

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA San Diego, California

***United States Attorney
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For Immediate Release

LEAD DEFENDANT PLEADS GUILTY IN RICO MORTGAGE FRAUD CASE

NEWS RELEASE SUMMARY - March 5, 2010

United States Attorney Karen P. Hewitt announced that today lead defendant Darnell Bell entered a guilty plea to an indictment charging that he conspired to violate the Racketeer Influenced and Corrupt Organizations (RICO) statute by engaging in a pattern of racketeering activity, namely, wire fraud, bank fraud, and money laundering. The charged racketeering activity all stemmed from an extensive mortgage fraud scheme based in San Diego, California. Bell entered his guilty plea pursuant to a plea agreement in United States District Court before Magistrate Judge Nita L. Stormes, subject to final acceptance of the plea by U.S. District Judge Marilyn L. Huff. Bell is the fourth defendant to enter a guilty plea in this matter. Guilty pleas were previously entered by defendants Michael Ivy, Diana Jaime, and Marcus Dozell.

According to the plea agreement, Bell and the members of the corrupt enterprise devised a scheme to defraud mortgage lenders and to obtain money and property by false and fraudulent means. Bell admitted

that, among other things, the corrupt enterprise used inflated appraisals, “straw buyers,” and false loan applications in order to induce lenders to make loans to persons and at terms that the lenders otherwise would not have funded. Bell further admitted that members of the corrupt enterprise structured the escrow documents in such a way that the enterprise received a cash “kickback” on each real estate transaction. Bell also admitted that the straw buyers failed to make the required mortgage payments for the fraudulently purchased properties, which ultimately resulted in the properties’ being foreclosed upon.

Bell admitted that the corrupt enterprise fraudulently purchased well over 100 different pieces of property, resulting in a loss of at least \$20,000,000. Bell further admitted that he was an organizer or leader of the corrupt enterprise.

A sentencing hearing is scheduled before Judge Huff on June 7, 2010 at 9:00 a.m.

DEFENDANT

Case No. 09CR1209-H

Darnell Bell, aka D-Bell

SUMMARY OF CHARGES

Title 18, United States Code, Section 1962(d) - Conspiracy to Conduct Enterprise Affairs Through a Pattern of Racketeering Activity; Title 18, United States Code, Section 1963 - Criminal Forfeiture

The charged pattern of racketeering activity includes violations of Title 18, United States Code, Section 1343 (Wire Fraud); Title 18, United States Code, Section 1344 (Bank Fraud); Title 18, United States Code, Sections 1956(h) and 1957 (Conspiracy to Launder Money); Title 18, United States Code, Section 1957 (Money Laundering)

Maximum Penalties: 20 years’ incarceration, a fine of \$250,000, three years of supervised release

AGENCIES

Federal Bureau of Investigation
Internal Revenue Service - Criminal Investigation