



U.S. Department of Justice

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SEARCY WOMAN SENTENCED **FOR MORTGAGE FRAUD &** **FILING FALSE INCOME TAX RETURN**

Little Rock – Jane W. Duke, Acting United States Attorney for the Eastern District of Arkansas, announce that Debby Cossitt, 54, of Searcy, Arkansas, was sentenced to serve 30 months in prison, followed by three years of supervised release. Judge Susan Webber Wright also ordered Cossitt to pay restitution of \$120,000 to victims of her fraud and \$9,560.00 to the Internal Revenue Service. Judge Wright barred Cossitt from working in the loan industry during her period of supervised release.

“Fraudulent conduct in the course of mortgage applications is a serious problem. When high risk consumers are wrongly extended credit, legitimate lenders are typically left holding the bag. In the end, those losses are passed on to all of us through the ripple effect such fraud has on our economy,” stated Duke.

In December 2006, Cossitt pled guilty to one count of conspiracy to commit mortgage loan fraud and one count of filing a false income tax return for 1998. Cossitt’s plea took place during the middle of her trial on those charges. Cossitt, owner/manager-operator of several manufactured home sales companies in Searcy, Batesville, Jonesboro, and Harrison, Arkansas, admitted to fraudulently submitting falsified mortgage loan applications and supporting document to lenders in order to increase sales. These misrepresentations included falsified customer bank statements with inflated balances, falsified cashier’s checks reflecting an inflated customer down payment, inflated W-2 forms, falsified pay stubs or wage and earning statements, and falsified customer loan applications. Additionally, Cossitt participated in “telephone audits” with mortgage lenders, impersonating customers and/or directing customers to make misrepresentations directly to lenders. These actions allowed higher credit risk customers to

appear more qualified for mortgage loans. Additionally, Cossitt admitted to not reporting over \$32,000 in income on her 1998 federal income tax return. This income was derived from cash sales for wheels and axles no longer needed once manufactured homes were delivered to customers.

During Cossitt's sentencing hearing, evidence was presented which revealed that even after her plea in December 2006, Cossitt continued to commit the similar fraudulent loan actions to which she pled guilty to as part of the scheme.

This investigation was conducted by the Federal Bureau of Investigation and IRS Criminal Investigation.

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