically for a specified number of properties that the DMD Land Bank had purchased with Federal Neighborhood Stabilization Program Funds (NSP). Director Thies communicated that he wanted to think about this contract and the use of funds before executing it and also that he wanted to meet with the board of Land Bank of Indianapolis.

On November 21, Director Thies met with members of the Land Bank of Indianapolis Board (EXHIBIT F: Land Bank of Indianapolis Description and list of Board of Directors)) to hear their objectives. He communicated that he was frustrated that we as a City would support another organization when we were lacking in staff and resources internally to handle the volume of properties under the City's responsibility. Many of the Land Bank of Indianapolis board members expressed their unhappiness with the Director's initial comments and expressed frustration at the thought that the Director was contemplating not carrying through with a commitment of resources that was made by his predecessor.

As debate progressed, however, it became clear that an outside city government organization, with board representation as broad and unique as this Land Bank of Indianapolis, could be a valuable way to begin to craft new policy related to Land Banking. Director Thies committed to working in partnership with the board on a new Land Bank policy.

On Tuesday, November 27, 2012, Director Thies met with Mr. Walton and Mrs. Fults about a desired new DMD Land Banking policy. At this meeting, Director Thies repeated that DMD would no longer have bulk sales of properties as described in the IBJ article. In addition, they discussed the funding of the non-profit Land Bank of Indianapolis. Director Thies indicated that he would be comfortable funding this non-profit executive director position as long as that person would work closely with our team to develop new strategies and policies on land banking as well as work on new efforts for gathering data for Land Banking, specifically related to NSP properties. Director Thies, however, indicated that he was uncomfortable funding the Land Bank of Indianapolis to mow and maintain DMD properties strictly for the purpose of allowing the organization to build capacity and gain experience in this area. Director Thies believed that the city could reduce costs by dealing with those functions in-house through quantity discounts the city would receive. Mr. Walton and Mrs. Fults agreed and indicated they would prepare the contract with the Land Bank of Indianapolis accordingly for a total funding amount of \$110,000.

In the interim, Director Thies met several times with both Mrs. Fults and Mr. Walton in conjunction with the Land Bank of Indianapolis' new Executive Director, Katy Brett, who was hired and partially funded by the DMD \$110,000 contract in early 2013. At several meetings, the group discussed the need to create a new policy for pre-qualifying potential buyers of these properties, both non-profit and for-profit, and they all agreed that the non-profit Land Bank of Indianapolis could be of great assistance to achieve that goal as a bi-partisan organization with a board of directors with many experts in the community development and real estate fields, especially focused on NSP Properties. They also agreed that Ms. Brett could greatly assist in helping gather data about vacant and abandoned properties, most of which

are not in DMD ownership, but are either in the County Treasurer's system or in the mortgage holdings of banks. To this end, Director Thies authorized the use of just under \$7,000 in an account in the control of DMD at the Central Indiana Community Foundation (CICF) to support Ms. Brett in this data gathering effort. (EXHIBIT G: Letter of Funding for this activity.)

Between January and April of 2013, various forms of legislation were introduced and discussed at the Indiana General Assembly that would have changed various legal and administrative policies related to land banking. DMD continued working on developing new Land Banking policies contemporaneous to the legislative efforts knowing that the outcome of legislation may impact the discussion. In early April 2013 it became apparent that the legislative efforts were not likely to be successful in the 2013 session. On April 4, 2013, Mr. Walton sent a forwarded email to Director Thies, Mrs. Fults and Mrs. Frazier from a CDC director about the FBI coming to visit their offices. Director Thies immediately forwarded the email on to the Mayor's Deputy Chief of Staff Jeff Roeder as a courtesy notification.

On April 8, 2013, investigators from the FBI came to DMD offices and initially met with Mrs. Fults and Mrs. Frazier. Director Thies joined the meeting after he arrived at the office and requested that Mr. Walton join as well. The FBI asked general questions about the Land Banking process and specific questions related to HRH transactions. All employees fully cooperated. Afterwards Director Thies sent an email to several Mayor's office representatives about the meeting.

On April 24th, 2013, Director Thies presented to a gathering of Community Development Corporations (CDC) and other nonprofit housing organizations. The presentation took place at Crooked Creek CDC's offices at what is known as the Indianapolis Coalition for Neighborhood Development (ICND). During this meeting, Director Thies announced that DMD would enact a new policy related to holding properties for CDCs in the DMD Land Bank (EXHIBIT H: Example Letter to CDCs from Adam Thies regarding Policy Change for Holds on CDC Properties in the DMD Land Bank). The DMD Land Bank has held properties for CDCs as a service (mowing, insurance, other carrying costs) for many years without CDC's purchasing them. The maintenance and mowing costs for these properties were beginning to deplete DMD funding resources and there are no future funds identified to meet this need.

These letters were distributed by hand to those in attendance. Mrs. Fults tasked Mr. Walton with mailing letters to all organizations. It is unclear if Mr. Walton mailed those letters as his office has been searched and sealed by the FBI at this point.

Also at this meeting, Director Thies introduced Katy Brett and advised that she would be working in partnership with DMD to create new policies related to land banking. Ms. Brett presented a PowerPoint presentation that highlighted potential new policies and Director Thies urged each organization in attendance to meet with both Mr. Walton and Ms. Brett so that they might offer suggestions on improvements to the Land Banking process as well as to discuss properties the CDC had holds on which may or may not be purchased per the policy change noted in the letter.

Between April 24 and May 14, 2013, Ms. Brett and Mr. Walton met with many organizations. Director Thies requested a memorandum highlighting the nature of those interactions at a meeting with Ms. Brett and Mr. Walton, Mr. Roeder and Mrs. Fults on May 14th. Both Ms. Brett and Mr. Walton indicated that the meetings were positive. Mr. Walton was tasked with generating the memorandum. Director Thies did not receive the memorandum prior to Mr. Walton's arrest and termination.

On May 15, 2013, Ms. Brett and Director Thies were scheduled to present their initial update on potential new policies to the MDC at their pre-meeting. That update was canceled due to agenda items on the pre-meeting schedule taking more time than anticipated. The presentation and discussion were re-scheduled for the June 5th, MDC pre-meeting. (EXHIBIT I: Land Bank of Indianapolis Presentation for May 15th)

At 7:50 am, on May 21, 2013, Director Thies was served a search warrant by FBI officials for the offices of Reggie Walton. Director Thies complied and offered any additional materials that they might have deemed appropriate in their investigation. Director Thies was not aware that John Hawkins was under indictment until the 1:30 pm District Attorney's press conference. The press event represents the first time anyone from the administration was aware of Mr. Hawkins alleged involvement. The FBI did not present a search warrant for nor did they search or recover any evidence from Mr. Hawkins office.

On May 21, 2013, at 4:15pm, Director Thies called Special Agent Dennis Halliden to indicate that he wanted to be helpful in getting him additional information if needed. Special Agent Halliden directed Director Thies to Special Agent Andy Shank. Director Thies contacted Special Agent Shank at 4:20pm and reiterated the same offer.

On May 22, 2013, Director Thies and I instructed the employees with knowledge and responsibilities to the Land Bank to conduct an internal review relative to the allegations known as well as all potentially relevant information related to the process of land banking and the properties owned at any time by individuals or organizations named in the indictment. Of note, most of the records relating to the Land Bank were taken incident to the search. The majority of information provided is based on our electronic records of these transactions and any other public information.

In an effort to preserve the integrity of the office contents, the administration instructed the Building Authority to change the lock on the office doors of Mr. Walton and Mr. Hawkins such that it would be secure from anyone other than the Building Authority. We have informed the AUSA in charge of the prosecution that the contents of the offices are secure and that they can schedule a time to remove the items if they so desire.

On May 23, 2013, Director Thies, Deputy Director Roeder and I met several times throughout the day to organize the internal review. In addition I met with Corporation Council Sam Karn for purposes of advising Human Resources on the proper employment actions relative to Mr. Walton and Mr. Hawkins.

On May 24, 2013, I hired Forrest Bowman Jr. to act as an independent liaison between the City and the United States Attorney's Office. Mr. Bowman has extensive experience in the field and came highly recommended from individuals on both sides of the political aisle. Additionally, Mr. Bowman will perform an audit of land banking processes to determine if there are areas in which the process lends itself to fraud or abuse.

Mr. Bowman has made contact with the AUSA assigned to this case and continues to advise and assist the city in this effort.

May 24, 2013, through June 5, 2013, senior members of the staff worked side by side with employees of DMD, county offices, legal consultants and persons with specific knowledge on land banking to conduct a thorough review of our internal processes and audit of the properties listed in the indictment as well as properties whose ownership history suggests further investigation is warranted.

On June 5, 2013, Director Thies and I appeared before the MDC to layout the nature of the allegations and inform the Commissioners of the actions the administration has and will continue to take to address concerns. Of note, Director Thies had reached out to the Commissioners via phone or e-mail to keep them informed the best we could given the investigation.

All members of the administration continue to cooperate fully with the investigation including, but not limited to furnishing this summary report. Although not requested by the US Attorney's office, I believe this report will be helpful in identifying key subject matter expert witnesses on land banking, establishing a clear narrative on the process of land banking, and fully disclosing all properties which may or may not form the basis for additional charges.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

FILED
U.S. DISTRICT COURT
INDIANAPOLIS DIVISION
2013 MAY 14 PM 4:48
SOUTHERN DISTRICT
OF INDIANA
LAURA A. BRIGGS
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UNITED STATES OF AMERICA,)
)
 v.)
)
 REGINALD T. WALTON,)
 AARON REED,)
 DAVID JOHNSON,)
 JOHN HAWKINS, and)
 RANDALL K. SARGENT,)
)
 Defendants,)

CAUSE NO. 1:13-cr- -01
-02
-03
-04
-05

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INDICTMENT

GENERAL ALLEGATIONS

At all times relevant to this indictment:

A. Indianapolis Land Bank

1. The Indianapolis Land Bank ("Land Bank") is an agency within the City of Indianapolis' Department of Metropolitan Development ("DMD").

2. Indiana law authorizes the Land Bank to acquire abandoned and tax delinquent properties in the City of Indianapolis, temporarily hold and maintain them, and make them available for sale to non-profit and for-profit real estate developers. The stated mission of the Land Bank is to enable the city to "return troubled properties to productive and economically viable use, eliminate public safety hot spots and improve the quality of life in Indianapolis neighborhoods and then turn these properties into tax producing properties."

3. For-profit investors interested in purchasing real estate from the Land Bank must ask the city treasurer to include the property in a sealed-bid auction. The auction price paid by for-profit investors must meet or exceed a minimum bid set by an appraisal. Non-profit

purchasers, however, may bypass the auction process. Non-profit businesses may purchase real estate for a price between \$1,000 and \$2,500 per parcel, regardless of the appraised value of the property. The Land Bank regulations provide that a non-profit purchaser may purchase only three parcels within a six-month period, unless the purchaser has demonstrated the capacity to successfully acquire and simultaneously renovate multiple properties.

4. The City of Indianapolis was a local government that received federal assistance in excess of \$10,000 during the one-year period beginning on January 1, 2013 and ending on December 31, 2013.

B. The Defendants

1. WALTON was the Assistant Administrator of the DMD. In this capacity, WALTON was an agent of the City of Indianapolis, whose duties included overseeing the operation of the Land Bank. WALTON is also a silent partner in a domestic for-profit corporation operating in the City of Indianapolis known as the Naptown Housing Group, LLC (“Naptown Housing Group”).

2. REED is the registered agent for the Naptown Housing Group.

3. JOHNSON is the Executive Director of the Indianapolis Minority AIDS Coalition (“IMAC”), a non-profit business operating in the City of Indianapolis.

4. HAWKINS is the Senior Project Manager for the DMD.

5. SARGENT is the President, Vice-President, Secretary, and registered agent of New Day Residential Development, Inc., a non-profit corporation operating in the City of Indianapolis.

C. The Undercover Agent

1. An undercover FBI agent (“Individual #1”) posed as an individual wanting to purchase real estate from the Land Bank. Individual #1 paid a bribe to WALTON in exchange for favorable official action from WALTON.

These General Allegations are hereby incorporated by reference into Counts One through Eight of this Indictment as if they were set forth in full therein.

COUNTS ONE THROUGH THREE
(Wire Fraud – 18 U.S.C. §§ 1343, 1346, and 2)

The Grand Jury charges that:

From on or about January 13, 2012 through May 14, 2013, in the Southern District of Indiana, Indianapolis Division, and elsewhere, REGINALD T. WALTON, AARON REED, DAVID JOHNSON, JOHN HAWKINS, and RANDALL SARGENT, and others known and unknown to the grand jury, devised and intended to devise a scheme and artifice to defraud and deprive the citizens of the City of Indianapolis and the government of the City of Indianapolis of their right to the honest and faithful services of REGINALD T. WALTON and JOHN HAWKINS through bribery and kickbacks.

Purpose of the Scheme and Artifice to Defraud

The purpose of the scheme and artifice was for REGINALD T. WALTON (“WALTON”) and JOHN HAWKINS (“HAWKINS”) to use their official positions to enrich themselves by soliciting and accepting gifts, payments, and other things of value from AARON REED (“REED”), DAVID JOHNSON (“JOHNSON”), and RANDALL SARGENT (“SARGENT”) in exchange for favorable official action and for REED, JOHNSON, and SARGENT to enrich themselves by secretly obtaining favorable action for themselves and their companies from WALTON and HAWKINS by corrupt means.

The Scheme and Artifice to Defraud

1. It was part of the scheme and artifice to defraud that WALTON accepted bribes and kickbacks from REED, SARGENT, and an undercover FBI agent to transfer real estate held by the Land Bank in violation of Indiana law. Specifically, WALTON used his official position to cause the DMD to transfer real estate held by the Land Bank to non-profit businesses. After receiving the subject real estate, the non-profit businesses transferred the subject real estate to for-profit businesses. The use of non-profit businesses as pass-through entities permitted the for-profit businesses to bypass the sealed bid auction process and obtain the subject real estate for substantially less than fair market value.

2. It was a further part of the scheme and artifice to defraud that HAWKINS used his official position to cause the DMD to transfer real estate held by the Land Bank to non-profit, pass-through entities at WALTON's direction. After the non-profit entities sold the real estate to the end purchaser, WALTON received a kickback from the sale of the real estate and delivered a portion of his kickback to HAWKINS for HAWKINS' misuse of his official position in facilitating the transaction.

3. It was a further part of the scheme and artifice to defraud that REED solicited for-profit investors to obtain real estate held by the Land Bank. After REED's investors obtained the real estate from the Land Bank through a pass-through non-profit entity, REED obtained his profits from the transaction and paid WALTON a kickback from the transaction for having misused his official position to facilitate the transaction.

4. It was a further part of the scheme and artifice to defraud that REED and WALTON maintained a silent partnership whereby they would divide the profits from the

operations of Naptown Housing Group. WALTON concealed his involvement in Naptown Housing Group from the City of Indianapolis and the public.

5. It was a further part of the scheme and artifice to defraud that WALTON used his official position to cause the DMD to transfer real estate held by the Land Bank to non-profit businesses, with the agreement that the non-profit businesses would transfer the real estate to Naptown Housing Group. WALTON and REED, operating under the Naptown Housing Group, maintained this real estate as either rental properties or for resale.

6. It was a further part of the scheme and artifice to defraud that JOHNSON used IMAC as a non-profit, pass-through entity to permit for-profit investors to obtain real estate from the Land Bank in contravention of the required procedures for obtaining real estate from the Land Bank and accepted money from REED and WALTON for the improper use of his non-profit entity in this matter. JOHNSON also delivered money to REED to pay kickbacks to WALTON for WALTON's corrupt use of his official position.

7. It was a further part of the scheme and artifice to defraud that SARGENT solicited for-profit investors to obtain properties held by the Land Bank. SARGENT used New Day Residential Development, Inc. as a pass-through entity to obtain real estate from the Land Bank and convey the real estate to his for-profit investors in contravention of the required procedures for obtaining real estate from the Land Bank. After SARGENT's investors obtained the real estate from the Land Bank through this pass-through non-profit entity, SARGENT paid a portion of his profits from the transaction to WALTON a kickback for having misused his official position to facilitate the transaction.

Execution of the Scheme and Artifice to Defraud

On or about the dates listed below, in the Southern District of Indiana and elsewhere, WALTON, REED, JOHNSON, HAWKINS, and SARGENT, for the purpose of executing the scheme and artifice to defraud, transmitted or caused to be transmitted by means or wire communication in interstate commerce, the following writings, signals, or sounds:

Count One

On or about October 21, 2012, WALTON transmitted an e-mail to an undercover FBI agent ("Individual #1") that contained a color-coded list of properties that Individual #1 could purchase from the Land Bank through the scheme and artifice to defraud. WALTON was in the State of Indiana when he sent the e-mail and Individual #1 was in the State of New York when he received the e-mail.

Count Two

On or about April 3, 2013, WALTON and HAWKINS communicated via the text messaging features of their cellular telephones regarding HAWKINS' appearance before the DMD to obtain authority to the transfer of real estate located at 541 Eugene Street, Indianapolis, Indiana from the DMD to IMAC through the scheme and artifice to defraud. HAWKINS was in the State of Indiana and WALTON was in the State of Florida at the time of the text messaging activity.

Count Three

On or about April 3, 2013, WALTON and REED conversed via cellular telephone about WALTON using his public authority to transfer real estate located at 2826 Adams Street, Indianapolis, Indiana from the DMD to IMAC through the scheme and artifice to defraud and about JOHNSON's involvement in the transfer of the real estate to IMAC. REED was in the

State of Indiana and WALTON was in the State of Florida at the time of the cellular telephone conversations.

All in violation of Title 18, United States Code, Sections 1343, 1346, and 2.

COUNT FOUR

(Bribery Concerning Organization Receiving Federal Funds – 18 U.S.C. § 666(a)(1)(B))

The Grand Jury further charges that:

On or about January 10, 2013, in the Southern District of Indiana, Indianapolis Division, REGINALD T. WALTON did corruptly accept a thing of value from a person, intending to be influenced and rewarded in connection with a transaction or series of transactions of the City of Indianapolis involving \$5,000 or more; to-wit, WALTON accepted \$500 in currency from an undercover FBI agent (“Individual #1”) to influence and reward WALTON’S use of his official position to cause the transfer of at least ten parcels of real estate from the City of Indianapolis to Individual #1 for \$1,000 each.

All in violation of Title 18, United States Code, Section 666(a)(1)(B).

COUNT FIVE

(Bribery Concerning Organization Receiving Federal Funds – 18 U.S.C. § 666(a)(2))

The Grand Jury further charges that:

On or about April 5, 2013, in the Southern District of Indiana, Indianapolis Division, AARON REED did corruptly give a thing of value to a person, intending to influence and reward an agent of local government, that is, the City of Indianapolis, in connection with a transaction or series of transactions of the City of Indianapolis involving \$5,000 or more; to-wit, REED paid approximately \$7,500 in currency to Reginald T. Walton to influence and reward Walton’s use

of his official position to cause the transfer of real estate located at 3959 Carrollton Avenue, Indianapolis, Indiana, from the City of Indianapolis to IMAC and then to a for-profit entity which paid approximately \$17,500 for the real estate.

All in violation of Title 18, United States Code, Section 666(a)(2).

COUNT SIX

(Bribery Concerning Organization Receiving Federal Funds – 18 U.S.C. § 666(a)(1)(B))

The Grand Jury further charges that:

On or about April 5, 2013, in the Southern District of Indiana, Indianapolis Division, REGINALD T. WALTON did corruptly accept a thing of value from a person, intending to be influenced and rewarded in connection with a transaction or series of transactions of the City of Indianapolis involving \$5,000 or more; to-wit, WALTON accepted approximately \$7,500 in currency from Aaron Reed to influence and reward WALTON'S use of his official position to cause the transfer of real estate located at 3959 Carrollton Avenue, Indianapolis, Indiana, from the City of Indianapolis to IMAC and then to a for-profit entity which paid approximately \$17,500 for the real estate.

All in violation of Title 18, United States Code, Section 666(a)(1)(B).

COUNT SEVEN

(Bribery Concerning Organization Receiving Federal Funds – 18 U.S.C. § 666(a)(2))

The Grand Jury further charges that:

On or about March 27, 2013, in the Southern District of Indiana, Indianapolis Division, RANDALL K. SARGENT did corruptly give a thing of value to a person, intending to influence and reward an agent of local government, that is, the City of Indianapolis, in connection with a

transaction or series of transactions of the City of Indianapolis involving \$5,000 or more; to-wit, SARGENT paid an unknown amount of money to Reginald T. Walton to influence and reward Walton's use of his official position to cause the transfer of the following real estate from the City of Indianapolis to New Day Residential Development, Inc. for approximately \$12,500: (1) 619 Eastern Avenue, Indianapolis, Indiana; (2) 623 Eastern Avenue, Indianapolis, Indiana; (3) 951 Eastern Avenue, Indianapolis, Indiana; (4) 820 North Rural Street, Indianapolis, Indiana; and (5) 2722 Boulevard Place, Indianapolis, Indiana.

All in violation of Title 18, United States Code, Section 666(a)(2).

COUNT EIGHT

(Bribery Concerning Organization Receiving Federal Funds – 18 U.S.C. § 666(a)(1)(B))

The Grand Jury further charges that:

On or about March 27, 2013, in the Southern District of Indiana, Indianapolis Division, REGINALD T. WALTON did corruptly accept a thing of value from a person, intending to be influenced and rewarded in connection with a transaction or series of transactions of the City of Indianapolis involving \$5,000 or more; to-wit, WALTON accepted an unknown amount of money from Randall K. Sargent to influence and reward WALTON'S use of his official position to cause the transfer of the following real estate from the City of Indianapolis to New Day Residential Development, Inc. for approximately \$12,500: (1) 619 Eastern Avenue, Indianapolis, Indiana; (2) 623 Eastern Avenue, Indianapolis, Indiana; (3) 951 Eastern Avenue, Indianapolis, Indiana; (4) 820 North Rural Street, Indianapolis, Indiana; and (5) 2722 Boulevard Place, Indianapolis, Indiana.

All in violation of Title 18, United States Code, Section 666(a)(1)(B).

FORFEITURE ALLEGATION – COUNT ONE

Pursuant to Federal Rule of Criminal Procedure 32.2, the United States hereby notifies REGINALD T. WALTON that it will seek forfeiture of property pursuant to Title 18, United States Code, Sections 981(a)(1)(C), 1956(c)(7)(A), 1956(c)(7)(D), 1961(1), and Title 28, United States Code, Section 2461(c), as part of any sentence imposed.

If convicted of any of the offenses set forth in the Information, defendant REGINALD T. WALTON shall forfeit to the United States:

- (a) any property, real or personal, constituting or derived from proceeds the defendants obtained directly or indirectly as the result of the offenses of which they are convicted (including, but not limited to, a 2005 BMW 45I sedan, bearing Vehicle Identification Number WBAGL63575DP4761 and a 1982 Yamaha motorcycle, bearing Vehicle Identification Number JYA4X7006CA209873; or
- (b) a sum of money equal to the total amount of the proceeds of the offenses.

Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), the Court shall order the forfeiture of any other property of the defendants, up to the value of any property described in paragraph 74, if, by any act or omission of the defendants, the property described in paragraph 74, or any portion thereof:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third person;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value;
- (e) or has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), to seek forfeiture of any other property of said defendant up to the value of all forfeitable property as described herein.

FORFEITURE ALLEGATION – COUNT TWO

Pursuant to Federal Rule of Criminal Procedure 32.2, the United States hereby notifies DAVID JOHNSON that it will seek forfeiture of property pursuant to Title 18, United States Code, Sections 981(a)(1)(C), 1956(c)(7)(A), 1956(c)(7)(D), 1961(1), and Title 28, United States Code, Section 2461(c), as part of any sentence imposed.

If convicted of any of the offenses set forth in the Information, defendant DAVID JOHNSON shall forfeit to the United States:

- (a) any property, real or personal, constituting or derived from proceeds the defendants obtained directly or indirectly as the result of the offenses of which they are convicted (including, but not limited to, a 2004 Volvo sedan bearing Vehicle Identification Number YV1RH52Y142413954; or
- (b) a sum of money equal to the total amount of the proceeds of the offenses.

Pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), the Court shall order the forfeiture of any other property of the defendants, up to the value of any property described in paragraph 74, if, by any act or omission of the defendants, the property described in paragraph 74, or any portion thereof:

- (f) cannot be located upon the exercise of due diligence;
- (g) has been transferred or sold to, or deposited with, a third person;
- (h) has been placed beyond the jurisdiction of the Court;
- (i) has been substantially diminished in value;
- (j) or has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), to seek forfeiture of any other property of said defendant up to the value of all forfeitable property as described herein.

A TRUE BILL:



FOREPERSON

JOSEPH H. HOGSETT
United States Attorney

By:

A handwritten signature in black ink, appearing to read 'B.A. Blackington', written over a horizontal line.

Bradley A. Blackington
Assistant United States Attorney

From: Edmund Mahern [<mailto:edmahern@att.net>]

Sent: Tuesday, October 02, 2012 4:51 PM

To: Fults, Jennifer; Frazier, Peggy J.

Subject: Mortgage Fraud Etc.

EXHIBIT C

It has just been brought to my attention that some land bank property, some surplus property and some property held by the County Commissioners are wrapped up in a fraud case and the prosecutor has filed charges against 2 women who were part of a not-for-profit. I would like a briefing on this tomorrow from Reggie, for the DMC and some ideas on how deep this problem is and what we can do to help these people who have been taken advantage of.

From: Edmund Mahern [<mailto:edmahern@att.net>]

Sent: Saturday, November 03, 2012 11:37 AM

To: Thies, Adam; Jimmy Brown; Diana Hamilton; William Selm; Dorothy Jones; Tim Ping; Bruce Schumacher; Lena Hackett; Jesse Lynch

Subject: Land Bank Giveaway IBJ

EXHIBIT D

Adam: I was surprised as I read the front page story on the IBJ this morning regarding the bulk property sales of 154 properties from the Land Bank to Homeless & Re-Entry Helpers Inc. Could you provide the members of the MDC a copy of the resolution that allowed this transfer and the date it was passed. I know for the last year all commissioners have show concerns about not-for-profits who have no housing background buying properties out of the land bank in bulk.

I hope that Reggie Walton can provide an update on this issue as well as the other not for profit that was discussed a few meetings back at the meeting on Wednesday Nov. 7.

Thanks Ed Mahern



INDY LAND BANK



Indy LAND BANK
Battling Blight Block by Block



REGINALD WALTON

ASSISTANT ADMINISTRATOR OF ABANDONED BUILDINGS

DMD-CED

History of Land Bank



- In 2006, the Indiana Legislature passed Public Law 169-2006 (HEA1102) which allows county executives - the Mayor of Indianapolis, in the case of Marion County - to more effectively address abandoned properties in their communities.
- Legislation enables DMD to acquire, manage and sell vacant, tax delinquent properties for redevelopment.
- Indy Land Bank was created in 2007 as a redevelopment tool to move properties back into productive use

Land Bank-Goals



- **Eliminate the harm caused by vacant, abandoned and tax-delinquent properties.**
- **Reduce the time associated with returning the properties to productive use.**
- **Convert properties from a state of abandonment to productive tax producing properties.**
- **Hold properties for future development.**
- **Strategically acquire properties that can be useful for community or economic development.**
- **Properties are acquired through the Tax & Surplus sales**

Disposition of properties

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



- **Abutting Landowner**
 - For owners of property that touches, borders on, or is contiguous to the Land Bank property.
- **Not-For-Profits/CDCs**
 - For 501(c)(3) registered non-profit organizations and community development corporations.
- **Sworn Officer**
 - For sworn public safety officer.
- **General Public/Developer**
 - For the general public, investors or for-profit developers.

Qualification for Non-Profits



- **(1) It shall have, as a major corporate purpose and function, the provision of housing for low or moderate income families within the geographic area in which the parcel of property is located;**
- **(2) It shall have been established for at least one (1) year, and provide evidence of its 501(c)(3) status with a certificate of good standing; and**
- **(3) It shall have demonstrated its capacity to complete the project;**
- **(4) It shall not be in arrears on any taxes or special assessments on any real property that it owns; And;**
- **(5) It shall, prior to receiving title to the real property, have filed, and complied with the terms of, a "project development agreement" in the form determined by the Metropolitan Development**

Qualification for General Public

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



- **1) Demonstrate that they are a responsible property owner and have no delinquent taxes or code violations on currently owned properties;**
- **2) Submit a development plan for project at the time of application;**
- **3) Provide documentation of approval for the financing for all improvements to the vacant lot or structures;**
- **4) At the time of sale, buyers must enter into a project agreement with the City of Indianapolis with the following stipulations:**

MOWING

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Indianapolis
Mayor Gregory A. Ballard



Trash-Illegal Dumping

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



Arson

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Indianapolis
Mayor Gregory A. Ballard



Qualifying Corporations

- **New Day Residential Development**
- **Somebody, Inc.**
- **New Life Community Development**
- **Essential Development**
- **New Hope Community Development**
- **Hearts & Hands**
- **For God So Loved The World**
- **Habitat For Humanity**
- **Homeless Re-Entry Helpers (HRH)**
- **Divine Community Development**





Somebody, Inc.

Dr. Edward Brown, President



Rehab Review of properties from the LandBank

Somebody, Inc.



- Organization's Name: Somebody, Inc., a 501 c 3 non- profit organization
- Date of Incorporation: March 4, 2009
- Date of 501 (c) (3) IRS letter: August 10th 2009
- EIN Number: 27-2096655
- DUN Number: 964653633
- Address: 250 S. Audubon Road, Indianapolis, IN
- Phone: 317-431-5371
- E-mail: edbrown@somebodyinc.org
- Contact Name: Dr. Edward Brown
- Title: President /CEO of Somebody Inc.

MISSION:

I. About Somebody, Inc

Mission Statement:

- Promoting empowerment of persons impacted by low income/or homelessness, by providing affordable housing, the necessary support for them to obtain a postsecondary education degree; provide early childhood education for their children; teach life skills for families; thus increasing dispositional self esteem.

*Edna Martin Christian Center
Early Childhood Center, and
Center for Working Families*

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Oasis, CDC

Inspiring Horizons, Inc.

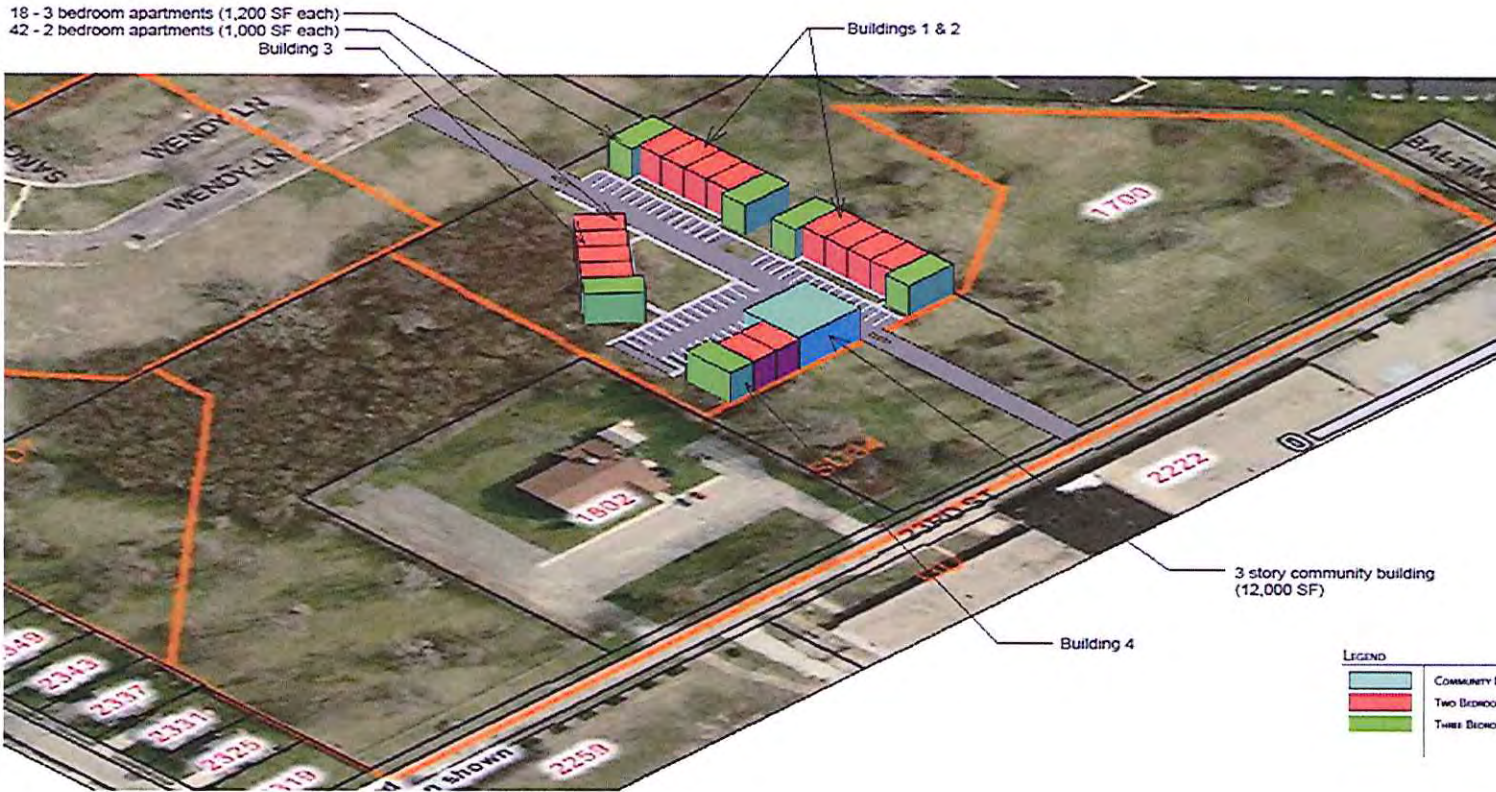
Somebody, Inc. Partners

Family Scholar House

*Indiana University –
Purdue University, Indianapolis*

Ivy Tech Community College

Somebody, Inc.'s Future Family Scholar House for Martindale Brightwood Community



Somebody Inc. Rehab on 3043 N. Hovey-1004916

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Rented to a single mom with 3 kids. Mom is now participating in a life skills course that assists her in understanding areas such as financial literacy. Home rents for \$600.00 a month.

Somebody Inc.
Interior of 3043 N. Hovey-1004916

Dept. of Metropolitan Development
Indianapolis
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Somebody, Inc.
4414 E. 34th Street-1084169

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



Home is rented to a single mom with 2 kids. She pays \$650.00 a month for rent.

Somebody, Inc.

Interior: 4414 E. 34th Street-1084169

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



Somebody, Inc.

725 Roach-1018601

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



Home has been rehabbed, but does not currently have a tenant.



New Day Residential Development

**Creating jobs and bringing back neighborhoods one home at a
time.**

New Day Residential

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



- Organization's Name: New Day Residential, a 501 c 3 non- profit organization
- Date of Incorporation: May 23, 2007
- Date of 501 (c) (3) IRS letter: June 26, 2008
- EIN Number: 35-1870748
- Address: 8318 Hayworth Road, Indianapolis, IN
- Phone: 317-423-9840
- E-mail: vision3435@aol.com
- Contact Name: Rev. Randy Sargent
- Title: Director of New Day Residential

- **Mission Statement:**

New Day Residential Development is committed to improving the existing housing inventory by acquiring, renovating, re-positioning and providing funding for properties in hard to develop neighborhoods. A collaborative of investment relationships and the ability to provide jobs will allow this to happen. New Day Residential Development will be the catalyst for providing affordable housing for inner city residents.

MISSION:

2121 Gent Ave

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



Purchased 9/20/12 Under construction. New Day removing trash

2121 Gent



2121 Gent

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Indianapolis
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2121 Gent



2121 Gent

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3351 N Grant Ave

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



Purchased: 7/25/12 Completed 8/12:Rented

3351 N. Grant

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



3351 N. Grant

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



3351 N. Grant

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



Basement: cleaned out, new water heater and furnace

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



614 Oxford

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



Purchased 7/25/12 Completed 8/12: Rented

614 Oxford



614 Oxford

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



614 Oxford

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



614 New furnace and water heater

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Indianapolis
Mayor Gregory A. Ballard





1646 Barth

Purchased 5/25/12 Under renovation. Will be a winter project

1646 Barth Ave

Before



After



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Indianapolis
Mayor Gregory A. Ballard



1646 Barth



Before clean out



After clean out



1646 Barth

Before



After



2954 Winthrop

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



Purchased 6/15/12 Completed 7/12: Sold

3730 Olney

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



Purchased 5/25/12 Completed 7/12: Rented

IMAC



- Organization's Name: Indiana Minority AIDS Coalition , a 501 c 3 non- profit organization
- Date of Incorporation: November 01, 2005
- Date of 501 (c) (3) IRS letter: March 2007
- EIN Number: 20-3703202
- DUN Number: 611002259
- Address: 133 W. Market Street, #155, Indianapolis, IN 46204
- Phone: 317-500-4622
- E-mail: dave.johnson@imacindiana.org
- Contact Name: David Johnson
- Title: Executive Director

MISSION:

- **Mission Statement:**

To help eradicate HIV/AIDS Throughout the state of Indiana and provide comprehensive services to those infected and affected by the disease. Services is inclusive of housing, testing, access to medical care, mental and psycho-social counseling.



What do our residents
see??







Did see.....



Did see.....





**THE CHANGE THAT WE
CAN MAKE!!!!!!**





















Questions?

Dept. of Metropolitan Development
Indianapolis
Mayor Gregory A. Ballard



REGINALD WALTON

**ASSISTANT ADMINISTRATOR OF ABANDONED
BUILDINGS**

DEPARTMENT OF METROPOLITAN DEVELOPMENT

Reginald.Walton@indy.gov

327-5617

Land Bank of Indianapolis, Inc.

The Land Bank of Indianapolis is a 501c3 organization established in 2010 as a response to the significant number of vacant and abandoned properties in our community.

The mission of Land Bank of Indianapolis is to develop land banking policies, programs and activities to assist individuals, investors, developers, community development corporations and social service organizations in developing vacant and/or abandoned properties in Marion County.

Work accomplished to date was undertaken with the support of grant funding provided by the Indianapolis office of the Local Initiatives Support Corporation, the Indianapolis Neighborhood Housing Partnership and two grants awarded by the Indianapolis Housing Trust Fund. Accomplishments include

- creation of a non profit corporation and formation of a board
- research on land bank practices across the country
- research and stakeholder education on potential land bank legislation in Indiana which would streamline local land bank functions to address the number of vacant and abandoned properties
- establishing working relationships with other communities in Indiana seeking to address the problem of vacant and abandoned properties
- establishing relationships with land banks in other states and with leadership of Center for Community Progress
- being competitively chosen to participate in the 2012 Community Progress Leadership Institute at Harvard, with three members of local government staff included in attendance

Pending the introduction and passage of legislative amendments, Land Bank of Indianapolis seeks the opportunity to initiate land banking functions in order to assist the Department of Metropolitan Development in addressing Marion County's vacant and abandoned properties.

Land Bank of Indianapolis, Inc.
Board of Directors
November, 2012

Tara Seeley, Chair
Senior Grants Officer
Central Indiana Community Foundations

Bill Taft, Vice Chair
Executive Director
Local Initiatives Support Corporation

Mark Young, Treasurer
Principal
Crossroads Development and Consulting Company

Wes Janz
Professor
Ball State College of Architecture and Planning

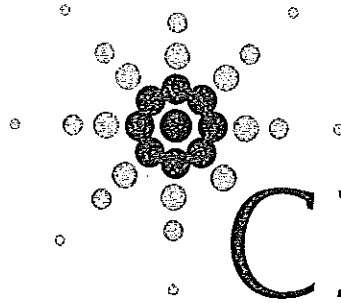
Jeff Roeder
Deputy Chief of Staff, Office of the Mayor
City of Indianapolis

Janine Betsey
Executive Director
King Park Area Development Corporation

Jeff Miller
Member, 19th District
Indianapolis-Marion County City-County Council

Vop Osili
Member, 15th District
Indianapolis-Marion County City-County Council

EXHIBIT G



CICF
CENTRAL INDIANA
COMMUNITY FOUNDATION

The INDIANAPOLIS
FOUNDATION
LEGACY FUND
Inspiring philanthropy

February 21, 2013

Ms. Katy J. Brett, Executive Director
Land Bank of Indianapolis
c/o LISC
The Platform
202 E. Market St.
Indianapolis, IN 46204

Grant Number: 0000010233

Dear Katy:

Enclosed is a check in the amount of \$6,979.81 which represents payment in full of a grant to Land Bank of Indianapolis. The Indianapolis Foundation is pleased to support your organization with a grant recommended by the Supplemental City of Indianapolis Housing Trust Fund.

Grant purpose: Charitable contribution to be used for consulting services to provide data, mapping, and other technical services needed to further the mission of the Land Bank of Indianapolis.

Any listing of this contribution in a publication or other printed material should identify it as a grant from the Supplemental City of Indianapolis Housing Trust Fund, a fund of The Indianapolis Foundation.

The grant funds referenced are to be used solely for the purposes described above and your organization's accounting and financial records should note this restriction. Any unused funds must be returned to the foundation immediately unless an amended purpose for the grant is authorized by the foundation in writing. To comply with regulations regarding foundations, this grant must be used only for charitable and educational activities consistent with your organization's tax exempt status under the Internal Revenue Code and we request you notify us immediately of any changes in or IRS proposed or actual revocation of the organization's tax exempt status. Acceptance or negotiation of the funds will constitute agreement to the conditions of the grant as outlined in this letter.

By accepting this contribution you are affirming that no personal benefit is accruing to any individual and that this contribution is not being used to fulfill a personal, family or corporate pledge or other obligation. Our policy and federal law *prohibits* charitable grantees from providing *quid pro quo benefits* to either the Foundation or its donors as a result of gifts from donor advised funds. Examples of *quid pro quo benefits* may include, but are not limited to: tickets to public events, seating at fundraising dinners, membership fees, or parking privileges.

It would be appropriate to thank the individual(s) or committee who recommended this grant. Please address your letter to the Supplemental City of Indianapolis Housing Trust Fund Advisor(s) and send it to CICF's Operation Center at the address below.

Sincerely,

Brian Payne
President and CEO
Central Indiana Community Foundation and
The Indianapolis Foundation

cc: Mr. Adam Thies

The Indianapolis
Foundation
Board of Trustees
2013

Chair
Sarah Wilson Otte

Vice-Chair
Milton O. Thompson

Secretary
Cynthia Simon Skjold

Trustees
Gregory F. Hahn
Alan A. Levin
Jerry D. Semler

President and CEO
Brian Payne

EXHIBIT H



Department of Metropolitan Development
Office of the Director

Indianapolis

Gregory A. Ballard, Mayor

4-24-2013

Phil Votaw

2232 W. Michigan Street

Indianapolis, IN. 46222

Greetings Phil,

As each of you know, the City of Indianapolis faces a significant challenge with abandoned and foreclosed residential properties. This challenge is certainly one of the saddest realities of a convergence of factors: changing development patterns and tastes, suburban growth, property obsolescence and financial and mortgage issues to name just a few. For certain, no single issue has created this challenge.

While recognizing this challenge and having compassion for those that have been caught in this convergence of factors is critical, the City of Indianapolis must also create a culture of opportunity around this issue. Like many major U.S. metropolitan areas, Indianapolis is facing massive budget and financial issues. Put simply, the City must focus on reframing what it means to "Live in the City" and move towards conveying a sense of tremendous opportunity for those that chose to be a part of our municipality. While this effort certainly is broad, one aspect of this challenge needs to be the City's policies related to vacant, abandoned and foreclosed homes.

As many of you know, the Department of Metropolitan Development's Indy Land Bank seeks to acquire abandoned, tax delinquent and other problem properties, hold and maintain them temporarily, and make them available for active reuse. Through this effort, it is our goal to return troubled properties to the tax base, eliminate public safety hot spots, and improve the quality of life in our neighborhoods. Other goals of the DMD Indy Land Bank are to hold properties for future development and to strategically acquire properties that can be useful for community or economic development. However, because of current redevelopment law, the DMD Indy Land Bank has limited options related to strategies to improve this current process.

In the recent months, the DMD Indy Land Bank has received interest from various organizations who want to acquire properties for housing, construction training, youth work projects or other community building ideas. Additionally, it has become clear that the costs of holding properties in our DMD Land Bank (mowing, boarding, trash removal, etc.) will deplete our available funding in the near future. Considering our City's current financial condition, it is critical that a new policy be put in place.

In this light, this letter serves as an official notice that all properties that are reserved for your organization in the DMD Land Bank will need to be claimed and purchased by October 1, 2013. A current list of properties that are being reserved for your organization is attached to this letter. If you do not have the capacity to acquire these properties within this period, then we ask that you release your hold interest so that we have the opportunity to seek other avenues for redevelopment. As you can imagine, our Land Bank budget for 2013 and the costs associated with

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200 East Washington Street
Indianapolis, Indiana 46204
www.indy.gov

maintaining these properties will not allow us to continue to hold properties while turning away eligible candidates for disposition.

We ask that you evaluate the attached properties and your future plans and arrange an initial discussion with both Reggie Walton, DMD Assistant Administrator for Abandoned Buildings and Katy Brett, Executive Director of the Non-Profit, City-Supported, Land Bank of Indianapolis. Reggie can be contacted at 327-5617 or emailed at rwalton@indy.gov. We ask that these initial meetings occur prior to June 1, 2013. Additionally, by August 1, 2013, we desire a listing of those properties that you intend to purchase out of the DMD Land Bank and those that will release from hold reservations. From that point, we will work to begin the property sale process for selected properties leading to the October 1, 2013 deadline.

Warm Regards,

A handwritten signature in black ink, appearing to read 'Adam Thies', with a stylized flourish at the end.

Adam Thies, AICP, Director

Department of Metropolitan Development

43

Highlighted
Yellow-Quiet
Title

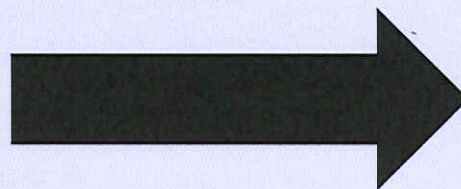
	NSP	PARCEL			ADDRESS	ZIP	ST. TYPE	CDC AREA	Disposition/Reservation/ Inquiry	Tax Year
255		9019908	3115	W	10TH	46222	House	WCDC		2004
256		9023954	3343	W	9TH	46222	House	WCDC		2003
969		9016336	726	N	BELLEVIEW	46222	House	WCDC		March-10 A
971		9017159	749	N	BELLEVIEW	46222	House	WCDC		March-10 A
972		9017459	753	N	BELLEVIEW	46222	House	WCDC		March-10 A
973		9018240	770	N	BELLEVIEW	46222	House	WCDC		March-10 A
257	NSP	9019288	742	N	BELLEVIEW	46222	Lot	WCDC		January-09
970		9020948	746	N	BELLEVIEW	46222	House	WCDC		March-10 A
968		9021698	725	N	BELLEVIEW	46222	House	WCDC		March-10 A
967		9023704	722	N	BELLEVIEW	46222	House	WCDC		March-10 A
639	NSP	9016282	737	N	BELLEVIEW PL	91605	House	WCDC		March-10 C
258										
259		9021059	806	N	GOODLET	46222	Lot	WCDC		2006
975		9019489	280	N	HOLMES	46222	House	WCDC		March-10 A
640	NSP	9017721	282	N	HOLMES AVE	46222	Lot	WCDC		March-10 C
642		9020354	2117		HOWARD ST	46221	Lot	WCDC		March-10 C
644	NSP	1007995	1327		KAPPES ST	46221	House	WCDC		March-10 C
645	NSP	1032722	1440		KAPPES ST	46221	House	WCDC		March-10 C
643	NSP	1050287	1318		KAPPES ST	46221	Lot	WCDC		March-10 C
976		1031602	1426		KENNINGTON	46225	House	WCDC		March-10 A
646		1049670	1813		LAMBERT ST	46221	Lot	WCDC		March-10 C
261		1012482	713		LYNN	46222	House	WCDC		2003
980		1050081	923		LYNN	46222	lot	WCDC		March-10 A
262		1050083	911		LYNN	46222	lot	WCDC		2006
977		1058549	521		LYNN	46222	House	WCDC		March-10 A
260										
978		1095846	701		LYNN	46222	House	WCDC		March-10 A
264	NSP									
265	NSP	9019914	1158	N	MOUNT	46222	House	WCDC		January-09
647	NSP	9021748	1416	N	MOUNT ST	46222	Lot	WCDC		March-10 C
984		1052448	429		PARKWAY	46225	House	WCDC		March-10 A
266	NSP	9019954	1144	N	PERSHING	46222	House	WCDC		January-09

648	NSP	9015419	559	N	PERSHING AVE	46222	House	WCDC		March-10 C
985		9017725	947	N	SHEFFIELD	46222	House	WCDC		March-10 A
650		9017724	949	N	SHEFFIELD AVE	46222	Lot	WCDC		March-10 C
269	NSP	9015721	1149	N	TREMONT	46222	House	WCDC		January-09
986		9020317	1143	N	TREMONT	46222	House	WCDC		March-10 A
267		9023493	1109	N	TREMONT	46222	House	WCDC		January-09
268		9023937	1125	N	TREMONT	46222	Lot	WCDC		2003
652	NSP	9016354	733	N	TREMONT ST	46222	House	WCDC		March-10 C
651	NSP	9017509	1141	N	TREMONT ST	46222	Lot	WCDC		March-10 C
987		1042253	2217		UNION	46225	House	WCDC		March-10 A
654	NSP	9018232	1627	N	WARMAN AVE	46222	House	WCDC		March-10 C

Land Bank Strategy

MAY 15, 2013

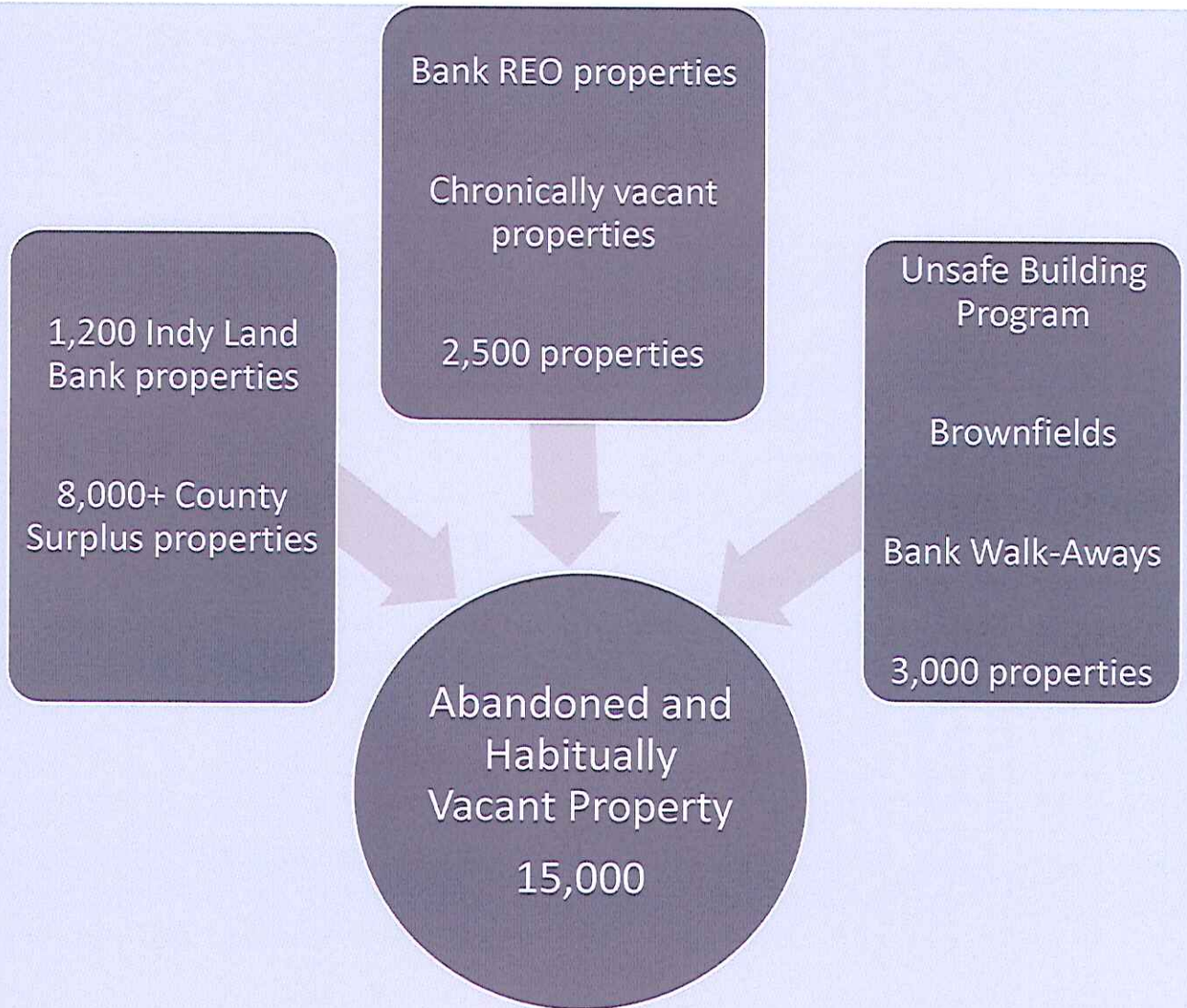
Reclaiming Properties



Where do we want to go?

Location, Location, Location.

Opportunity, Opportunity, Opportunity.



Why Land Bank of Indianapolis?

- Declining resources available to the City
- National trends demonstrate a non-profit Land Bank is considered best practice
- Focused on evaluating buyers & their capacity
- Respond to opportunities easier, quicker, & more efficiently
- Tap into private, non-profit, and academic resources and expertise



Who is Land Bank of Indianapolis?

History

- Formed in 2010
- Funding through Housing Trust Fund (2010-2011)
- Hired two consultants to do research on best practices and current land banking policy
- Received 501c3 tax status (2010)
- Consulted with national policy experts and local municipalities exploring land banking (2010-2012)
- Raised the profile of land banking through discussions with city and county staff, councilors, legislators, and other constituents (2010-2012)
- Expanded Board membership (2012)
- Hired first executive director February (2013)

Who is Land Bank of Indianapolis?

Board of Directors

Tara Seeley, Central Indiana Community Foundation (Chair)

Bill Taft, LISC (Vice-Chair)

Mark Young, Crossroad Development and Consulting Company (Treasurer)

Wes Janz, Ball State University (Secretary)

Janine Betsey, King Park Area Development Corporation

Jeff Miller, City-County Council

Vop Osili, City-County Council

Jeff Roeder, Office of Mayor Greg Ballard

Additional board recruitment for an attorney, financial management, and development

Who is Land Bank of Indianapolis?

Advisory Council

The Land Bank of Indianapolis is currently in the process of reformulating the Advisory Council. This Advisory Council will be comprised of governmental, non-profit, and real estate professionals who have specific expertise to contribute or who work for an agency or partner organization who may be part of the process to return vacant and abandoned properties to productive use.

This Advisory Council will provide input and feedback to the Land Bank of Indianapolis Board of Directors and staff on disposition policies, the request for qualifications, and request for proposals.

Who is Land Bank of Indianapolis?

Staff

Executive Director Experience

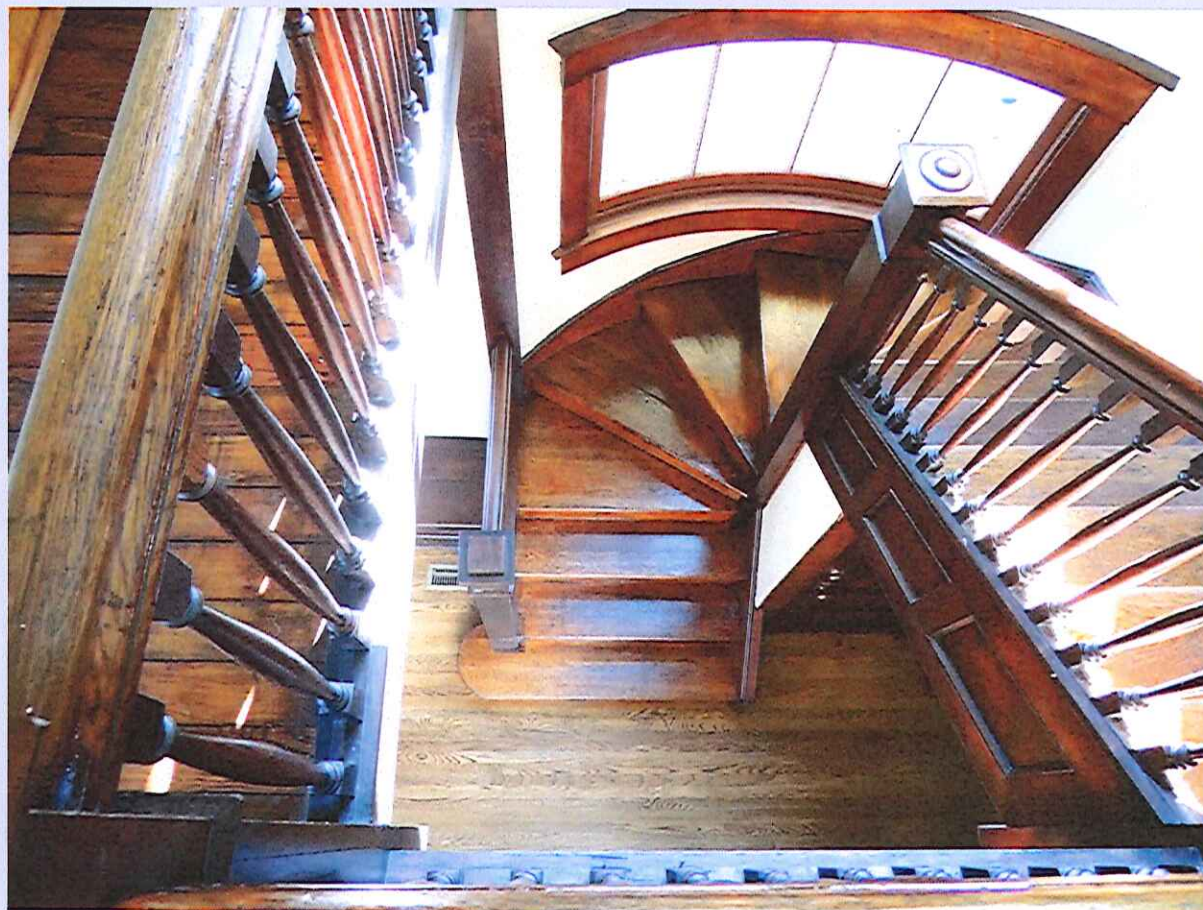
- Experience in city government and abandoned housing policy
- Real estate development experience
- Secured and deployed nearly \$7 million in federal funds (including HOME, NSP, CDBG funds)
- Secured and deployed over \$7 million in private financing
- Acquired nearly 100 parcels through cooperation with the Indy Land Bank, through the Marion County Tax Sale, and through private transactions
- Experience growing a small non-profit organization, including development of an organizational structure and financial management
- Completed three multi-million dollar development projects, including the creation or rehabilitation of nearly 100 units of housing and nearly 4,000 square feet of commercial space..
- Acquired and remediated a brownfield in order to facilitate mixed-use development.

The Next Six Months

Abandoned and Vacant Property in Marion County: Process and Data

Partnership with DMD/Indy Land Bank

Target Dates



Current Inventory Strategy

Process and Timeline

Property Condition and Data

Tool Kit

Communication



Process

LAND BANK OF INDIANAPOLIS

Chief marketer of existing properties

RFQ/RFP Process

Adjacent landowners

Homesteading

Other Disposition Strategies

Conditions/Covenants

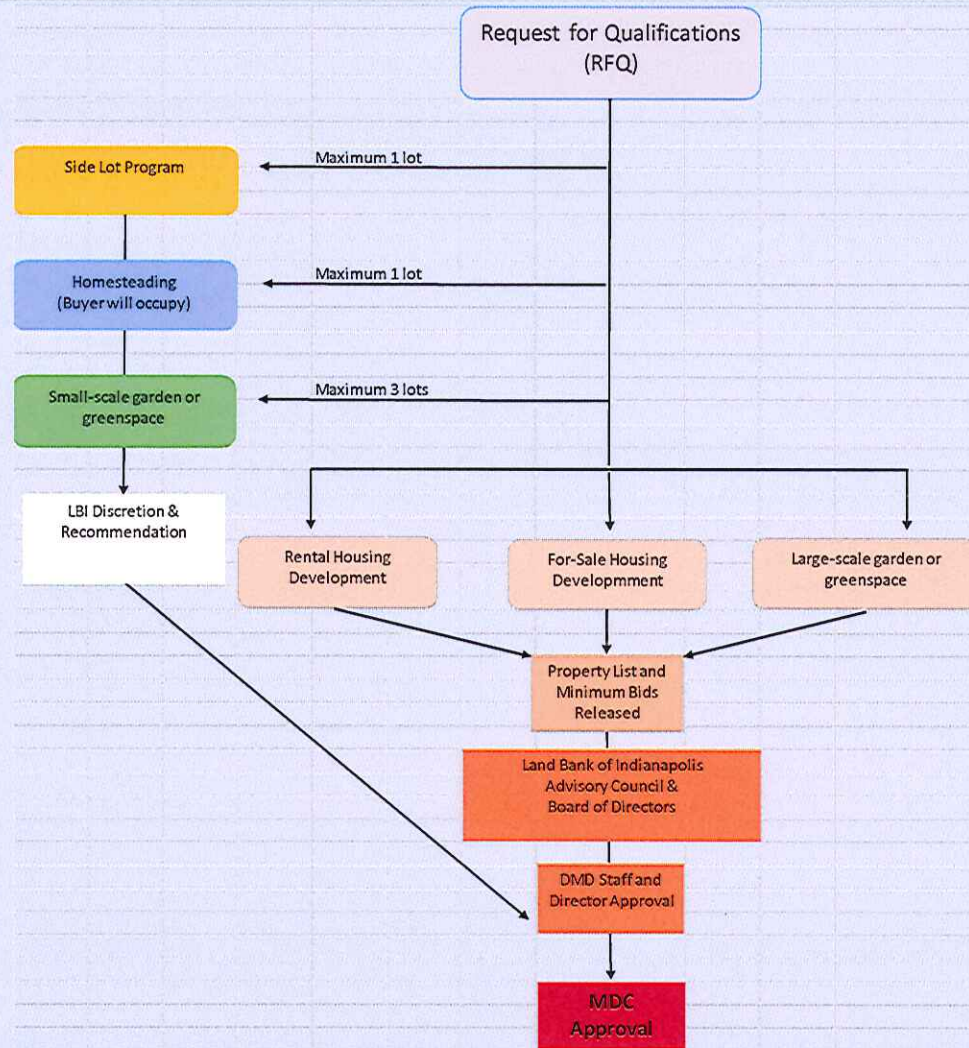
DPMT. OF METROPOLITAN DEVELOPMENT

NSP Restrictions

CDC Notice

Project Agreement/Covenants

MDC Approval Process



Timeline

DMD NOTICE RE: "HOLDS" (APRIL/MAY 2013)

RFQ Released (Summer 2013)

Property List/Minimum Bid/RFP (Fall 2013)

Adjacent owners/homesteading/gardens (rolling deadlines)

Property Transfers (start late 2013 thru 2014)

Conditions/Covenants (attached to properties for likely 5 years)



Property Condition and Data

LAND BANK OF INDIANAPOLIS & DMD

Physical inspection

Pictures

Surrounding Conditions

Existing Inventory

Short-term land bank needs

Long-term land bank needs



Tool Kit

TOOLS

Small levels of subsidy

- Development subsidy
- Down Payment Assistance

Clean Title

INHP Revive Indy Loan

Private Pool of construction financing

Banks prepared to provide permanent mortgages to take out construction financing



Communication

Outreach to interested buyers

Outreach to constituent groups

Celebrate Land Bank Successes

Transparency is important.

