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BOWIE LOAN ORIGINATOR PLEADS GUILTY IN FRAUDULENT MORTGAGE SCHEME

Baltimore, Maryland – David B. Pick, age 47, of Bowie, Maryland, pleaded guilty today to making false statements arising from a real estate closing.

The guilty plea was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Deputy Inspector General for Investigations Rene Febles of the Federal Housing Finance Agency Office of Inspector General; and Special Agent in Charge Fran Mace, of the Federal Deposit Insurance Corporation Office of Inspector General.

Pick was a loan originator responsible for preparing loan applications, obtaining documentation to support the representations in loan applications, presenting loan applications to financial institutions for funding and working with financial institutions to close loans.

In 2005, Pick sought a \$900,000 construction loan from a mortgage lender to purchase and construct a residence at 1206 Tilghmans Landing Way in Annapolis. The residence was to be constructed by Richland Homes, Inc., owned and operated by Timothy Ritchie.

According to his plea agreement, on March 10, 2005, Pick falsely represented on the loan application that he received \$1,250 in monthly rent from “Georgia Brown” to rent property on Clam Cove Court in Rock Hall, Maryland. In fact, no individual named Georgia Brown occupied the property or paid rent to Pick.

Relying on the false loan application, the lender agreed to fund the construction loan on the condition that Pick personally pay the required down payments, closing costs and prepaid expenses, and that Pick did not have any agreement with Ritchie or Richland Homes, as the seller, that was not disclosed to the lender.

On March 21, 2005, Pick and Ritchie signed a settlement statement, and Pick also signed a borrower’s affidavit, falsely stating the Pick paid \$63,901.63 at the closing, when in fact, Pick contributed no cash to the closing. The funds owed by Pick were instead deducted from Richland Homes’ proceeds from the sale. The lender, which would not have approved the loan without Pick paying the full \$63,901.63, suffered a loss of \$383,178.

Pick faces a maximum sentence of 30 years in prison. U.S. District Judge Richard D. Bennett scheduled his sentencing for February 10, 2016.

In related cases arising from their participation in similar transactions, John L. Davis, age 53, of

Chestertown, Maryland, a settlement agent, previously pleaded guilty to conspiracy to commit mail fraud and wire fraud, and is scheduled to be sentenced on January 19, 2016 at 3:00 p.m. Timothy L. Ritchie, age 44, of Annapolis, Maryland has pleaded guilty to making false statements involving his purchase of three lots in St. Michaels, Maryland. Ritchie is scheduled to be sentenced on January 14, 2016, at 10:00 a.m.

The Maryland Mortgage Fraud Task Force was established to unify the agencies that regulate and investigate mortgage fraud and promote the early detection, identification, prevention and prosecution of mortgage fraud schemes. This case, as well as other cases brought by members of the Task Force, demonstrates the commitment of law enforcement agencies to protect consumers from fraud and promote the integrity of the credit markets. Information about mortgage fraud prosecutions is available <http://www.justice.gov/usao-md/financial-fraud-and-identity-theft>.

United States Attorney Rod J. Rosenstein commended the FHFA - OIG and FDIC – OIG for their work in the investigation. Mr. Rosenstein thanked Special Assistant U.S. Attorney Kevin V. Di Gregory and Assistant U.S. Attorney Kathleen O. Gavin, who are prosecuting the case.