



# Department of Justice

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Northern District of Georgia

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## **THREE MEMBERS OF A "REVERSE" MORTGAGE FRAUD RING CHARGED**

### *Fraudsters Profited from FHA-Insured Reverse Loans Intended to Benefit Seniors*

ATLANTA, GA - JONATHAN ALFRED KIMPSON, 27, of Lithonia, Georgia, and GIA HARRIS, 26, of Atlanta, Georgia, have been indicted by a federal grand jury on charges of conspiracy to commit financial institution fraud involving so-called "reverse" mortgages. KIMPSON was also charged with aggravated identity theft and wire fraud. KELSEY TORREY HULL, 38, of Lithonia, Georgia, was charged on February 25, 2010, in a Criminal Information related to the same scheme, on a charge of financial institution fraud and conspiracy.

Acting United States Attorney Sally Quillian Yates said, "These defendants are charged with profiting from the corruption of an FHA-insured program designed to assist seniors with either cash for equity in their home or with funds toward the purchase of a home. These defendants allegedly altered real estate records, used fake documents, and posed as realtors. This abuse of the system took money away from qualified senior citizens who need these funds. With these charges, we have taken the first steps to stop this crime and to reverse the damage these crimes have caused."

Inspector General Kenneth Donohue, U.S. Department of Housing and Urban Development (HUD) said, "HUD's Home Equity Conversion Mortgages Program was created to help senior citizens find greater financial security through FHA-insured reverse mortgages loans. The HUD Office of Inspector General will aggressively investigate those who would prey on America's senior citizens through reverse mortgage fraud, and encourages anyone having knowledge of such schemes to contact our HUD hotline at 1-800-347-3735."

KIMPSON and HARRIS were indicted separately on February 24, 2010, and HULL was charged in a Criminal Information the next day. The indictments and information were unsealed upon the arrest of KIMPSON and HARRIS when they appeared before United States Magistrate Judge Linda T. Walker today and entered not

guilty pleas to the charges.

According to Acting United States Attorney Yates, the charges and other information presented in court: Reverse mortgages were designed to assist with the financial security of seniors, ages 62 or older. There are two types of reverse mortgages. In a "refi-reverse," the senior homeowner receives money from the lender for a portion of their equity in the home they own. In a "purchase money reverse," the senior homeowner receives money from the lender toward the purchase of a new home. Under both types of reverse mortgages, the senior does not have to repay the lender for as long as the senior lives in the home. However, refi-reverse mortgages fund only a percentage of the property value, requiring significant equity to remain in the property, and purchase money reverse mortgages require a significant down payment from senior borrowers, to establish equity in the property.

The indictment charges that KIMPSON, HARRIS and HULL, in an attempt to take advantage of the system, allegedly faked the required down payments by the senior citizen to establish the equity needed in the home to qualify for the FHA-insured reverse mortgages. The defendants did this through bogus "gift" letters in amounts between \$50,000 and \$105,000. They used fake "HUD-1" Settlement Statements reflecting the sale of non-existent assets closed by fictitious law firms to show the source of the required down payments. All down payments were actually supplied by the defendants, not the senior citizens, to be returned to the defendants upon the reverse loan closings, along with profits far in excess of the true sales prices of the properties. The return of such payments to the defendants was disguised as seller proceeds or lien payoffs. All such reverse mortgages included fraudulently inflated appraisals.

KIMPSON's charge of aggravated identity theft and wire fraud relates to a scheme to use stolen identities of realtors. KIMPSON allegedly used realtor passwords obtained in his and relatives' names, and in the stolen identities of other realtors. With that information, he allegedly falsified Georgia MLS records to create fake property sales at inflated amounts to support many of the properties' fraudulent appraisals.

The KIMPSON indictment charges a conspiracy count which carries a maximum sentence of up to 30 years in prison and a fine of up to \$1,000,000, a wire fraud count with a maximum sentence of up to 30 years in prison and a fine of up to \$250,000, and three aggravated identity theft counts which each carry a maximum sentence of up to 2 years in prison and a fine of \$250,000 with at least 2 years required to be imposed consecutive to the sentence on the other counts. The HARRIS indictment charges a conspiracy count which carries a maximum sentence of up to 30 years in prison and a fine of up to \$1,000,000. The HULL Criminal Information charges a bank fraud count which carries a maximum sentence of up to 30 years in prison and a fine of up to \$1,000,000, and a conspiracy count which carries a maximum sentence of up to 30 years in prison

and a fine of up to \$1,000,000. In determining the actual sentence upon any convictions in these cases, the Court will consider the United States Sentencing Guidelines, which are not binding but provide appropriate sentencing ranges for most offenders.

Members of the public are reminded that the indictments and information contain 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.

These cases are being investigated by Special Agents of the HUD-Office of Inspector General and the Federal Bureau of Investigation (FBI). Assistance in this case is also being provided by the U.S. Department of Treasury Financial Crimes Enforcement Network (FINCEN) and the Georgia Multiple Listing Service.

Assistant United States Attorney Gale McKenzie is prosecuting the cases, represented in court today by Assistant United States Attorney Chris Bly.

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/Georgia](http://www.usdoj.gov/usao/Georgia),