



U. S. Department of Justice



United States Attorney  
Northern District of Illinois

Patrick J. Fitzgerald  
United States Attorney

Federal Building  
219 South Dearborn Street, Fifth Floor  
Chicago, Illinois 60604  
(312) 353-5300

FOR IMMEDIATE RELEASE  
TUESDAY AUGUST 2, 2011  
[www.justice.gov/usao/iln](http://www.justice.gov/usao/iln)

PRESS CONTACTS:  
AUSA Tyler Murray (312)353-7846  
Randall Samborn (312)353-5318

**FOURTEEN DEFENDANTS CHARGED IN NEW PHASE OF UNDERCOVER MORTGAGE FRAUD PROBE INVOLVING HOMES IN ENGLEWOOD AREA**

CHICAGO — Two residential real estate appraisers are among 14 defendants who allegedly engaged in three separate mortgage fraud schemes involving four homes in the Englewood area on the city's south side. Thirteen of the defendants were arrested today, including two sellers who went to purported closings on the properties as part of an undercover investigation, federal law enforcement officials announced. The arrests and charges represent the latest phase of *Operation Madhouse*, an undercover investigation — conducted by the Federal Bureau of Investigation, the U.S. Department of Housing and Urban Development's Office of Inspector General, and the Internal Revenue Service Criminal Investigation Division — in which federal agents posed as straw buyers of houses, seeking assistance in financing and closing fraudulent mortgage transactions. In each of the three cases, defendants had various roles in allegedly carrying out the frauds by arranging different fraudulent mortgage loans.

Two of the 14 defendants were allegedly involved in two separate schemes and both were charged with one count of bank fraud in each of two separate cases. The remaining 12 defendants were each charged with one count of bank fraud in one of the three separate complaints that were

filed yesterday and unsealed today in U.S. District Court. The defendants arrested today appeared this afternoon before U.S. Magistrate Judge Geraldine Soat Brown in Federal Court.

According to the complaint affidavits in each case, the undercover scenario involved a cooperating individual (CI) posing as someone who was involved in mortgage fraud and was seeking assistance in structuring fraudulent loan transactions. The CI claimed to have a contact at a bank who would approve fraudulent loan applications on behalf of straw buyers provided by the CI. An undercover agent then posed as the straw buyer. The defendants allegedly knew that the purchaser was actually a straw buyer who had no intention of occupying the property, and that the loan application contained multiple false statements. An actual bank and an actual title company assisted in the investigation, and two sellers were arrested this morning when they went to the purported real estate closings at the title company's office in west suburban Chicago.

Each defendant allegedly played a role in the fraudulent transactions described in the separate complaints, including preparing loan applications and other documents that they knew contained false information about the undercover agents' identity, employment, and income; creating fictitious verifications of employment and rental income; and creating false appraisals.

"Mortgage fraud continues to occur despite widespread publicity about the real and serious financial consequences that result. Undercover operations like this help provide an effective deterrent because corrupt mortgage industry professionals and others will have to wonder whether the person sitting across the closing table from them is actually an undercover agent," said Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois.

Mr. Fitzgerald announced the charges together with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; Barry McLaughlin, Special

Agent-in-Charge of the U.S. Department of Housing and Urban Development, Office of Inspector General, in Chicago; and Alvin Patton, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division. The government is being represented by Assistant U.S. Attorneys Tyler Murray and Christopher Stetler.

A summary of the cases and the defendants charged in each complaint follows:

**United States v. Shogbuyi, et al.**

This complaint alleges that **Muyi Shogbuyi**, 57, of Chicago, introduced the CI and the undercover agent to **Charles Patterson**, 60, of Downers Grove, who agreed to facilitate a fraudulent mortgage loan transaction involving the sale of a home Patterson owned at 5515 S. Honore to a straw buyer provided by the CI. Patterson agreed to conceal from a bank a kickback of a portion of the seller's loan proceeds to the straw buyer. Shogbuyi also recruited **Shamekia Kimbrough**, 35, of Chicago, who provided a fraudulent verification of rent for the straw buyer. **Monalisa McKinney**, 32, of Chicago, a licensed Illinois appraiser, who provided an appraisal for the property, recruited **George Livingston**, 38, of Chicago, also known as "Malik Livingston," to provide a fraudulent verification of employment for the straw buyer. Patterson was arrested today when he arrived at the purported closing.

**United States v. Hayes, et al.**

This complaint alleges that **Kendall Jones**, 45, of Chicago, agreed with the CI to facilitate fraudulent mortgage loan transactions involving the sale of two homes that Jones owned at 5515 S. Wolcott and 5429 S. Carpenter to straw buyers provided by the CI. Jones and the CI agreed to conceal from a bank a kickback to the buyers of a portion of the seller's loan proceeds. **Stanley Hayes**, 43, of Chicago, a licensed Illinois appraiser, prepared fraudulently inflated appraisals for

both residences. Jones introduced the CI to **Thomas Underdue**, 43, of Chicago, who prepared fraudulent verifications of rent for the straw buyers. Hayes introduced the CI to **Lashan Hicks**, 42, of Chicago, who prepared fraudulent verifications of employment and earnings statements for the straw buyers. Hicks, in turn, introduced the CI to **Latoia Green**, who assisted with the fraudulent verifications of employment. Jones was arrested today when he arrived at the purported closing. An arrest warrant was issued for Green, who remains at large.

**United States v. McMahon, et al.**

This complaint alleges that **Philip McMahon**, 47, of Mokena, and the CI agreed to prepare and submit a fraudulent mortgage loan application to a bank for the purchase of a home at 5517 S. Shields by a straw buyer who would receive a share of the seller's loan proceeds. McMahon attempted to locate a buyer on behalf of the seller in return for a fee. McMahon introduced the CI to **Ahmed Idowu**, 30, of Chicago, who provided the fraudulent sales contract; **Sean McKee**, 52, of Davis, Ill., who owns a title company in Davis and provided the necessary title documents for the fraudulent transaction; and **Richard Stokes**, 32, of Harvey, who prepared a fraudulent verification of employment. Kimbrough and Hayes, who were charged in this case as well, prepared a fraudulent verification of rent and a fraudulently inflated appraisal for the property, respectively.

Bank fraud carries a maximum penalty of 30 years in prison and a \$1 million fine. The Court may also impose a fine totaling twice the loss to any victim or twice the gain to the defendant, whichever is greater. If convicted, the Court must impose a reasonable sentence under the advisory United States Sentencing Guidelines.

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

###