



Department of Justice

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Southern District of Iowa

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BETTENDORF MEN SENTENCED FOR MORTGAGE FRAUD SCHEME

DAVENPORT, IA – On August 25, 2011, Darryl Lee Hanneken, age 43, and Robert Edward Herdrich, age 39, both of Bettendorf, Iowa, were each sentenced by United States District Judge John A. Jarvey to 40 months imprisonment in connection with their involvement in a scheme to defraud banks and mortgage lenders, announced United States Attorney Nicholas A. Klinefeldt. Both defendants previously had pleaded guilty to conspiracy, wire, mail, and bank fraud. Hanneken and Herdrich were both sentenced to five years supervised release following imprisonment and ordered to pay restitution in the amount of \$869,464.

In an 11-month span from 2005 to 2006, Hanneken and Herdrich purchased some 30 properties, mostly multi-unit rental properties, in the Davenport area. Most of the properties were located in the Americana Park (Goose Creek Heights) neighborhood. In cooperation with a real estate agent, Mary Pat Harper, a mortgage broker, Winnifer Elvidge, certain attorneys, and others, Hanneken and Herdrich carried out a dual contracts scheme to defraud banks and mortgage lenders.

The defendants would agree to buy property for a given price and then propose to the seller that the transaction paperwork reflect a bogus, higher price. An appraiser would furnish an inflated appraisal targeted to meet the bogus, higher price. After closing of the transaction, the seller would pay a kickback to Herdrich and Hanneken representing the difference between the actual, lower price and the bogus, actual price. The lender, unaware of the actual, lower price

and therefore deceived about the true value of the property, would loan Herdrich and Hanneken more money than the property was worth.

Hanneken and Herdrich defaulted on almost all the mortgage loans, in most cases without making one payment. They borrowed over \$3.7 million and received almost \$900,000 in post-closing kickback payments. Even after banks and lenders sold the properties to recoup the money loaned, they still suffered over \$1.2 million in losses.

Others charged in connection with the scheme include Mary Lee Reinking and Natalie Long, both formerly mortgage brokers with Crow Valley Mortgage, who pleaded guilty to felony mortgage fraud charges in connection with two of the transactions and were sentenced to probation. Paul Bieber, an attorney, pleaded guilty to misprision of felony, a felony offense, and is awaiting sentencing. Mary Pat Harper, a real estate agent, pleaded guilty to felony mortgage fraud charges and is awaiting sentencing.

This case was investigated by the Federal Bureau of Investigation and was prosecuted by the United States Attorney's Office, Southern District of Iowa.

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