



**United States Department of Justice
United States Attorney's Office
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News Release

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Minnesota couple indicted for orchestrating \$5 million mortgage fraud scam

MINNEAPOLIS—Earlier today in federal court, a Minnesota couple was indicted in connection with a \$5 million mortgage fraud scheme. James Warren Hoffman, age 51, and his wife, Teresa Gay Hoffman, age 52, both of Stillwater, were indicted on one count of conspiracy to commit mortgage fraud through the use of interstate wire and nine counts of mortgage fraud through interstate wire.

The indictment alleges that from August of 2001 through 2009, James Hoffman conspired to defraud mortgage lenders and obtain money from those lenders. Teresa Hoffman began participating in the scheme in August of 2006. The defendants allegedly recruited straw buyers to purchase real estate in both Minnesota and Wisconsin with the proceeds of fraudulent mortgage loans arranged by James Hoffman, and in some instances by both defendants. The defendants owned several entities, which arranged financing for the fraudulent transactions.

From August 2001 through 2008, the couple lived in a Hastings home without ever owning it. James Hoffman arranged for a series of straw purchasers to buy the property entirely with the proceeds of fraudulent loans. From June 2001 through 2008, the couple used a Spicer Lake property as their vacation home without ever owning it by also arranging fraudulent mortgage loans for a series of straw buyers. Starting in June of 2006, the couple, through three of their businesses, purchased apartment buildings in Rochester, Sauk Rapids and Spicer to convert them into condominiums. Then they sold the condos to straw buyers, who paid for them with

proceeds of fraudulent mortgage loans arranged by the defendants. In total, the estimated loss to mortgage lenders is approximately \$5 million. During the course of the conspiracy, the defendants allegedly received loan proceeds that were wire transferred by the lenders.

If convicted, the defendants face a potential maximum penalty of 20 years in prison on each mortgage fraud count and five years on the conspiracy count. All sentences will be determined by a federal district court judge. This case is the result of an investigation by the Federal Bureau of Investigation and the Internal Revenue Service-Criminal Investigation Division. It is being prosecuted by Assistant United States Attorney David J. MacLaughlin.

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An indictment is a determination by a grand jury that there is probable cause to believe that offenses have been committed by a defendant. A defendant, of course, is presumed innocent until he or she pleads guilty or is proven guilty at trial.

