



U.S. Department of Justice

Ronald C. Machen Jr.
*United States Attorney for the
District of Columbia*
Judiciary Center
555 Fourth St. N.W.
Washington, D.C. 20530

PRESS RELEASE

FOR IMMEDIATE RELEASE

Wednesday, September 4, 2013

For Information Contact:

Public Affairs

(202) 252-6933

<http://www.justice.gov/usao/dc/index.html>

Maryland Woman Sentenced to 48 Months in Prison In Mortgage Fraud Scheme That Cost Lenders More Than \$900,000 -She and Others Used Straw Buyers to Generate Fraudulent Loans; - Actions Led to Evictions of Some Tenants-

WASHINGTON - LaFrances Dudley O'Neal, 49, of Clinton, Md., was sentenced today to 48 months in prison for her part in a mortgage fraud scheme that cost lenders more than \$900,000. She was ordered to begin serving her sentence immediately.

The sentence was announced by U.S. Attorney Ronald C. Machen Jr., Gary R. Barksdale, Inspector in Charge, Washington Division, U.S. Postal Inspection Service; Cary Rubenstein, Special Agent in Charge of the Mid-Atlantic Region of the Office of Inspector General of the U.S. Department of Housing and Urban Development; Valerie Parlave, Assistant Director in Charge of the FBI's Washington Field Office, and William P. White, Commissioner of the District of Columbia Department of Insurance, Securities and Banking.

O'Neal was found guilty by the jury on March 27, 2013 of four felony charges, including conspiracy and bank fraud, after a two-week trial in the U.S. District Court for the District of Columbia. She was sentenced by the Honorable Reggie B. Walton. Judge Walton also ordered her to pay \$964,503 in restitution and the same amount in a money judgment of forfeiture. In addition, he ordered 60 months of supervised release following the prison term.

According to the government's evidence at trial, from June 2006 to August 2009, O'Neal and others identified District of Columbia area homes and straw buyers to obtain mortgages through false loan applications, forged documents, and fraudulent settlements. Co-conspirators acted as a mortgage broker, title and escrow agent, and other professionals to assist O'Neal with tricking the mortgage lenders and banks into lending \$2.6 million in mortgage loans on the belief that the straw buyers had the means and the willingness to pay the mortgages.

Every one of the mortgages fell into default, and the lenders were forced to foreclosure with an aggregate loss to the lenders in excess of over \$900,000.

According to the government's evidence, the title and escrow companies paid O'Neal from the fraudulently obtained loan proceeds, at times using fraudulent "invoices" which falsely stated that renovation work had recently been completed and that money was due at settlement. As a result of these false invoices and inaccurate settlement statements, title and escrow agents turned over more than \$400,000 of fraudulent loan proceeds to O'Neal.

In spite of promising the straw buyers that she would pay the mortgage and in spite of receiving rental income from the D.C. Housing Authority and their client tenants, O'Neal failed to pay the mortgages on all of these properties and the lenders foreclosed on the houses with the result being the tenants were evicted.

Four others earlier pled guilty to a charge of conspiracy to commit bank fraud and mail fraud for their roles in the scheme and related schemes.

"Ms. O'Neal defrauded lenders out of \$900,000 in a mortgage fraud scheme that left behind a trail of foreclosed homes and evicted tenants," said U.S. Attorney Machen. "She conspired with crooked mortgage brokers and title agents to rip off lenders and banks to stuff her own pockets with hundreds of thousands of dollars. This prison sentence is just punishment for a crime that inflicts tremendous economic damage on everyone pursuing the dream of homeownership and threatens the stability of our financial system."

"Fraud schemes such as this one negatively impact individuals, banks and mortgage lenders, and even our nation's economy," said Inspector in Charge Barksdale. "By investigating mortgage fraud, Postal Inspectors seek justice for these victims, shield others from falling prey to fraudsters, and ensure the integrity of the U.S. mail."

"What we have here is a group of mortgage industry professionals that perpetrated a sophisticated mortgage fraud for profit scheme that was designed to enrich themselves at the expense of lenders," said Cary Rubenstein, Special Agent in Charge of the Mid-Atlantic Region of the U.S. Housing and Urban Development's Office of the Inspector General. "The efforts that brought us the verdict in this case demonstrate that when law enforcement is made aware of such despicable schemes, we will commit the necessary resources to make sure that the fraudsters are brought to justice and are no longer in a position to engage in fraud. We wish to thank the U.S. Attorney's Office and our investigative partners at the U.S. Postal Inspection Service, FBI and the D.C. Department of Insurance, Securities and Banking for their steadfast efforts."

"In concert with her co-conspirators and through false loan applications, forged documents and fraudulent statements, Ms. O'Neal acted as a con artist when she caused a loss of more than \$900,000 to mortgage lenders and banks who were supporting homeownership in the District of Columbia," said Assistant Director in Charge Parlave. "The FBI recognizes the negative impact that mortgage fraud and foreclosures have on our local economy and in our community and, together with our law enforcement partners, we will continue to investigate and stop those who seek to defraud lenders, banks and homeowners."

“Today’s sentencing sends a clear message that if you deceive District residents into fraudulent mortgages, you will be caught and there are serious consequences,” said Commissioner White. “I applaud the joint efforts by the investigators in our department, the U.S. Attorney’s Office and other federal agencies to bring down this scheme and prosecute these bad actors.”

The others who pled guilty include: Akinola George, 44, of Washington, D.C.; Orpel Tucker, 44, of Washington, D.C., Donald M. Ramsey, 46, a mortgage broker from Alexandria, Va., and Tania Firmani, 46, a title and escrow agent from Chesapeake Beach, Md.

George was sentenced in January 2012 to a 40-month prison term. Tucker was sentenced in May 2013 to a 37-month prison term. Ramsey was sentenced in August 2013 to five years of probation, including 20 weekends in jail; restitution of \$535,435; 200 hours community service; and an order of forfeiture for \$366,000. Firmani was sentenced in May 2013 to 15 months of incarceration.

In announcing the sentence, U.S. Attorney Machen, Inspector in Charge Barksdale, Special Agent in Charge Rubenstein, Assistant Director in Charge Parlave and Commissioner White praised those who worked on the case from the U.S. Postal Inspection Service, U.S. Department of Housing and Urban Development - Office of Inspector General, the FBI’s Washington Field Office, the District of Columbia Department of Insurance, Securities, and Banking, and the Metropolitan Police Department. They also acknowledged the efforts of those who worked on the case from the U.S. Attorney’s Office, including: Financial Analyst Crystal Boodoo; Paralegal Specialists Donna Galindo, Corrine Laxman, Diane Hayes, Lenisse Edloe, Shanna Hays, and Nicole Wattlelet; former Paralegal Specialist Sarah Reis; Litigation Services Specialist Kimberly Smith; Law Interns Nicole Audet and Jason Navia, and Assistant U.S. Attorney Diane Lucas of the Asset Forfeiture and Money Laundering Section. Finally, they acknowledged the work of Assistant U.S. Attorney Virginia Cheatham, who prosecuted the case.

13-304

##