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# **News Release**

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## **Mortgage broker charged in \$20 million mortgage fraud scheme**

MINNEAPOLIS – This past Friday in federal court, an Edina mortgage broker was charged for his role in a \$20 million mortgage fraud scheme that involved 57 properties. Derrick Ivan Lance, age 40, of Edina, was charged via an Information with one count of conspiracy to commit wire fraud.

Allegedly, between 2004 and 2007, Lance conspired with others, including Roger Bill Hanks, 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 allegedly 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 allegedly used 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. Lance and his co-conspirators then allegedly 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.

If convicted, Lance faces a potential maximum penalty of 20 years in prison. All sentences will be determined by a federal district court judge. On June 27, 2011, Hanks, of Coon Rapids, pleaded guilty to one count of conspiracy to commit wire fraud in connection to this scam.

This case is the result of an investigation by the Federal Bureau of Investigation. It is being

prosecuted by Assistant United States Attorney Tracy L. Perzel.

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A defendant, of course, is presumed innocent until he or she pleads guilty or is proven guilty at trial.