



U.S. Department of Justice
United States Attorney
Southern District of Mississippi

**FOR IMMEDIATE RELEASE
FRIDAY, MARCH 1, 2013**

**JACKSON ATTORNEYS RE-SENTENCED IN LARGEST
COMMERCIAL MORTGAGE FRAUD SCHEME IN MISSISSIPPI HISTORY**

Jackson, Miss – At a re-sentencing hearing today before U.S. District Judge Daniel P. Jordan III, the sentence of Charles H. Evans, Jr., 57, of Jackson, Mississippi, was affirmed, whereby Charles Evans will be required to serve 20 years in prison for his role in one of the largest commercial mortgage fraud crimes in the history of the State of Mississippi. The 14 year prison sentence of his brother and co-conspirator, Jon Christopher Evans, 53, also of Jackson, was also affirmed today. A final order of forfeiture was orally entered by U.S. District Court Judge Daniel P. Jordan, III, against the defendants in the amount of \$18,594,221.58. In December, 2012, the defendants were ordered to pay \$13,423,571.95 in restitution to numerous victim banks and a title insurance company for their fraudulent scheme.

Defendant Charles H. Evans, Jr. is an attorney who operated The Evans Firm in Jackson, Mississippi, and was an approved attorney for Mississippi Valley Title Company (“MVT”), authorized to provide title opinions and prepare certificates of title for MVT, which MVT used and relied upon in order to issue title insurance policies to banks making loans for the purchase of real estate. His brother and co-defendant, Jon Christopher Evans, is also an attorney in Jackson who served as the registered agent for numerous shell companies in the Jackson area, which were owned, operated, and controlled by the Evans brothers and used to carry out their mortgage fraud scheme.

In 2003, the Evans devised a plan to fraudulently secure mortgage proceeds from banks by misrepresenting to such banks the legal descriptions, title and lien history, and ownership of real estate they were intending to purchase. They began by contracting to purchase multi-acre tracts of land. However, before actually purchasing a particular multi-acre tract, they would covertly and fictitiously subdivide the multi-acre tract on paper, falsify the legal descriptions and title

history of the property, and sometimes manufacture false warranty deeds, in order to secure mortgages on the individual, fraudulently-subdivided plots of land from multiple banks using various shell companies owned and controlled by the Evans brothers. Based upon these false documents and misrepresentations, the Evans brothers were able to borrow a larger amount of money for the purchase of the fictitiously subdivided land than they would have received if the entire tract had been financed legally through a single loan from one bank.

The Evans used the excess mortgage proceeds they received from this fraudulent scheme to pay the respective mortgages on the property financed, enrich themselves, and continue their scheme of fraudulently securing mortgage proceeds on covertly and fictitiously-subdivided land using phony legal descriptions and sometimes false warranty deeds. This fraud blossomed into one of the largest commercial mortgage fraud Ponzi schemes to be carried out in the State of Mississippi.

The Evans continued to acquire property for a number of years by using different banks and appraisal companies, as well as various shell companies which they owned and controlled, and by falsifying the financial statements of Chris Evans in order to continue to secure such fraudulent financing. The scheme covered property from Madison County, Mississippi, to Southaven, Mississippi, to the State of Texas.

After the Evans could no longer locate suitable property upon which they could execute this scheme, they began “double pledging” their existing property, that is, they began fraudulently securing new, additional mortgages on their already-encumbered property by selling such property to other shell companies that they also owned and controlled and manipulating the certificates of title and lien history (and, in some instances, legal descriptions) of such property in order to misrepresent and conceal encumbrances upon such land to the lending financial institutions and to title insurance companies. As a result, each lending financial institution materially relied upon such misrepresentations, believing it had received a priority security interest in the subject property as collateral for the respective loan, when in fact it had not. Charles Evans would perform the fraudulent title work for these real property transactions, including the creation of false certificates of title upon which the title insurance commitments would be issued and upon which banks would write mortgages and disburse mortgage proceeds to shell companies owned and controlled by the Evans brothers, and Charles Evans would perform the closings on most, if not all, of the real estate transactions. Contrary to the representations made by Charles Evans in certificates of title, record title to the subject property was almost never transferred into the subsequent entity owned and

controlled by the Evans brothers that actually borrowed the funds and in whose name title was insured. Rather, record title almost always remained in the name of the seller corporation owned and controlled by the Evans. Thus, banks that issued such loans were stuck with outstanding balances owed and no collateral, based upon the Evans' fraudulent misrepresentations as to the title and lien history of such property.

The Evans continued their fraudulent scheme for over 6 years until the scheme was discovered in September, 2009. Their scheme encompassed over \$80 million worth of loans, involved almost 30 shell or fictitious corporations created by the defendants to launder the fraudulently-obtained mortgage proceeds in order to perpetuate and conceal their crimes, and adversely affected almost 50 financial institutions and local governments.

This case was investigated by the Federal Bureau of Investigation and prosecuted by Assistant U.S. Attorney Mike Hurst.

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