

State of Minnesota
County of Dakota

District Court
1st Judicial District

Prosecutor File No.
Court File No.

CA-2016-02031

State of Minnesota,

Plaintiff,

vs.

TRACI JOY JACOBSON DOB: 11/16/1976

15789 Cobblestone Lake Pkwy
Apple Valley, MN 55124

Defendant.

COMPLAINT

Summons

The Complainant submits this complaint to the Court and states that there is probable cause to believe Defendant committed the following offense(s):

COUNT I

Charge: Theft by False Representation (Over \$35,000)

Minnesota Statute: 609.52.2(3), with reference to: 609.05.1

Maximum Sentence: 0-20 Years and/or \$30,000.00 - \$100,000.00

Offense Level: Felony

Offense Date (on or about): 08/22/2011

Control #(ICR#): 13000611

Charge Description: On or about August 22, 2011, in the County of Dakota, Minnesota, TRACI JOY JACOBSON, did while intentionally aiding, advising, or conspiring with another or others, obtain for the actor or another the possession, custody, or title to property of or performance of services by a third person by intentionally deceiving the third person with a false representation which is known to be false, made with intent to defraud, and which does defraud the person to whom it is made, and the value of the property or services stolen is more than \$35,000.

COUNT II

Charge: Theft by Swindle (Over \$35,000 or firearm)

Minnesota Statute: 609.52.2(4), with reference to: 609.05.1

Maximum Sentence: 0-20 Years and/or \$30,000.00 - \$100,000.00

Offense Level: Felony

Offense Date (on or about): 08/22/2011

Control #(ICR#): 13000611

Charge Description: On or about August 22, 2011, in the County of Dakota, Minnesota, TRACI JOY JACOBSON, did while intentionally aiding, advising, or conspiring with another or others, by swindling, whether by artifice, trick, device, or any other means, obtain property or services from another person, and the value of the property or services stolen is more than \$35,000.

STATEMENT OF PROBABLE CAUSE

Your Complainant, Jonathan J. Ferris is a supervisory special agent for the Minnesota Commerce Fraud Bureau (CFB) (hereinafter "SSA Ferris"). In that capacity I have reviewed the police reports and believe the following to be true.

In May 2013, the Apple Valley Police Department became aware of possible mortgage and bankruptcy fraud crimes involving Samuel Ryan Jacobson, born 07/22/1975 (hereinafter "Samuel Jacobson") and Traci Joy Jacobson, born 11/16/1976, formerly known as Traci Quam (hereinafter "Tracy Jacobson"). The Apple Valley Police Department requested investigative assistance from SSA Ferris. The allegation concerning Samuel Jacobson was levied by his ex-wife, JJ. JJ indicated after they were divorced, Samuel Jacobson remained in the home they had previously shared, which was located at 7715 Gibraltar Terrace in Apple Valley, County of Dakota, Minnesota. According to the divorce decree, Samuel Jacobson became responsible for all mortgage payments related to the home. JJ claimed that in 2011, Samuel Jacobson sold the Gibraltar Terrace house, via short sale, to his then live-in girlfriend, Traci Quam (now-Jacobson). JJ reported that the Traci Jacobson then sold the Gibraltar Terrace house at a substantial profit and purchased another house in Apple Valley. SSA Ferris conducted an investigation and determined the following.

SHORT SALE OF GIBRALTAR TERRACE

SSA Ferris obtained records from JP Morgan Chase (hereinafter "Chase") related to the Samuel Jacobson mortgage on 7715 Gibraltar Terrace. Based on a review of records, beginning in or about September 2009, Samuel Jacobson began sending a series of letters to Chase outlining his financial struggles. In the letters, Samuel Jacobson requested assistance, via loan modification, in order to help him remain in the home. Chase did approve alterations to his loan, i.e., Forbearance Unemployment Plan and a Loan Modification. In the winter and spring of 2011, Samuel Jacobson repeatedly contacted Chase concerning an approval for a second loan modification. In April, Jacobson's request was denied due to insufficient income. On May 5, 2011, Samuel Jacobson contacted Chase indicating he was potentially interested in a short sale as opposed to a loan modification. Samuel Jacobson indicated if he did pursue a short sale, he would offer the home 'For Sale by Owner.' The call notes indicate Jacobson was told that if a short sale was approved and an acceptable offer was received, he would not be responsible for the deficiency balance. Samuel Jacobson sent a letter to Chase indicating he had filed for bankruptcy protection in January 2011; he specified that he did not include the Gibraltar Terrace home in his petition. Samuel Jacobson's letter also stated, "I have now come to the conclusion that the next logical step is to attempt a short sale as a last resort to avoid letting the house go into foreclosure."

In or about May 2011, Chase requested an appraisal be performed in order determine the value of the Gibraltar Terrace house. The appraisal reflected a short sale price range of \$340,000.00 to \$395,000.00.

Samuel Jacobson continued contacting Chase representatives about the short sale, ultimately indicating he no longer wanted to pursue a loan modification as he had a possible offer on the home. Samuel Jacobson mailed a purchase agreement, dated May 6, 2011, to Chase. The agreement indicated Traci Jacobson (then-Quam) offered to purchase the home for \$365,000.00. The documents sent to Chase also included a Short Sale Contingency Addendum. A subsequent purchase agreement, dated June 15, 2011, was also sent to Chase. All purchase agreements sent to Chase contained signatures bearing the names of Samuel Jacobson and Traci Jacobson (then-Quam).

While the short sale approval process was ongoing, Samuel Jacobson contacted Chase, via telephone, on several

occasions. On June 29, 2011, during one such call, Samuel Jacobson was advised both liens on the home would be waived if the short sale occurred. Samuel Jacobson was told the Arm's Length Transaction form needed to be signed by both parties, i.e., the buyer and seller.

During a call on July 5, 2011, between Samuel Jacobson and Chase, the call notes indicate Samuel Jacobson was advised he was not to rent after he short sold the home.

On July 19, 2011, Samuel Jacobson called Chase indicating Traci Jacobson (then-Quam) wanted to lower the offer on the house if Samuel Jacobson could stay in the property. The call notes indicate the Chase representative told Samuel Jacobson that could not happen. Samuel Jacobson was told he needed to sign the Arm's Length Transaction form if he intended to proceed with a short sale. Samuel Jacobson was further told that he needed to figure out what he wanted to do, i.e., modify his existing loan or proceed with the short sale.

On August 2, 2011, Chase sent Samuel Jacobson a letter approving his request for a short sale. Chase's letter advised Samuel Jacobson that, as the seller, he would not receive any proceeds from the transaction. Samuel Jacobson was also advised to provide, at the closing, a notarized Affidavit of Arm's Length Transaction. The affidavit was enclosed in the letter.

Samuel Jacobson ultimately proceeded with the short sale of the Gibraltar Terrace home to Traci Jacobson, and the closing was conducted on August 22, 2011. Samuel Jacobson and Traci Jacobson (then-Quam) attended the closing for 7715 Gibraltar Terrace. Samuel Jacobson and Traci Jacobson (then-Quam) each signed the Affidavit of Arm's Length Transaction document.

AFFIDAVIT OF ARM'S LENGTH TRANSACTION

The affidavit signed by Samuel Jacobson and Traci Jacobson (then-Quam) identified numerous conditions in order for the lender, Chase, to discount the total amount owed by Samuel Jacobson on the loan. The affidavit further stated:

The Lender, in consideration for the representations made below by the Seller, the Buyer, and their respective agents, agrees to accept the amount of \$361,892.23 to resolve its Loan (pursuant to a separate Agreement between the Lender and the Seller) on the express condition that the Seller, the Buyer, and their respective agents (including, without limitation, real estate agents, escrow agents, and title agents) each truthfully represents, affirms, and states as follows:

- 1. The purchase and sale transaction reflected in the Agreement is an "Arm's Length Transaction," meaning that the transaction has been negotiated by unrelated parties, each of whom is acting in his or her own self-interest, and that the sale price is based on fair market value of the Property. With respect to those persons signing this Affidavit as an agent for the Seller, the Buyer, or both, those agents are acting in the best interests of their respective principal(s).*
- 2. No Buyer or agent of the Buyer is a family member or business associate of the Seller or the borrower or the mortgagor.*
- 3. No Buyer or agent of the Buyer shares a business interest with the Seller or the borrower or the mortgagor.*
- 4. There are no hidden terms or hidden agreements or special understandings between the Seller and the Buyer or among their respective agents that are not reflected in the Agreement or the escrow*

instructions associated with this transaction.

5. *There is no agreement, whether oral, written, or implied, between the Seller and the Buyer and/or their respective agents that allows the Seller to remain in the Property as a tenant or to regain ownership of the Property at any time after the consummation of this sale transaction.*
6. *The Seller shall not receive any proceeds from the sale of the Property, unless it is reflected in the Short Sale Terms and Conditions Agreement.*
7. *No agent of either the Seller or the Buyer shall receive any proceeds from this transaction except as is reflected in the final estimated closing statement which shall be provided to the Lender for approval prior to the close of escrow.*
8. *Each signatory to this Affidavit expressly acknowledges that the Lender is relying upon the representations made herein as consideration for discounting the payoff on the Loan which is secured by a deed of trust or mortgage encumbering the Property.*
9. *Each signatory to this Affidavit expressly acknowledges that any misrepresentation made by him or her may subject him or her to civil liability.*

I/We declare under penalty of perjury under the laws of the State of [Minnesota] that all statements made in the Affidavit are true and correct.

Samuel Jacobson and Traci Jacobson, falsely attested to several conditions contained within the affidavit. As a result of their false representations, Chase approved the short sale of 7715 Gibraltar Terrace, Apple Valley, Minnesota to Traci Jacobson (then-Quam).

SALE OF GIBRALTAR TERRACE

After purchasing the Gibraltar Terrace home on August 22, 2011, Samuel and Traci Jacobson began preparing the home for sale. By October 1, 2011, the home was put on the market by real estate agent Roger Quam, Traci Jacobson's father. A review of electronic evidence seized during the investigation identified numerous emails between Samuel and Traci Jacobson and Roger Quam where showings and buyer feedback was discussed. On December 16, 2011, Traci Jacobson sold 7715 Gibraltar Terrace for \$538,000.00. Traci Jacobson received a check in the amount of \$226,793.06, which she deposited in her Wells Fargo savings account.

PURCHASE OF COBBLESTONE LAKE HOME

After realizing a significant profit from the sale of the Gibraltar Terrace house, Samuel and Tracy Jacobson used the proceeds to purchase a home in Tracy Jacobson's name only. The investigation revealed the following.

On February 1, 2012, Samuel Jacobson sent an email to his father, CJ, titled "Rates!" In the email, Samuel Jacobson asked his father, who was a senior loan officer, what the "best rate at Par and DTI" would be. He went on to write, "Also, I'm trying to see what Traci would get approved at." Samuel Jacobson also wrote, "Cobblestone \$417,000 Mortgage [sic] at 3.875 is \$1991 Mo. \$7600 Taxes, 633Mo. \$1800 Ins, 150 Mo. Total Mo Payment is \$2774 We are off \$2669 - \$2774 = \$105" Samuel Jacobson's email expressed an interest in a "Cobblestone" home, which was ultimately the home Traci Jacobson purchased in July 2012.

The email clearly establishes that Samuel Jacobson was directly involved the financial assessment of a future home purchase.

On March 1, 2012, Samuel Jacobson sent an email to his father titled "Fwd: Rates!" In the email, Samuel Jacobson wrote, "Dad, I tried calling you yesterday. Cobblestone Sellers made us an offer that we are deciding on. What do you need from Traci to get the PreApproval?"

On April 2, 2012, Samuel Jacobson sent an email to Traci Jacobson titled "Fwd: Rates!" In part, Samuel Jacobson wrote, "Cobblestone Price of \$552,500 plus \$14,500 in closing costs/prepays is total Price of \$567,000. I plan on putting \$177,000 down for a Loan amount of \$390,00. [sic] This leaves us Today a total of \$43,000 in our bank account. If we close in July we will be able to save another \$12,000 for a total in our bank accts of \$55,000 after closing on July 15th." He also wrote, "Yes, a \$450,000 home would be better but we would have to sit back and wait and act fast when it comes on the market and probably pay close to full Price as we (I AM) picky buyers."

On April 9, 2012, Samuel Jacobson sent an email to DH attaching a pdf titled "Traci Quam Approval Letter." DH and her husband were the owners of 15789 Cobblestone Lake Parkway in Apple Valley, the home Traci Jacobson ultimately purchased. In the email Samuel Jacobson wrote, "It's our understanding that we have come to an agreement and just need to finalize the paperwork. All major issues have been agreed upon. You now have the Pre-Approval in hand (If you need any other financials on this please let us know). If you want to write up the PA tonight we are willing work on it and get this done asap. We are a little disappointed after working with you and getting [sic] a verbal agreement knowing we are finalizing the written deal in the next day (or whenever you have time to write up the agreement) that you would present the last situation to us. We are planning on standing by our end of the deal. If you decide you want to back out then we would appreciate if you would please let us know tonight. Sam & Traci."

On July 20, 2012, Traci Jacobson purchased 15789 Cobblestone Lake Parkway for \$552,500.00. Traci Jacobson withdrew \$163,234.82 from her Wells Fargo savings account to use as a down payment on the home. The money used to fund Traci Jacobson's down payment was the profit she fraudulently obtained as a result of her short sale purchase of the Gibraltar house.

INTERVIEW OF TRACI JACOBSON

On October 31, 2013, an interview was conducted of Traci Jacobson. Traci Jacobson indicated she and Samuel Jacobson met and began dating in September 2009. By 2010, she described their relationship as "monogamous," and that she was staying at Samuel Jacobson's Gibraltar home "here and there." By the end of 2010, she said she was spending the night at the Gibraltar home "a few days a week." She was aware that in 2011 Samuel Jacobson contacted his lender about needing a loan modification for his Gibraltar home.

In January 2011, she rented out her townhome in Eagan. She initially told SSA Ferris and Sgt. Francis that she was "living back home" with her parents in Cannon Falls after moving out of her townhouse. SSA Ferris advised her it was not a good idea to try and reshape something when she was working for the 196 school district and Sam Jacobson's home was in Apple Valley; she was a thirty-something year old person who had been in a relationship for nearly two years; and Cannon Falls to Rosemount in the winter is not a fun drive. SSA Ferris also told her that if she was truly living in Cannon Falls, her bank records would reflect at least a few gas purchases in Cannon Falls. She acknowledged that on paper it said she lived with her parents, but she was at the Gibraltar home "the majority of the time." Jacobson said, "I mean, yeah, like you said, the paperwork will say exactly, I rented out my townhouse in January of 2011 and then I moved home."

And then I bought Sam's house in August of 2011. That's exactly what it's gonna say, on paper, you know my mailing, my everything, change of address, everything. But like you said, too, what realistically was going on? And yeah, most of the time I was at Sam's house, I mean." She did not know if Chase knew she was living at the home when Samuel Jacobson began talking to the bank about a short sale. She acknowledged that most of her belongings were at the Gibraltar home when he was negotiating the short sale.

When discussing Samuel Jacobson's living arrangement after she purchased the home in August, Traci Jacobson said, "On paper, Sam moved out." She then said, "But in reality, he didn't..." She acknowledged Samuel Jacobson's children continued living in the Gibraltar home when they were with them.

Traci Jacobson said that after selling the Gibraltar home in December 2011, she and Sam, together, began looking to buy another home. She acknowledged looking for a home that would accommodate her, Sam Jacobson, and his three children. While they were looking for a home to buy, they were discussing marriage. In July 2012, using the profits from the sale of the Gibraltar home, she purchased her current home on Cobblestone Parkway. The day she closed on the Cobblestone Lake home, July 20, 2012, Sam Jacobson proposed to her.

Marriage records maintained by the State of Minnesota established that Samuel and Tracy Jacobson were married on June 14, 2013.

INTERVIEW OF JASON MADISON - JPMORGAN CHASE

On August 6, 2014, SSA Ferris conducted a telephonic interview with Jason Madison, an employee of Chase. He indicated it would have mattered to Chase if Traci Jacobson was living in the Gibraltar house, and she was Samuel Jacobson's girlfriend at the time he asked for approval to sell the home via short sale. That situation would have violated the arm's length transaction affidavit. As a result, had Chase known that was the situation, the short sale would not have been approved. Madison reviewed the loan file and located the arm's length affidavit. He indicated the affidavit was signed by Samuel and Traci Jacobson. Jason Madison said there is no circumstance in which Chase would allow a current resident to purchase a home while at the same time allowing the seller to maintain residency in the same home. He said it would not have mattered if Samuel Jacobson did or did not pay rent after the closing. Samuel Jacobson continuing to live in the home after the closing would have violated the arm's length agreement.

Jason Madison was presented with the scenario of: a) Quam (now-Jacobson) purchased the Gibraltar home; b) Quam (now-Jacobson) placed the home on the market one month later for approximately \$180,000.00 more than she purchased it for; c) Quam (now-Jacobson) sold it for a profit of approximately \$150,000.00; and d) Quam (now-Jacobson) purchased a new home for herself, Samuel Jacobson, and Jacobson's children to live in. Madison said, in Chase's eyes, Samuel Jacobson would have benefited from that transaction, which would have again violated the arm's length transaction agreement. Madison indicated Chase sustained a monetary loss of \$78,607.77.

SIGNATURES AND APPROVALS

Complainant requests that Defendant, subject to bail or conditions of release, be:
(1) arrested or that other lawful steps be taken to obtain Defendant's appearance in court; or
(2) detained, if already in custody, pending further proceedings; and that said Defendant otherwise be dealt with according to law.

Complainant declares under penalty of perjury that everything stated in this document is true and correct. Minn. Stat. § 358.116; Minn. R. Crim. P. 2.01, subds. 1, 2.

Complainant

Jonathan J. Ferris
Supervisory Special Agent
85 7th Place East
Suite 500
St. Paul, MN 55101
Badge: 103

Electronically Signed:
08/19/2016 11:16 AM
Ramsey County, Minnesota

Being authorized to prosecute the offenses charged, I approve this complaint.

Prosecuting Attorney

Kathryn M. Keena
Assistant Dakota County
Attorney
1560 Hwy 55
Hastings, MN 55033-2392
(651) 438-4438

Electronically Signed:
08/19/2016 11:01 AM

FINDING OF PROBABLE CAUSE

From the above sworn facts, and any supporting affidavits or supplemental sworn testimony, I, the Issuing Officer, have determined that probable cause exists to support, subject to bail or conditions of release where applicable, Defendant's arrest or other lawful steps be taken to obtain Defendant's appearance in court, or Defendant's detention, if already in custody, pending further proceedings. Defendant is therefore charged with the above-stated offense(s).

SUMMONS

THEREFORE YOU, THE DEFENDANT, ARE SUMMONED to appear on _____, _____ at _____ AM/PM before the above-named court at 1560 W Highway 55 Dakota County Judicial Center, Hastings, MN 55033 to answer this complaint.

IF YOU FAIL TO APPEAR in response to this SUMMONS, a WARRANT FOR YOUR ARREST shall be issued.

WARRANT

To the Sheriff of the above-named county; or other person authorized to execute this warrant: I order, in the name of the State of Minnesota, that the Defendant be apprehended and arrested without delay and brought promptly before the court (if in session), and if not, before a Judge or Judicial Officer of such court without unnecessary delay, and in any event not later than 36 hours after the arrest or as soon as such Judge or Judicial Officer is available to be dealt with according to law.

Execute in MN Only

Execute Nationwide

Execute in Border States

ORDER OF DETENTION

Since the Defendant is already in custody, I order, subject to bail or conditions of release, that the Defendant continue to be detained pending further proceedings.

Bail: \$
Conditions of Release:

This complaint, duly subscribed and sworn to or signed under penalty of perjury, is issued by the undersigned Judicial Officer as of the following date: August 19, 2016.

Judicial Officer

Kathryn D. Messerich
Judge of District Court

Electronically Signed: 08/19/2016 12:00 PM

Sworn testimony has been given before the Judicial Officer by the following witnesses:

**COUNTY OF DAKOTA
STATE OF MINNESOTA**

State of Minnesota

Plaintiff

vs.

Traci Joy Jacobson

Defendant

LAW ENFORCEMENT OFFICER RETURN OF SERVICE
*I hereby Certify and Return that I have served a copy of this
Summons upon the Defendant herein named.*

Signature of Authorized Service Agent: