



U.S. Department of Justice

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ROCKFORD REAL ESTATE AGENT PLEADS GUILTY TO MORTGAGE FRAUD

ROCKFORD – PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois; ROBERT D. GRANT, Special Agent-In-Charge of the Chicago Office of the Federal Bureau of Investigation; and BARRY McLAUGHLIN, Special Agent-In-Charge of the Chicago Field Office of the Department of Housing and Urban Development – Office of the Inspector General (“HUD-OIG”), today made the following announcement:

Rockford real estate agent **RAYMOND S. TALAN**, 42, of Caledonia, Illinois, pled guilty today in federal court in Rockford to a federal wire fraud charge arising from a mortgage fraud scheme. The wire fraud charge was part of a ten count indictment filed on July 3, 2007. The indictment alleged that Talan engaged in a scheme to defraud commercial lenders and HUD by causing unqualified loan applicants to receive commercial and Federal Housing Administration (“FHA”) insured loans.

According to the indictment, to be eligible to receive an FHA insured loan, a borrower must: (1) have sufficient income to make their mortgage payments; (2) have satisfactory credit standing, including timely payment of their prior rental obligations; and (3) invest 3% equity into the house they are purchasing. The indictment further alleges that commercial lenders often impose similar requirements for borrowers who obtain conventional loans, including requirements that the borrowers have sufficient income to make their mortgage payments and invest a certain percentage of equity in the houses they are purchasing.

In pleading guilty, Talan admitted that from June 2002, through approximately March 2004, he caused numerous fraudulent documents to be prepared in order to get his loan customers qualified to receive both FHA-insured loans and conventional loans. Specifically, Talan admitted that he caused false “Verifications of Employment” forms, false pay-stubs, and fictitious IRS Forms W-2 to be prepared. According to the plea agreement, these fraudulent employment documents falsely stated that Talan’s real estate customers were employed at certain businesses, including businesses that Talan and his family members owned or were connected with. Talan also admitted that he caused fraudulent “Verification of Rent” forms to be prepared for some of this customers. In addition, Talan admitted that he caused fraudulent cashier’s checks to be created in order to mislead HUD and the private lenders into believing that his customers had invested a certain percentage of their own funds in the houses they were purchasing. According to the plea agreement, the fraudulent documents that Talan caused to be created were placed in the loan files that were sent to HUD and the private lenders. The plea agreement further states that it is the government’s position that Talan’s fraudulent acts caused losses to HUD and the private lenders totaling more than \$200,000.

Talan will be sentenced on May 29, 2008, at 2:30 p.m. The charge of wire fraud involving a financial institution carries a maximum penalty of up to 30 years imprisonment, a fine of up to \$1,000,000, and full restitution to HUD and the private lenders. Talan's actual sentence will be determined by the United States District Court, guided by the United States Sentencing Guidelines.

The case was investigated by the Rockford office of the FBI and the Chicago office of HUD-OIG. The case is being prosecuted in federal court by Assistant United States Attorney SCOTT A. VERSEMAN.

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