



U.S. Department of Justice

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## PRESS RELEASE

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### **Settlement Agent Found Guilty of Federal Charges In Multi-Million Dollar Mortgage Fraud Scheme -Scam Involved 45 Properties and \$16 Million in Mortgage Loans**

WASHINGTON – Edward Dacy, 76, most recently of West Melbourne, Fla., has been found guilty by a jury of 10 counts of conspiracy, bank fraud, and mail fraud stemming from a multi-million dollar mortgage fraud scheme involving 45 properties and \$16 million in mortgage loans used for the purchase of residential real estate in the District of Columbia and Maryland.

The verdict, returned March 25, 2015, was announced by Acting U.S. Attorney Vincent H. Cohen, Jr.; Olga Acevedo, Special Agent in Charge of the Mid-Atlantic Region, Office of the Inspector General, Federal Housing Finance Agency; Julie DeMello, Acting Special Agent in Charge of the Mid-Atlantic Region of the Office of the Inspector General of the U.S. Department of Housing and Urban Development (HUD-OIG); and Andrew G. McCabe, Assistant Director in Charge of the FBI's Washington Field Office.

The verdict followed a trial in the U.S. District Court for the District of Columbia. The Honorable Reggie B. Walton scheduled sentencing for June 19, 2015. This completes a three-year investigation relating to this mortgage fraud scheme. A total of nine individuals have admitted their guilt through guilty pleas or were found guilty after trial.

“Mortgage fraud victimizes innocent homeowners and weakens our economic future,” said Acting U.S. Attorney Cohen. “This settlement agent was supposed to be a check on mortgage fraud, but he instead joined this multi-million dollar rip-off scheme. This guilty verdict demonstrates our commitment to bringing justice to the fraudsters who fall lure to the promise of easy money and in the process harm innocent people and businesses.”

“Edward Dacy is a prime example of a real estate professional who believes that he can act above the law, regardless of what loss that causes to others,” said Special Agent in Charge

Acevedo. “However, justice has prevailed, and Dacy has appropriately been found guilty. Our office is committed to ferreting out mortgage fraud directed at Fannie Mae and Freddie Mac, which subsequently impacts every American taxpayer.”

“The verdict against Edward Dacy should send a strong message to anyone connected with fraudulently originating FHA insured loans that the United States Department of Housing and Urban Development, Office of Inspector General will aggressively investigate loan origination fraud and seek prosecution when possible,” said Acting Special Agent in Charge DeMello.

“This verdict sends a clear message to the real estate and mortgage business community that law enforcement is united in our efforts to investigate those who bilk financial institutions out of millions of dollars,” said Assistant Director in Charge McCabe. “By joining in the scheme to defraud, which involved false loan applications, forged documents and fraudulent statements, Mr. Dacy took advantage of mortgage lenders and banks by falsely leading them to believe that they were supporting homeownership. Together with our federal, state and local law enforcement partners, the FBI will remain vigilant in investigating mortgage fraud schemes and will hold individuals accountable for their fraud schemes.”

The government’s evidence at trial included testimony from conspirators who were involved in the scheme to defraud banks, mortgage lenders, and the Federal Housing Administration, “FHA,” (part of U.S. Department of Housing and Urban Development) of money by obtaining mortgage loans on residential real estate properties through false loan applications and documents and fraudulent settlements, and ultimately causing a loss to the banks, lenders, and FHA when mortgages were not paid. Some of the fraudulently-obtained mortgage loans were later resold in the secondary mortgage market to Freddie Mac and Fannie Mae.

The trial evidence included information about conspirators who purchased properties in the names of general partnerships. They then recruited individuals, or straw buyers, to re-purchase these same properties for higher amounts, funded by fraudulently obtained mortgage loans, by promising the buyers that they would not be required to: make financial contributions toward the purchase of the properties; pay the monthly mortgage payments or expenses; or maintain the properties. These mortgage loans were obtained by fraudulent statements and documents, according to the evidence, including false loan applications and real estate contracts, phony cashier’s checks and verifications from banks, fabricated tax returns and letters from a Certified Public Accountant, and fraudulent deeds conveying title to the nominee buyers.

According to the trial evidence, Dacy handled the settlements of the real estate transactions. The settlement company received the funding from the mortgage lenders and should have collected the buyers’ cash contributions; it was under the obligation to disburse the money only if all of the mortgage lenders’ conditions were met and the buyers’ financial contributions collected. Only then would the settlement company be authorized to release the lenders’ money, and pay the costs of the closing, the debts of the property or seller, and any other authorized expenses as set forth on the Settlement Statement. According to the evidence, Dacy joined the multi-million dollar fraud conspiracy by managing and overseeing the straw buyers’

settlements of the properties, with knowledge that the straw buyers did not pay the cash contribution as required by the lenders.

In announcing the verdict, Acting U.S. Attorney Cohen, Special Agent in Charge Acevedo, Acting Special Agent in Charge DeMello, and Assistant Director in Charge McCabe commended the work of the Special Agents and analysts from the Offices of Inspector General of the Federal Housing Finance Agency and Department of Housing and Urban Development and the FBI, who investigated the case. They also expressed appreciation for the work of the U.S. Secret Service and the Offices of Inspector General of the Central Intelligence Agency, the Department of Justice, and Department of Homeland Security, which assisted in the investigation. They acknowledged the efforts of those working on the case from the U.S. Attorney's Office for the District of Columbia include Paralegal Specialists Ida Anbarian, Donna Galindo, Corinne Kleinman, Kristy Penny, Tasha Harris, and Heather Sales and Assistant U.S. Attorneys Anthony Saler and Arvind K. Lal, who assisted with forfeiture issues. Finally, they commended the work of Assistant U.S. Attorneys, David A. Last and Virginia Cheatham, who prosecuted the case.

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