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Settlement Agent Sentenced to Six Years in Prison In Multi-Million Dollar Mortgage Fraud Scheme -Scam Involved 45 Properties and \$16 Million in Mortgage Loans

WASHINGTON – Edward Dacy, 77, most recently of West Melbourne, Fla., was sentenced today to six years in prison on charges 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 sentencing 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; Cary Rubenstein, 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.

Dacy was found guilty on March 25, 2015, following a trial in the U.S. District Court for the District of Columbia, of 10 counts of conspiracy, bank fraud, and mail fraud. He was sentenced by the Honorable Reggie B. Walton. His conviction 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. Upon completion of his prison term, Dacy will be placed on three years of supervised release. In addition, Judge Walton ordered that he pay \$2,730,345 in restitution and an identical amount as a forfeiture money judgment.

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 sentence, Acting U.S. Attorney Cohen, Special Agent in Charge Acevedo, Special Agent in Charge Rubenstein, 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, including Paralegal Specialists Ida Anbarian, Donna Galindo, Corinne Kleinman, Kristy Penny, Tasha Harris, and Heather Sales and Assistant U.S. Attorneys Anthony Saler, Thomas Swanton, 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.