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News Release

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Mortgage broker pleads guilty in \$20 million mortgage fraud scheme

MINNEAPOLIS – Earlier today in federal court, an Edina mortgage broker pleaded guilty for his role in a \$20 million mortgage fraud scheme that involved 57 properties. Derrick Ivan Lance, age 40, of Edina, specifically pleaded guilty to count of conspiracy to commit wire fraud. Lance, who was charged on July 22, 2011, entered his plea before United States District Court Judge Joan N. Ericksen.

In his plea agreement, Lance admitted that between 2004 and 2007, he conspired with others to obtain mortgage loan proceeds based on fraudulent documentation. Lance's unnamed co-conspirators identified residential properties available for purchase and recruited buyers for those properties. Two of the co-conspirators told buyers they would receive payments (i.e., kickbacks) after the property transactions closed, and that they could put those payments toward the mortgages or use them to improve the properties.

Lance admitted using his licensed mortgage brokerage and his position within that brokerage to help prepare and submit false mortgage loan applications, which misrepresented the buyers' true financial situation. Based on those fraudulent documents, however, loans were approved, and loan proceeds were disbursed by wire transfer into the accounts of various title companies. Due to paperwork that misrepresented the true nature of the real estate transaction, Lance and his co-conspirators then caused those title companies to disburse a portion of the proceeds from each transaction into bank accounts not associated with the property buyers, the purpose being to conceal the undisclosed kickbacks. Lance received approximately \$200,000 for assisting buyers to secure mortgage loan funding for 26 properties.

For his crime, Lance faces a potential maximum penalty of 20 years in prison. Judge Ericksen will determine his sentence at a future hearing, yet to be scheduled.

This case is the result of an investigation by the Federal Bureau of Investigation. It is being prosecuted by Assistant U.S. Attorney Tracy L. Perzel.

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