



*United States Attorney
Southern District of New York*

**FOR IMMEDIATE RELEASE
FEBRUARY 24, 2010**

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

**FBI
JIM MARGOLIN, RICHARD KOLKO
PUBLIC INFORMATION OFFICE
(212) 384-2720, 2715**

**USSS
JOHN McQUADE
PUBLIC INFORMATION OFFICE
(718) 840-1481**

**MANHATTAN U.S. ATTORNEY CHARGES THREE DEFENDANTS
IN MULTIMILLION-DOLLAR MORTGAGE 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 BRIAN G. PARR, the Special Agent-in-Charge of the New York Field Office of the United States Secret Service ("USSS"), announced today the arrests of three defendants -- SHAHEID BILAL, RHONDA PAYNE, and RICHARD BRITT -- on charges stemming from a subprime mortgage fraud scheme involving \$3 million worth of mortgages on residential properties in and around Orange and East Orange, New Jersey.

According to the five-count Indictment filed in Manhattan federal court:

From 2005 through 2007, the defendants targeted residential properties in Orange and East Orange, New Jersey. To purchase the properties, the defendants submitted mortgage loan applications, in the name of straw purchasers, that contained false information regarding, for example, the applicant's creditworthiness and intention to live in the residence. The defendants recruited such straw purchasers by, among other things, paying them thousands of dollars in fees. The defendants

told several of these straw purchasers that they would not have to pay the mortgages because the defendants would make payments for several months, and/or that the defendants would make money to pay the mortgages by renting out the properties. The defendants involved in each transaction distributed the proceeds from the fraudulently obtained home mortgage loans among themselves and their co-conspirators for their personal gain.

The defendants involved in each transaction further profited by renting out the fraudulently mortgaged properties to tenants while failing to make mortgage payments on behalf of the straw purchasers. Certain affected straw purchasers have gone into default on their mortgages, and mortgage lenders have foreclosed on certain properties.

BILAL, 33, of Lawrenceville, Georgia, supervised and coordinated the recruitment of straw purchasers and the preparation of fraudulent loan applications and other documents for submission to the lenders, among other things.

PAYNE, 36, of Queens, New York, recruited straw purchasers to participate in the fraudulent scheme and assisted in the preparation of fraudulent paperwork for submission to the lenders, among other things.

BRITT, 48, of McDonough, Georgia, assisted in the preparation of fraudulent paperwork for submission to the lenders, among other things.

* * *

A chart setting forth the charges contained in the Indictment and the maximum potential penalties for each offense is attached.

All three defendants were arrested yesterday. This case has been assigned to United States District Judge DENNY CHIN. PAYNE was presented yesterday before United States Magistrate Judge THEODORE H. KATZ in Manhattan federal court; BILAL and BRITT were presented yesterday before United States Magistrate E. CLAYTON SCOFIELD III in the Northern District of Georgia.

Mr. BHARARA praised the work of the FBI, USSS, FDIC-OIG, and USPIS. He also thanked the New York State Banking Department for their outstanding work in the investigation.

U.S. Attorney PREET BHARARA stated: "In a time when real families are having difficulties obtaining mortgages honestly, it is all the more important to stop schemes to obtain mortgages fraudulently. The money stolen from banks in mortgage fraud schemes is money that could be going to enable working families to buy homes. We will continue to work with our partners at the FBI, the USSS, and the FDIC-OIG, as well as the New York State Banking Department, to bring mortgage fraudsters to justice."

FBI Assistant Director JOSEPH M. DEMAREST, JR., stated: "Vigorous enforcement to thwart mortgage fraud is an FBI priority. The health of the economy is affected by the vitality of the housing market, and steps to ensure integrity in mortgage financing reduce the risks of failed banks and foreclosed properties."

USSS Special Agent-in-Charge BRIAN G. PARR stated: "Mortgage Fraud continues to be a priority investigative area for the United States Secret Service. Our partnership with the other agencies allows us to maximize our resources to combat this type of fraud."

This prosecution is being handled by the Office's Complex Frauds Unit. Assistant United States Attorney BRIAN A. JACOBS is in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

10-059

###

U.S. v. Shaheid Bilal, et al.

Count/s	Charge	Defendants	Potential Penalties
1	Conspiracy to commit bank fraud and wire fraud	SHAHEID BILAL, RHONDA PAYNE, RICHARD BRITT	Maximum sentence of 30 years in prison, and fine of the greater of \$1,000,000, or twice the gross gain or loss resulting from the crime
2-5	Wire fraud	SHAHEID BILAL, RHONDA PAYNE	Maximum sentence of 20 years in prison, and a fine of the greater of \$250,000, or twice the gross gain or loss resulting from the crime