



**United States Department of Justice  
United States Attorney's Office  
District of Minnesota**



# News Release

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## **Siblings from Savage plead guilty to participating in \$13 million mortgage fraud scheme**

A 36-year-old Savage man pleaded guilty yesterday in federal court in Minneapolis to participating in a \$13 million mortgage fraud scheme that involved no fewer than 25 properties in Prior Lake, Savage, and Minnetonka, among other Minnesota communities. Appearing before United States District Court Judge Ann D. Montgomery this morning, Ericvan Anthony McDavid specifically pleaded guilty to one count of wire fraud. He was indicted, along with two co-defendants, on June 15, 2010. McDavid's sister, Renee Lynise McDavid, age 38, of Brooklyn Park, pleaded guilty on January 25, 2011, to one count of conspiracy to commit wire fraud in connection with the same scheme. She was charged on January 19, 2011.

In his plea agreement, Ericvan McDavid admitted that between April of 2005 and February of 2009, he conspired to obtain loan proceeds fraudulently by making false representations and promises as well as by withholding material information. During that time, McDavid was either an owner or co-owner of several businesses, including EVM Properties, Skyy Realty, and Universal, Inc., through which he bought, sold, and managed real estate.

To carry out this fraud scheme, McDavid recruited "straw buyers" to purchase selected properties by promising them payments of \$15,000 to \$52,000 per transaction. Once a buyer agreed to purchase a particular property, McDavid provided that buyer with funds to put toward the purchase, thereby misleading the lender into believing that the buyer actually had a financial interest in repaying the loan, when, in reality, that was not the case.

McDavid then produced or caused the production of false loan applications on behalf of the buyers. Those applications overstated the buyers' assets and employment status. Because of the false applications, mortgage loans were approved in no fewer than 25 real estate transactions,

with total loan proceeds amounting to approximately \$13 million. While those proceeds were intended to pay for the properties and other transaction-related expenses, McDavid admittedly used portions of them to benefit himself personally.

Ultimately, the properties involved in the fraudulent transactions fell into default and ended up in foreclosure. Following foreclosure, they were sold for a total of about \$4 million, resulting in a loss due to this scheme of about \$9.2 million.

In her plea agreement, Renee McDavid admitted participating in the scheme from 2006 through 2008. In her capacity as a licensed real estate agent and mortgage broker, she was responsible for losses incurred in five of the 25 property transactions noted above. In those instances, she entered false information on loan applications so straw buyers would qualify for mortgage loans they otherwise would not be eligible to receive. Again, those misrepresentations included overstating applicant income and falsifying employment histories. As a result of the material misrepresentations in those five instances alone, lenders issued loan proceeds totaling more than \$1.7 million and ultimately incurred a loss of approximately \$768,000.

Ericvan McDavid's two co-defendants, Larry Africanus Hutchinson, age 39, of St. Paul, and Jerone Ian Mitchell, age 35, of Minneapolis, have pleaded guilty to one count of conspiracy to commit wire fraud. They are awaiting sentencing.

For his crime, Ericvan McDavid faces a potential maximum penalty of 20 years in prison. Renee McDavid faces a potential maximum penalty of five years for her crime. Judge Montgomery will determine their sentences at a future hearing, yet to be scheduled.

These cases are the result of investigations by the Federal Bureau of Investigation and the Minnetonka Police Department. They are being prosecuted by Assistant U.S. Attorney Christian S. Wilton.

This law enforcement action is in part sponsored by the interagency Financial Fraud Enforcement Task Force. The Task Force was established to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. It includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The Task Force is working to improve efforts across the Federal executive branch and, with state and local partners, investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

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