



Department of Justice

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Southern District of Iowa

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FORMER DAVENPORT REAL ESTATE AGENT SENTENCED FOR MORTGAGE FRAUD

DAVENPORT, IA – On December 19, 2011, Mary Pat Harper, formerly Mary Pat Lord, age 57, of Davenport, was sentenced by United States District Judge John A. Jarvey to 24 months imprisonment in connection with her involvement in a scheme to defraud banks and mortgage lenders, announced United States Attorney Nicholas A. Klinefeldt. Harper previously had pleaded guilty to wire fraud. Harper was also ordered to serve three years supervised release following imprisonment, pay restitution in the amount of \$185,294, and pay a \$300 special assessment to the crime victims fund.

Starting in late 2005 and continuing into 2006, Harper, a former real estate agent with Roy Harper Realty in Davenport, Iowa, along with a mortgage broker, an appraiser, certain attorneys, and others, participated in a scheme to skim fees and commissions from inflated real estate mortgage loans. Harper drafted real estate purchase contracts with bogus, inflated sales prices, and at the same time drafted undisclosed addenda or side agreements with the actual, much lower sales prices. The inflated sales prices were used to allow buyers to apply for and receive inflated mortgages. After the transactions closed and the sellers were paid the inflated prices, they would pay a “kickback” to Harper and the buyers in an amount equivalent to the difference between the bogus, inflated prices and the actual, lower prices.

Harper also exploited “straw buyers,” persons financially unqualified to make real estate purchases, helping a mortgage broker fabricate financial paper trails so the buyers would qualify for mortgages. After the transactions closed, Harper would receive, in addition to seven-percent dual agent real estate commissions, undisclosed “consulting fees” and other payments, all generated via the inflated purchase prices and mortgages.

Among those previously sentenced in connection with this investigation are Darryl Hanneken and Robert Herdrich, buyers who borrowed over \$3.7 million in inflated mortgages and defaulted on almost all of the loans, frequently without making one payment. Hanneken and Herdrich were sentenced to 40 months imprisonment each.

Mary Lee Reinking and Natalie Long, both formerly mortgage brokers with Crow Valley Mortgage, pleaded guilty to felony mortgage fraud charges in connection with two of the transactions and were sentenced to probation. Paul Bieber, an attorney, pleaded guilty to misprision of felony, a felony offense, and was sentenced to probation. Marc Engelmann, an attorney, was convicted at trial of conspiracy, two counts of bank fraud, and six counts of wire fraud 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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