



Department of Justice

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Southern District of Iowa

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DAVENPORT ATTORNEY SENTENCED IN CONNECTION WITH MORTGAGE FRAUD SCHEME

DAVENPORT, IA – On October 12, 2011, Paul Bieber, age 57, an attorney practicing in Davenport, was sentenced by Chief United States District Judge Robert W. Pratt to three years probation in connection with Bieber's involvement in a mortgage fraud scheme, announced United States Attorney Nicholas A. Klinefeldt. Bieber previously had pleaded guilty to misprision of felony, a felony offense. Bieber also was ordered to pay restitution in the amount of \$37,969.

In his plea agreement, Bieber admitted the following:

- (1) In late 2005, a scheme to defraud a mortgage lender existed as follows. Mary Pat Lord, a real estate agent, had a listing for the sale of 1818 Esplanade Avenue, Davenport, Iowa, then owned by DW. Lord arranged to sell the property to Darryl Hanneken and Robert Herdrich for the price of \$100,000. Lord and the parties agreed that the HUD-1 Settlement Statement and other documents pertaining to the sale would reflect a price of \$155,000, thereby allowing Hanneken and Herdrich to obtain a mortgage loan for \$108,500, greater than the actual sale price. Further, Lord and the parties agreed that after proceeds of the sale had been paid to DW, DW would convey a \$55,000 "cash back" payment (the difference between the actual price and inflated sale price) to Hanneken and Herdrich. The actual price and the existence of the cash back payment to Hanneken and Herdrich would be concealed from the mortgage lender, Interbay Funding, by omitting those details from the HUD-1 Settlement Statement.
- (2) DW lived outside the Davenport area, so Bieber, an attorney, was retained to act for DW in connection with the sale and closing pursuant to a power of attorney. Bieber was aware of the lower actual price and the cash back payment, and the fact that those details would not be conveyed to the lender on the HUD-1 Settlement Statement.

- (3) Bieber did an affirmative act to conceal the offense, in that Bieber provided via the closing process information that falsely represented that the higher inflated price was the agreed price and failed to reveal the lower actual price and cash back payment. Bieber knew this information would be included on the HUD-1 Settlement Statement. Bieber also completed a declaration of value form that falsely represented the sale price.
- (4) On or about December 9, 2005, Bieber represented DW at the closing for the sale of 1818 Esplanade and took custody of the proceeds of the sale on behalf of DW. Thereafter, Bieber conveyed the \$55,000 cash back payment to Hanneken. Interstate wire communications were used to carry out the scheme to defraud, in that fax communications pertaining to the closing were transmitted between Bieber's office in Iowa and the office of the closing agent in Illinois.

Others charged in connection with the scheme include Mary Lee Reinking and Natalie Long, both formerly mortgage brokers with Crow Valley Mortgage, who pleaded guilty to felony mortgage fraud charges in connection with two transactions and were sentenced to probation. Darryl Hanneken and Robert Herdrich pleaded guilty to felony mortgage fraud charges and each were sentenced to 40 months imprisonment. Mary Pat Lord, also known as Mary Pat Harper, a real estate agent, pleaded guilty to felony mortgage fraud charges and is awaiting sentencing. Marc Engelmann, an attorney, was convicted at trial of felony mortgage fraud charges and is awaiting sentencing.

This case was investigated by the Federal Bureau of Investigation, and was prosecuted by the United States Attorney's Office for the Southern District of Iowa.

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