



U.S. Department of Justice

United States Attorney

Eastern District of Pennsylvania

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May 20, 2010

## **LOAN PROCESSORS CHARGED IN MORTGAGE FRAUD SCHEME**

### **United States v. Kirk H. Kirby, et al.**

PHILADELPHIA - An indictment<sup>1</sup> was unsealed against Kirk H. Kirby, Sholonda Y. Johnson, and Royal K. Williams, charging them with three counts, each, of wire fraud, in connection with a real estate investment scheme that caused more than \$7 million in losses to lenders, announced United States Attorney Zane David Memeger. Kirby owned and operated Invictus Financial Group ("IFG"), located in Havertown, PA. Johnson was a loan officer at various mortgage brokerage companies. Williams was an accountant and the principal of R. Williams and Co. Public Accountants.

According to the indictment, between June 2006 and December 2007, Kirby recruited real estate investors to buy properties that his company had identified as suitable purchases. Kirby would then act as a dual agent, negotiating one price with the seller and a higher price for the buyer, taking the difference as his profit. Kirby also obtained financing for the investor through, among others, defendant Johnson, who brokered mortgage loans and who provided false documents to mortgage lenders. Defendant Williams would prepare some of those false documents, including phony verification letters, IRS Form W-2s, and pay stubs. Johnson was also obtaining multiple mortgages for some borrowers but not disclosing them to the lenders. Through their scheme, Kirby and Johnson obtained \$7 million in fraudulent mortgage loans.

In an arrangement that appeared to present little risk for the investor, the indictment alleges that defendant Kirby promised investors that he would manage all aspects of the investment properties, including finding tenants, collecting rents, repairing and maintaining properties, and making mortgage payments. Kirby further promised that he would cover mortgage payments if the property was not rented or if rent payments did not cover the mortgage payments, he assured investors that he had obtained an insurance policy to cover their losses but he did not do so, and he promised to cover any losses on sales of investment properties. When defendant Kirby was unable to obtain tenants for the investment properties and could not make the required mortgage payments, the investors defaulted on the dozens of mortgages the defendants had obtained as part of the

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<sup>1</sup>An Indictment or Information is an accusation. A defendant is presumed innocent unless and until proven guilty.

scheme. Contrary to Kirby's false claims, there was no insurance policy to cover the payments to the lenders. As a result of the scheme, the lenders lost more than \$7 million.

#### INFORMATION REGARDING THE DEFENDANTS

NAME	ADDRESS	AGE
Kirk H. Kirby	Capital Heights, MD	39
Sholonda Y. Johnson	Philadelphia	38
Royal K. Williams	Pine Hill, NJ	49

If convicted, each defendant faces an approximate sentence of 135 to 168 months under federal sentencing guidelines.

#### **United States v. Frank Dattilo, et al.**

Frank J. Dattilo, Michael Giello, and Jason Megow, were charged by indictment April 22, 2010, with two counts, each, of mail fraud, stemming from a scheme to defraud mortgage lenders in an effort to obtain money and property, announced United States Attorney Zane David Memeger. Dattilo was the owner and operator of the mortgage brokerage firm Provident Financial Group ("PFG"), which was located in Bensalem, PA. Dattilo employed Giello as a mortgage broker and loan officer, and Megow as a loan processor.

Dattilo marketed to people with poor credit or low incomes. According to the indictment, between January 2004 and February 2007, the defendants created false documents for use in mortgages application. The falsified forms, among other things, overstated borrowers' income, falsely showed that borrowers had rental histories, and showed that a property was an income-producing rental property when, in fact, it was not. These fraudulent documents made borrowers appear more creditworthy than they were, thereby misleading the banks into funding the mortgage loans.

The indictment further alleges that, to enrich himself, Dattilo would present borrowers with a settlement sheet that included unexpected costs and fees. He then offered to cover closing costs by having the borrowers sign a second mortgage that they would owe to Dattilo and which was concealed from the lenders. This second mortgage resulted in a lien on the property in defendant Dattilo's name. Several borrowers did not have enough income to cover both mortgages and defaulted on their loans, resulting in foreclosures.

#### INFORMATION REGARDING THE DEFENDANTS

NAME	ADDRESS	AGE OR YEAR OF BIRTH
Frank J. Dattilo	Holland, PA	1946
Michael Giello	Holland, PA	1951
Jason Megow	Havertown, PA	1972

If convicted, each defendant faces a maximum possible statutory sentence of 40 years in prison, a fine of up to \$500,000, restitution, and three years supervised release.

The United States Attorney's Office, the Federal Bureau of Investigation, the United States Postal Inspection Service, the Internal Revenue Service Criminal Investigation, the United States Department of Housing and Urban Development's Office of Inspector General, the United States Secret Service, the Philadelphia District Attorney's Office, the Philadelphia Police Department, and the Pennsylvania Department of Banking, and other agencies are part of the United State's Attorney's Mortgage Fraud Task Force. The Task Force brings together substantial federal, state, and local resources to aggressively target and investigates individuals who victimize homeowners and lenders.

Just since December 2010, more 20 individuals have been charged in federal court in this district with mortgage fraud and related crimes. These charges involve more than \$40 million in fraudulent loans, dozens of homeowners, and scores of properties.

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