



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



News Release

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Webster man sentenced for bilking more than \$7 million from mortgage lenders

MINNEAPOLIS – Earlier today in federal court in St. Paul, a 28-year-old Webster man was sentenced for bilking more than \$7 million from at least 15 real estate mortgage lending companies between 2005 and 2008. U.S. District Court Judge Richard H. Kyle sentenced Dustin LaFavre to 48 months in prison on one count of conspiracy to commit mail and wire fraud. LaFavre was charged on November 5, 2009, and pled guilty on December 7, 2009.

Following today's sentencing, Oscar Villanueva, Postal Inspector in Charge of the Denver Division, which also covers the Twin Cities, said, "Postal inspectors will continue to protect the integrity of the U.S. Postal Service and aggressively investigate individuals like Mr. LaFavre who use the U.S. Mail to defraud individuals or businesses of money and property."

In his plea agreement, LaFavre admitted he conspired with a licensed real estate broker, identified as "Individual 1," to defraud the mortgage lenders. Specifically, he and Individual 1 solicited real estate buyers by telling them they would receive significant cash from the proceeds of the mortgage loans. With the assistance of Individual 1, LaFavre then negotiated the value of single pieces of property as well as property groupings, known as bulk purchases, in an effort to inflate the sale prices of that real estate. Those inflated prices were reported to and ultimately approved by lenders. Then, after transaction closings, LaFavre and Individual 1 divided among themselves and the buyers the difference between the inflated sale prices and the true sales prices.

In addition, LaFavre helped buyers qualify for their mortgage loans by creating false verifications of employment, depositing money into their bank accounts to make their balances

appear higher, providing them with down payments, and working with mortgage brokers and loan officers who were willing to prepare false documentation for submission to lenders.

LaFavre and Individual 1 sold at least 172 properties during the course of this scheme. In furtherance of the scheme, LaFavre sent false documents via the U.S. mail as well as commercial carriers. He also caused wire transfers of mortgage loan proceeds from which he and others obtained cash kickbacks.

This case was the result of an investigation by the Federal Bureau of Investigation and the U.S. Postal Inspection Service. It was prosecuted by Assistant U.S. Attorneys Tracy L. Perzel and Nancy E. Brasel.

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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