



*United States Attorney
Southern District of New York*

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**CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER,
REBEKAH CARMICHAEL,
JANICE OH
(212) 637-2600**

**FBI
JIM MARGOLIN, RICH KOLKO
(212) 384-2720, 2715**

**NEW YORK STATE BANKING
GLORIMAR PEREZ-GONZALEZ
(212) 709-1691**

**MANHATTAN U.S. ATTORNEY CHARGES PRESIDENT OF
MORTGAGE BROKERAGE FIRM IN \$23 MILLION FRAUD SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, JOSEPH M. DEMAREST, JR., the Assistant Director-in-Charge of the New York Field Division of the Federal Bureau of Investigation ("FBI"), and RICHARD H. NEIMAN, the Superintendent of Banks for New York State, announced today the surrender of DAVID RAMNAUTH, the President of GuyAmerican Funding Corp., in connection with a scheme that defrauded banks out of more than \$23 million in home mortgage loans. RAMNAUTH is charged in a Superseding Indictment with bank fraud and wire charges along with eight other defendants who were previously charged in the same scheme in October 2009.

According to the Superseding Indictment previously filed in Manhattan federal court and unsealed today:

DAVID RAMNAUTH was the President and owner of GuyAmerican Funding Corp., a mortgage brokerage firm in Queens, New York. RAMNAUTH facilitated a massive mortgage fraud scheme that was being conducted through a GuyAmerican branch office located on Liberty Avenue, in Jamaica, New York. Three of the defendants previously charged in the scheme, PEGGY PERSAUD, ORETTE KILLIKELLY, and GEORGE ESSO, were loan officers at GuyAmerican, and received thousands of dollars in commissions based on fraudulent loan applications submitted to lenders.

Three other defendants previously charged in the scheme, ELTON LORD, RAFICK BAKSH, and MAHAMOOD HUSSAIN, worked with GuyAmerican loan officers to recruit homeowners in financial distress who were willing to sell their homes. They used "straw buyers" -- persons who posed as home buyers in exchange for a fee, but who had no intention to live in the mortgaged properties to perpetrate their scheme. The defendants arranged home sales between these distressed sellers and these straw buyers, and obtained mortgage loans using fraudulent representations, including about the supposed purchasers' net worth, employment, and income. The defendants re-sold, or flipped, properties multiple times between different straw buyers, stripping the equity from those properties as they were resold with inflated market values. For example, a property, purchased by a straw buyer in December 2006 in Queens, New York, for \$355,000 was resold to another straw buyer in April 2007 -- only four months later -- for \$680,000, with the profit going to the defendants and their co-conspirators. In addition, the defendants often arranged for a single straw buyer to purchase multiple properties within days or weeks of each other, without disclosing the prior purchases on the subsequent loan applications.

The loan applications submitted to the lenders contained numerous false statements about the straw buyers, who often had little or no assets and modest or no incomes. The loan applications therefore contained false statements about the supposed borrowers' employment, income, assets, and existing debt. In addition, the loan applications falsely represented that the straw buyers intended to reside in the properties, when in fact they did not. CHEDDI GOBERDHAN and RAVI PERSAUD, who acted as the closing attorneys for most of the transactions and facilitated the fraud by disbursing illicit payments to co-conspirators, were also previously charged.

After becoming aware that fraudulent loans were being submitted under the GuyAmerican license, RAMNAUTH directed through a loan officer at GuyAmerican to have the closing attorneys set aside six months' worth of mortgage payments from the closing proceeds, so that the lenders would not discover the scheme. RAMNAUTH was also aware that LORD, BAKSH, and HUSSAIN were engaging in equity stripping in the sham real estate transactions, but permitted them to originate additional fraudulent loans under the GuyAmerican license, and continued to make commission payments to loan officers in connection with the fraudulent loans.

RAMNAUTH, 54, of Levittown, New York, surrendered this morning and is expected to be presented later today in Manhattan

federal court before United States Magistrate Judge ANDREW J. PECK. RAMNAUTH is charged with conspiracy to commit bank fraud and wire fraud. If convicted, he faces a maximum sentence of 30 years in prison.

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PREET BHARARA, the United States Attorney for the Southern District of New York, said: "The alleged fraud at GuyAmerican went all the way to the top, costing the firm's lending institutions more than \$23 million. That's \$23 million that the banks could not lend to honest, hard-working people looking to buy homes. These allegations are a stark reminder of the damage that corrupt mortgage firms can do, particularly in troubled economic times."

JOSEPH M. DEMAREST, JR., the Assistant Director-in-Charge of the New York Field Division of the FBI, said: "Today's arrest and the Superseding Indictment are but the latest benchmarks in the FBI's ongoing aggressive campaign to police and prevent mortgage fraud in New York. The real estate market is one of the linchpins of the economy. Cracking down on mortgage fraud can rightly be viewed as an integral part of economic recovery."

RICHARD H. NEIMAN, the Superintendent of Banks for New York State, said: "A key factor contributing to the ongoing mortgage crisis is the failure of some gatekeepers -- including mortgage brokers. Unfortunately, instead of acting in the best interest of consumers and the industry, in some cases, they abused their positions and joined criminal schemes to steal millions of dollars. The Banking Department's Criminal Investigation Bureau will continue to work with our law enforcement partners to pursue individuals that, through fraudulent activities, attempt to undermine the financial system."

This case was part of the coordinated takedown of "Operation Bad Deeds," a joint federal, state, and local law enforcement operation targeting mortgage fraud crimes, announced on October 15, 2009, in which 41 defendants were charged in various mortgage fraud scams in New York, Pennsylvania, Ohio, and North Carolina. Eight of the defendants charged in the Superseding Indictment unsealed today were also the subject of charges in an Indictment unsealed on October 15, 2009.

The prosecution of the cases arising from "Operation Bad Deeds" is being overseen by the Office's newly-formed Complex

Frauds Unit. The prosecution of this case is being handled by ANTONIA M. APPS.

The charges contained in the various charging instruments discussed above are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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