



Department of Justice

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WINSTON, GEORGIA MAN PLEADS GUILTY TO MORTGAGE FRAUD AND TAX EVASION

Wife Also Pleads Guilty to Conspiracy to Evade Taxes

ATLANTA, GA - RODNEY WELLS, 42, and TRACEY WELLS, 44, both of Winston, Georgia, pleaded guilty today in federal district court to a conspiracy to evade taxes. RODNEY WELLS also pleaded guilty to conspiracy to engage in mortgage fraud.

IRS Criminal Investigation Special Agent in Charge Reginael McDaniel said, "As part of the IRS mission, we are working to deter tax evasion through education and publicity. By educating people about tax fraud schemes and letting the public know that we do catch and punish offenders, we hope to deter potential tax evaders."

According to Acting United States Attorney Yates, the charges and other information presented in court: In approximately 2002, RODNEY WELLS created a fictitious construction business known as "Tenacity Construction" through which he prepared and submitted fraudulent invoices and placed liens on property for work that was never actually done on those properties. RODNEY WELLS also worked as a mortgage broker through two other companies he created, "Manhattan Group Mortgage" and "Superior Funding Group," and obtained financing for buyers of the properties on which he had placed the fraudulent liens. To qualify prospective buyers for loans, RODNEY WELLS prepared and submitted to lenders false appraisals inflating the price of homes and fraudulent information regarding the prospective buyer's finances including, false verifications of assets on deposit, false information regarding the source of down payment funds and a false representation that the purchaser intended to live in the property as their primary residence. Lending institutions then issued loans relying on the fraudulent information submitted by RODNEY WELLS.

When the lenders distributed loan proceeds at the sale of the home, the fictitious construction business operated by RODNEY WELLS received money to pay off the fraudulent liens. Through this scheme, RODNEY WELLS pulled out approximately \$400,000 for himself from the sale of the homes. Eight properties were identified in the indictment, one being a refinance of the personal residence of RODNEY WELLS. After the closings, RODNEY WELLS and TRACEY WELLS moved the proceeds of the fraudulent

lien and mortgage scheme through various bank accounts, including Tenacity Construction, in an attempt to hide the income from the Internal Revenue Service.

RODNEY WELLS and TRACEY WELLS conspired to avoid paying income taxes on the monies earned through the mortgage fraud scheme. Using the mortgage companies "Manhattan Group Mortgage" and "Superior Funding Group" as well as the shell construction company, Tenacity Construction, the couple generated substantial income between 2002 and 2004. Profits from the businesses were funneled to TRACEY WELLS who used the monies to purchase numerous personal assets, including a new home and luxury vehicles, purchased in her name only.

RODNEY WELLS and TRACEY WELLS filed tax returns which under-reported their income, and, thus, they owed additional taxes. RODNEY WELLS also made false statements to investigators with the Internal Revenue Service when asked about Superior Funding Group.

RODNEY WELLS AND TRACEY WELLS were indicted on multiple charges in July 2009. RODNEY WELLS pleaded guilty to conspiracy to engage in mortgage fraud and a tax evasion conspiracy. He could receive a maximum sentence of 30 years in prison and a fine of up to \$250,000 on count one, and up to a maximum sentence of 5 years in prison and a fine of up to \$250,000 on count seven. TRACEY WELLS pleaded guilty to conspiracy to engage in tax evasion. She could receive a maximum sentence of 5 years in prison and a fine of up to \$250,000. In determining the actual sentence, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders.

Sentencing is scheduled for March 5, 2010, at 3 p.m., before United States District Judge Julie E. Carnes.

This case is being investigated by Special Agents of the Internal Revenue Service-Criminal Investigation.

Assistant United States Attorney Susan Coppedge is prosecuting the case.

For further information please contact Sally Q. Yates, Acting United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. 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.