

NEWS

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New York Mortgage Broker Admits Mortgage Fraud

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TRENTON – A New York mortgage broker pleaded guilty today for his role in a mortgage fraud scheme that defrauded mortgage lenders of approximately \$770,000 in loans, U.S. Attorney Christopher J. Christie announced.

Richard Banach, 50, of Glen Head, N.Y., pleaded guilty before U.S. District Mary L. Cooper to one count of conspiracy to commit bank fraud. Judge Cooper continued the defendant's release on an \$100,000.00 bond pending sentencing, which is scheduled for Oct. 10. Banach surrendered to U.S. Postal Inspectors and Special Agents of the Secret Service on Aug. 13, 2007, after being charged in a criminal Complaint.

At his plea hearing, Banach stated that from January 2001 through 2006, he worked as a mortgage broker with North Shore Financial, Inc., in Glen Head. Banach admitted that during that time, he conspired with Eric Barksdale, 45, of Brooklyn, N.Y., and others to execute a scheme to defraud ABN AMRO Mortgage Group and Chase Mortgage by staging fictitious sales of properties in Brooklyn, N.Y., and Sayreville, N.J.

Banach admitted that he acted as the mortgage broker for property owner Eric Barksdale at each of the fictitious sales. During the real estate closings, Barksdale and others appeared as the supposed purchasers of the properties and used false identification documents.

In his role as mortgage broker, Banach arranged for residential mortgage loans to be fraudulently secured from Chase Mortgage and ABN AMRO Mortgage Groups Inc., in the names of the purported buyers to finance the purchase of the properties, he admitted.

Banach admitted that he and the other co-conspirators received money from the residential mortgage loans. Banach also admitted that Barksdale retained control of the properties even after the fictitious sales. The scheme utilized three residential properties, two in located in Brooklyn and one in Sayreville.

In one such fraudulent transaction, in January 2001, Banach arranged for a loan in the name of Devon Charles to fund the fictitious purchase of residential property located at 3519 Snyder Avenue in Brooklyn from Eric and Alneatha Barksdale. Banach admitted that Barksdale appeared at closing using the name Devon Charles.

As part of his plea, Banach has agreed to pay \$247,000 in restitution, which represents the amount of the total loss that has not been recovered through foreclosures or the subsequent sale of the properties.

Barksdale and another of the co-conspirators William McMillan, 81, of Brooklyn, have pleaded guilty to related charges and are awaiting sentencing.

The charge of conspiracy to commit bank fraud carries a maximum penalty of 30 years in prison and a fine of \$1 million.

In determining an actual sentence, Judge Cooper will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors. The judge, however, is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all that time.

Christie credited Postal Inspectors from the Edison Field Office, under the direction of Inspector in Charge David L. Collins in Newark, and Agents with the Secret Service, under the direction of Special Agent in Charge Cynthia Wofford in Newark, with the investigation leading to the guilty plea.

The government is represented by Assistant U.S. Attorney Eugenia A. P. Cowles of the Criminal Division in Trenton.

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Defense Attorney: Eric Urbano, Esq. Red Bank, NJ