



U. S. Department of Justice

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PRESS RELEASE

RIVERTON RESIDENTS SENTENCED FOR ROLES IN MORTGAGE FRAUD CASE INVOLVING PROPERTIES IN DAVIS, SALT LAKE AND UTAH COUNTIES

SALT LAKE CITY – Christopher Ethington, age 36, of Riverton, will serve 37 months in federal prison for his role in a mortgage fraud scheme involving properties in Davis, Salt Lake and Utah counties.

Janet H. Ethington, age 34, also of Riverton, will be on probation for five years, with 30 days in a county jail as a condition of supervision.

U.S. District Judge David Sam, who imposed the sentences Thursday in federal court, also ordered the pair, who pleaded guilty to mail fraud in the case, to pay \$1,336,773 in restitution.

James Merrill Roberts, age 42, of Cedar Hills, is also serving a 37-month federal prison sentence in the case.

Roberts and the Ethingtons were charged in a 12-count indictment returned in June 2010 following an investigation by special agents of IRS-Criminal Investigation and the U.S. Postal Inspection Service. The indictment alleged the three operated a scheme to identify residential properties, recruit straw buyers, and, through false statements on loan applications, falsely inflate the apparent value of the properties to induce lenders to grant loans for amounts in excess of their fair market value.

In a sentencing memorandum filed in the case, federal prosecutors said their investigation focused on 18 separate residential properties from the significantly larger set of transactions promoted through the scheme.

Roberts pleaded guilty in May to mail fraud and money laundering in connection with the scheme. In a document filed with the court, Roberts admitted that he and other defendants in the case used false and fraudulent means, including false statements, misrepresentations, deception, and omission of material facts, to induce mortgage lenders to loan money to straw buyers. He admitted they also used some of the money from the loans for personal use and other purposes not authorized by the mortgage lenders.

According to court documents, Roberts formed Amerifinance Group, LLC, which promoted residential real estate transactions in Utah. Roberts admitted that he and Christopher Ethington recruited straw buyers to participate in purchasing many of the Amerifinance properties. Christopher Ethington admitted, as a part of a plea agreement he reached with federal prosecutors, that he gained experience as an account executive and loan officer working in several banks. Ultimately, he quit his job at the bank and went to work with Roberts.

Janet Ethington worked in the real estate business for more than 10 years in the roles of loan processor, loan broker, and loan officer. As a part of a plea agreement she reached with federal prosecutors, she admitted that she acted as a loan officer or broker in closing approximately 30 Amerifinance loans, although she was not a licensed by the State of Utah as a loan officer or mortgage broker. According to her plea agreement, she was married to Christopher Ethington from 2004 through 2007.

Roberts admitted he induced the straw buyers to participate in purchasing the properties by telling them they would not have to make a down payment or invest any of their own money to buy the home and that

Amerifinance, not the straw buyers, would make the loan payments. These false representations were not disclosed to the mortgage lenders.

When the promised loan payments were not made on the properties, the loans went into default and each was eventually the subject of a foreclosure sale or short sale, each resulting in a loss to the victim lender.

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