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CHICAGO MAN ACCUSED OF POSING AS FEDERAL OFFICIAL IN ALLEGED SCHEME TO OBTAIN AND SELL AREA PROPERTIES HE DID NOT OWN

CHICAGO – A Chicago man who allegedly posed as a federal government official in a scheme to sell properties he did not own out from underneath the real owners was arrested on federal charges, law enforcement officials announced today. The defendant, **John Hemphill**, was charged with mail fraud and falsely posing as a federal official in a criminal complaint that was filed this morning following his arrest yesterday. The arrest and charges were announced by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Thomas P. Brady, Inspector-in-Charge of the U.S. Postal Inspection Service; and Barry McLaughlin, Special Agent-in-Charge of the U.S. Department of Housing and Urban Development Office of Inspector General.

Hemphill, 39, appeared in U.S. District Court early today and remains in federal custody pending a detention hearing at 9:30 a.m. Monday before U.S. Magistrate Judge Nan Nolan. Agents also executed a search warrant yesterday at Hemphill's office at 211 East 79th St., Chicago.

According to the complaint affidavit, since approximately 2002, Hemphill has engaged in a scheme to defraud property owners and prospective purchasers of property by creating and recording fictitious deeds with county recorder of deeds offices in various counties in Illinois, posing

as the property owner selling the property in question. Hemphill typically filed a fictitious deed with the county recorder that purported to convey title to a parcel of property from its lawful holder to one of Hemphill's businesses, and then filed a second fictitious deed purporting to convey title to the same property from his business entity (the new purported owner) to a third party. Hemphill also falsely represented to prospective purchasers of properties that he and his business entities held title to these properties in their capacity as a "federal receiver" or had other lawful authority to convey the properties to third parties. Under these allegedly false pretenses, Hemphill purported to sell these properties to third parties, usually for cash payments.

As part of the scheme, using multiple business names, Hemphill falsely represented that he is an official and/or employee of the United States government, and that his business entities are agencies of the United States government, the charges allege. The business entities that he used in this manner are the "United States Mortgage Release Corp." (USMRC) and the "United States Receivers Caretakers Assn." (USRCA). According to state records, Hemphill is the president of both companies.

Law enforcement officials said the investigation is continuing and urged anyone with information about Hemphill or his companies, or who believes they might be a victim, to call the Postal Inspection Service Fraud Complaint Hotline at 1-800-372-8347 and press 8.

The affidavit describes how earlier this year Hemphill allegedly purported to assume title to the property at 8606 South Stony Island, Chicago, by filing fraudulent documents in the Cook County Recorder's Office. It further details the allegedly fraudulent transfer of the property at 5436 South Paulina, Chicago, which Hemphill purported to sell to an undercover agent for \$6,000. Hemphill was arrested at his office yesterday after purporting to complete the sale.

According to records and employees of the Cook County Recorder's Office, Hemphill has filed dozens of "warranty deeds" or "special warranty deeds" in that office, the charges allege.

Typically, one “warranty deed” was filed that purported to convey title in a property from a lawful titleholder to USRCA, and a second “warranty deed” was filed that purported to convey title to the same property from USRCA to a third-party. These “warranty deeds” and “special warranty deeds” were not signed by the grantor or notarized, and the majority of the purported deeds filed by USRCA were stamped as “DONE AT CUSTOMER’S REQUEST” by the Recorder’s Office. When two Recorder’s Office employees questioned Hemphill about the documents he was filing, he advised them that he was an agent of the U.S. government and also produced a badge indicating that he was a federal agent, according to the affidavit.

The Recorder of Deeds Offices in Cook and Will counties, as well as the State’s Attorneys Offices in those two counties, are assisting in the investigation. Also assisting are the Chicago Police Department, the Frankfort Police Department and the Illinois Attorney General’s Office.

The government is being represented by Assistant U.S. Attorney Matthew Madden.

If convicted, mail fraud carries a maximum sentence of 20 years in prison and a \$250,000 fine and posing as a federal official carries a maximum of 3 years in prison and a \$250,000 fine.

The public is reminded that a complaint contains only charges and is not evidence of guilt. The defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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