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News Release

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Golden Valley man sentenced for mortgage fraud scheme

MINNEAPOLIS – Earlier today in federal court, a 47-year-old Golden Valley man was sentenced for orchestrating a mortgage fraud scheme that resulted in the theft of more than \$2.5 million from lenders nationally. The scheme centered around obtaining fraudulent loans for the purchase of 24 homes in the Twin Cities. United States District Court Judge Joan N. Ericksen sentenced Zack Zafer Dyab to 120 months in federal prison on one count of conspiracy to commit wire fraud and one count of money laundering in connection to the crime. Dyab was indicted along with Julia Alexander Rozhansky, age 47, of Minnetonka, on December 8, 2009. Both defendants pleaded guilty on October 26, 2010.

In his plea agreement, Dyab admitted that from 2003 through early 2007, he conspired with Rozhansky and others to induce through fraudulent means numerous mortgage lenders across the country to loan substantial sums of money to unindicted co-conspirators, who happened to be relatives of Rozhansky. Dyab also admitted stealing large amounts of the mortgage loan proceeds for his own personal use.

At the time, Dyab owned American Choice Lending, Inc., a mortgage brokerage company. Rozhansky was his assistant and had supervisory authority over the company's loan officers and loan processors.

To further the fraud scheme, Dyab often arranged for straw buyers to purchase properties at inflated prices from him or companies he owned. In other instances, he had straw buyers purchase properties at inflated prices from third-party sellers. After those sales, Dyab and Rozhansky purportedly caused the sellers to pay them a portion of the sale proceeds. In addition, Dyab sometimes had a real estate broker receive so-called real estate commissions from the transactions, which the broker then would sign over to Dyab.

In each transaction, Dyab admitted submitting a mortgage loan application that greatly

exaggerated the monthly income and bank balances of the straw buyers. On occasion, he also deposited funds into the bank account of a straw buyer in an effort to trick the lender into thinking that the buyer had substantial liquidity. In addition, Dyab routinely provided straw buyers with money to bring to transaction closings, to be passed off as “down payments.” Moreover, he led lenders to believe that the straw buyers intended to live in the homes they were purchasing, when, in fact, he knew they actually planned to sell the homes to third-party straw buyers within a year. The third-party straw buyers then would default on the mortgage loans.

On February 15, 2005, at the conclusion of one of these real estate transactions, Dyab obtained \$63,938.94 in seller proceeds by forging the seller’s name on the back of the proceeds check. He then deposited the check into his own bank account. Then, on February 17, 2005, Dyab used \$15,000 of those funds to purchase a cashier’s check.

Rozhansky, who pleaded guilty to one count of conspiracy to commit wire fraud, is scheduled to be sentenced on Friday, September 16, 2011, in Minneapolis.

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

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