



U. S. Department of Justice

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PRESS RELEASE

DEFENDANT IN MORTGAGE FRAUD CASE GETS 37 MONTHS IN FEDERAL PRISON; SCHEME INVOLVED PROPERTIES IN DAVIS, SALT LAKE AND UTAH COUNTIES

SALT LAKE CITY – James Merrill Roberts, 42, of Cedar Hills, will serve 37 months in federal prison for his role in a mortgage fraud scheme involving properties in Davis, Salt Lake and Utah counties.

Roberts was one of three individuals charged in a 12-count indictment returned in June 2010. 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 by Roberts.

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, age 36, of Riverton, another defendant in the case, recruited straw buyers to participate in purchasing many of the Amerifinance properties. 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 Roberts failed to make the promised loan payments for the straw buyers 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.

Christopher Ethington and his wife, Janet Ethington, age 34, also of Riverton, who pleaded guilty to mail fraud, are scheduled to be sentenced Oct. 26. The potential maximum penalty for mail fraud is up to 20 years in prison.

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