



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

**B. Todd Jones,  
United States Attorney**

**Jeanne F. Cooney  
Director of Community Relations  
(612) 664-5611  
email: [jeanne.cooney@usdoj.gov](mailto:jeanne.cooney@usdoj.gov)**

## **News Release**

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### **Man pleads guilty for role in \$20 million mortgage fraud scheme**

MINNEAPOLIS – Earlier today in federal court, a 52-year-old man pleaded guilty for his role in a \$20 million mortgage fraud scheme that involved 57 properties. Douglas Rex Butler pleaded guilty to one count of conspiracy to commit wire fraud. Butler, who was charged on September 7, 2011, entered his plea before United States District Court Judge Joan N. Ericksen.

In his plea agreement, Butler admitted that between 2005 and 2007, he conspired with others, including Roger Bill Hanks and Derrick Ivan Lance, to obtain mortgage loan proceeds based on fraudulent documentation. Butler's unnamed co-conspirators identified residential properties available for purchase and recruited buyers for those properties. Two of the co-conspirators 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. Butler was one of those buyers.

The scheme involved submitting 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. Butler and his co-conspirators then 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. Butler received approximately \$580,000 in concealed payments from the mortgage loan proceeds for the six residential properties he purchased.

For his crime, Butler faces a potential maximum penalty of 20 years in prison. Judge Ericksen will determine his sentence at a future hearing, yet to be scheduled. On June 27, 2011, Hanks, of Coon Rapids, pleaded guilty to one count of conspiracy to commit wire fraud in connection to this scam. On August 10, 2011, Lance, of Edina, pleaded guilty to count of

conspiracy to commit wire fraud for his role.

This case is the result of an investigation by the Federal Bureau of Investigation. It is being prosecuted by Assistant U.S. Attorney Tracy L. Perzel.

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