



# Department of Justice

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## **ATLANTA, NORTH GEORGIA STILL HOT AREA FOR MORTGAGE FRAUD & "OPERATION MALICIOUS MORTGAGE"**

### *Local FBI, Federal Prosecutors Say Cases Still Coming*

Atlanta, GA - In a brief news conference, the head of the FBI's Atlanta Division and the United States Attorney for the Northern District of Georgia said this afternoon that mortgage fraud continues to be a serious problem and a major focus of federal law enforcement in metro Atlanta, with significant cases being brought as recently as yesterday. Several metro Atlanta mortgage fraud cases were included in the national "Operation Malicious Mortgage," the results of which were announced earlier today.

In Washington, D.C. this afternoon, Deputy Attorney General Mark Filip and FBI Director Robert Mueller announced the results of a national operation targeting a variety of mortgage fraud schemes, the culmination of substantial, coordinated efforts during the last three and a half months to identify, arrest and prosecute mortgage fraud violators throughout the United States. "Operation Malicious Mortgage" highlights the strong enforcement response undertaken by the Department of Justice and its many federal, state, and local law enforcement partners to combat the threat mortgage fraud poses to the U.S. housing industry and worldwide credit markets.

From March 1 to June 18, 2008, Operation Malicious Mortgage resulted in 144 mortgage fraud cases in which 406 defendants were charged. Yesterday, 60 arrests were made in mortgage fraud-related cases in 15 districts, including Atlanta. Charges in Operation Malicious Mortgage cases were brought in every region of the United States and in more than 50 judicial districts by U.S. Attorneys' Offices based upon the law enforcement and investigative efforts of participating law enforcement agencies. The FBI estimates that approximately \$1 billion in losses were inflicted by the mortgage fraud schemes employed in these cases. In a metro Atlanta case taken down with arrests just yesterday, the alleged mortgage fraud scheme resulted in the financial gutting of a \$3 million condo complex in DeKalb County.

United States Attorney David E. Nahmias said, "For several years Georgia, and

metro Atlanta in particular, stood at the top of the national list in a very bad category: the incidence of mortgage fraud. The coordinated efforts of federal, state, and local law enforcement, improved regulatory oversight and reforms within the real estate industry, and hard work by community groups have moved Georgia down the list over the past three years, but mortgage fraud remains a very serious problem and a major focus of federal law enforcement efforts. We repeat today the warning we have issued many times before, and have carried through on when it was not heeded: If you get involved in a mortgage fraud scheme, and particularly if you are a closing attorney, appraiser, broker, or other person licensed and trusted to protect the honesty and integrity of the real estate market, you will face federal investigation, prosecution, and the potential for spending many years in federal prison.”

FBI Atlanta Special Agent in Charge Greg Jones told the Atlanta news conference, “Today a joint announcement was made in Washington, D.C., that discussed ‘Operation Malicious Mortgage’ and the efforts of law enforcement to jointly address this growing crime problem. Since the spring of 2007, the mortgage industry in the U.S. has suffered severe problems, to include late payment defaults and an increased rate of foreclosures. Contributing to this is the pervasive crime of mortgage fraud throughout the country, and certainly here in Atlanta as well. This overall trend has threatened the stability of the economic markets. The arrest yesterday at Atlanta of a group of individuals, working together, to defraud a lending institution involved an entire residential complex. In recognizing the severe impact of mortgage fraud, efforts are underway to redirect investigative resources to the named cities most dramatically impacted by this and to secure additional such resources in the upcoming budgets. Atlanta is one of the cities noted by DOJ as having a significant mortgage fraud problem.”

“Mortgage fraud and related securities fraud pose a significant threat to our economy, to the stability of our nation's housing market and to the peace of mind of millions of American homeowners,” said Deputy Attorney General Mark R. Filip said earlier in Washington, D.C. “Operation Malicious Mortgage and our other mortgage-related enforcement actions demonstrate the Justice Department's commitment and determination to combat these criminal schemes, hold their perpetrators accountable and help restore stability and confidence in our housing and credit markets.”

Operation Malicious Mortgage represents the joint collaborative efforts of the FBI, U.S. Postal Inspection Service, Internal Revenue Service-Criminal Investigation Division, U.S. Immigration and Customs Enforcement (ICE), U.S. Secret Service, U.S. Trustee Program, Department of Housing and Urban Development Office of the Inspector General, Department of Veterans Affairs Office of the Inspector General, and Federal Deposit Insurance Corporation Office of the Inspector General. Operation Malicious Mortgage is the most recent coordinated sweep in an ongoing law enforcement effort to combat mortgage fraud, which also included “Operation Continued Action” in 2004 and “Operation Quick Flip” in 2005.

Mortgage frauds employ a variety of tactics including misrepresentations, deceit and other criminal abuses to fund, purchase or insure mortgage loans. Operation Malicious Mortgage addresses primarily three types of mortgage fraud schemes: lending fraud, foreclosure rescue scams and mortgage-related bankruptcy schemes. Lending fraud frequently involves multiple loan transactions in which industry professionals construct mortgage transactions based on gross fraudulent misrepresentations about the borrower's financial status, such as overstating the borrower's income or assets, using false or fictitious employment records or inflating property values. Foreclosure rescue scams involve criminals who target legitimate homeowners in dire financial circumstances and fraudulently collect fees for foreclosure prevention services or obtain ownership interests in residential properties. Both of these fraudulent mortgage schemes may be furthered by filing bankruptcy petitions that automatically stay foreclosure.

The President's Corporate Fraud Task Force, chaired by Deputy Attorney General Filip, is also responding to issues raised by mortgage fraud in the corporate sector. Created in 2002 to investigate and prosecute significant financial crimes, the Task Force includes representatives from ten federal departments, commissions and agencies, in addition to seven U.S. Attorney's Offices and two Divisions within the Department of Justice, combining the experience of thousands of investigators, attorneys, accountants and regulatory experts. Since July 2002, the Department of Justice has obtained nearly 1,300 corporate fraud convictions, including the convictions of more than 200 chief executive officers and corporate presidents, more than 120 corporate vice presidents and more than 50 chief financial officers.

In the case announced in Atlanta yesterday, DOSSEY RICHARDS, 36, of Atlanta, Georgia; LOVIE HOBBS, a/k/a "Lovie Hobbs Hagwood," 47, of Lithonia, Georgia; MONTRA McKENZIE, 29, of Atlanta, Georgia; CYRUS DAVIS, 42, of Atlanta, Georgia; MARCUS VICKERS, 35, of Ellenwood, Georgia; RAYSHUAN HARMON, 27, of East Point, Georgia; and MICHELLE DAVILA, 35, of Atlanta, Georgia, were charged in a federal criminal complaint related to a mortgage fraud scheme involving the "Blue Sky" Condominium complex. The scheme allegedly included RICHARDS, the owner of "Red Hair Investment Group, LLC;" MARCUS VICKERS, d/b/a "Title Depot of America," a closing attorney in the Atlanta area; MONTRA McKENZIE and CYRUS DAVIS, both mortgage brokers in the Atlanta area; MICHELLE DAVILA, an employee of Wachovia Bank; RASHUAN HARMON, who provided fraudulent appraisals as a part of the scheme; and LOVIE HOBBS, an employee with the Internal Revenue Service (IRS) in Atlanta accused of being a "straw buyer." The "Blue Sky" condominium complex is located at 3106 Memorial Drive in Atlanta. The defendants allegedly conspired to defraud lenders by inflating the value of units at Blue Sky between March and May of 2008. The complaint alleges that the current listings of 25 units in the complex range in price of between \$2,000 and \$28,750; however, the inflated sales prices used to fraudulently obtain inflated loans were between \$135,000 and \$155,000. (NEWS MEDIA NOTE: A separate news release and criminal complaint in this case is

available.).

Members of the public are reminded that the indictment contains only allegations. A defendant is presumed innocent of the charges and it will be the government's burden to prove a defendant's guilt beyond a reasonable doubt at trial.

For further information please contact David E. Nahmias, United States Attorney, or Charlyse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. For more information about today's news conference in Washington D.C. and national statistics, contact the Public Affairs Office, Department of Justice, at (202) 514-2007. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is [www.usdoj.gov/usao/gan](http://www.usdoj.gov/usao/gan).