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News Release

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Twin Cities area brothers sentenced for operating a \$4 million mortgage fraud scheme

MINNEAPOLIS – Earlier today in federal court, the second of two brothers was sentenced for orchestrating a \$4 million mortgage fraud scheme that defrauded 24 area lenders. United States District Court Judge Ann D. Montgomery sentenced Baretta Dean Bork, age 35, of Mound, to 60 months in prison on one count of conspiracy to commit mortgage fraud through the use of wires and income tax refund fraud. Bork, who was charged on January 31, 2011, along with his brother, Xavier Willis Bork, pleaded guilty on March 9, 2011.

On August 26, 2011, Xavier Bork, age 32, of Eden Prairie, was sentenced to 60 months on one count of conspiracy to commit mortgage fraud through the use of wires and income tax refund fraud. He also pleaded guilty on March 9, 2011.

Following today's sentencing, Kelly R. Jackson, Special Agent in Charge of the Internal Revenue Service-Criminal Investigation Division's St. Paul Field Office, said, "The sentencings of Xavier and Baretta Bork again emphasize that the IRS and the U.S. Attorney's Office will continue their aggressive pursuit of those who use fraudulent methods in an attempt to corrupt our nation's tax system."

In their plea agreements, the defendants admitted that between December of 2003 and March of 2008, they engaged in a scheme that resulted in more than \$4 million in losses to mortgage lenders. The brothers worked as loan officers through several mortgage brokerage companies located primarily in the Mankato. Through their work, they recruited straw buyers to purchase 33 properties.

To prompt lenders to grant loans to the straw buyers, the Borks exaggerated income figures and lied about the employment status of those straw buyers. They also omitted from the loan applications information regarding other loan obligations the straw buyers already had incurred. As part of the scheme, the properties were purchased at inflated prices, and upon receipt of the mortgage loans, the loan proceeds were distributed to the straw buyers and the defendants.

In addition, the Borks admittedly recruited 26 people to file false U.S. Individual Income Tax Returns, claiming refunds totaling more than \$154,000. The defendants provided those filers with false W-2 forms that indicated they worked for the Borks. To facilitate their tax scheme, the Borks also established two shell companies.

This case was the result of an investigation by the Federal Bureau of Investigation, the IRS-Criminal Investigation Division and the Minnesota Department of Revenue. It was prosecuted by Assistant U.S. Attorney David J. MacLaughlin.

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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