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DOJ Indicts Seven Defendants in \$49.6 Million Mortgage Fraud Scheme

On January 10, 2014, representatives of the United States Attorney for the Southern District of Florida, the Federal Bureau of Investigation, and the Inspector General's Office for the Federal Deposit Insurance Corporation announced the unsealing of a 15-count indictment against seven defendants allegedly involved in a complex mortgage fraud scheme. According to the announcement, the indictment involves lender approvals of approximately \$49.6 million in fraudulent loans involving vacant lots in a community development in North Carolina. The government noted in its announcement that an indictment is only an accusation and the defendants are presumed innocent until proven guilty.

The indictment alleges that between 2003 and 2008, the defendants engaged in a mortgage fraud conspiracy against various FDIC-insured lenders. Certain of the defendants used shell companies to obtain ownership and control of a purported North Carolina residential property development known as Hampton Springs, according to the announcement. The indictment alleges that the defendants used straw buyers to finance the purchase of lots at the development, in addition to construction loans, which were supported by false and fraudulent loan applications and supporting documents. The government alleges lenders were induced to advance approximately \$49.6 million in loan proceeds through this scheme. The indictment includes charges of conspiracy to commit bank fraud, bank fraud, and wire fraud affecting a financial institution, which each carry a statutory maximum sentence of 30 years in prison, a \$1 million fine, and mandatory restitution, said the government.

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["Seven Florida Residents Indicted For Mortgage Fraud"](#)

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