



FBI NEWS RELEASE

San Diego Field Office

FBI ♦ 10385 Vista Sorrento Parkway, San Diego, CA., 92121 (858)320-1800 ♦

For Immediate Release
Thursday, July 25, 2013

Contact: Darrell Foxworth, (858) 320-8302
Special Agent – Media Coordinator

Former Rancho Santa Fe Mortgage Broker Arrested In \$2.2 Million Loan Fraud and Kickback Scheme

Daphne Hearn, Special Agent in Charge (SAC), of the San Diego FBI Field Office, announces the arrest of Donald V. Totten, age 56. Totten was arrested by FBI Agents on Wednesday, July 24, 2013, at his Oakland, California, residence without incident.

Totten was arrested pursuant to a federal arrest warrant signed by U.S. Magistrate Judge, Jan M. Adler, U.S. District Court, Southern District of California, charging Totten with violation of Title 18, United States Code (USC), Section 1349, Bank Fraud. Totten is alleged to have operated a mortgage brokerage business from Rancho Santa Fe, and obtaining \$2.2 million dollars in mortgage loans using false information and siphoning off hundreds of thousands of dollars from the sale of the properties.

According to the federal complaint filed in this matter with the United States District Court, Southern District of California, case number 13mj2783, from approximately 2002 until 2007, Totten was a mortgage loan officer who acted as a broker, operating under broker licenses held by others. As a mortgage broker, Totten worked on behalf of borrowers to obtain mortgage financing from independent lenders. Totten operated under the business names Integrated Home Loans, Integrated Lending, Money World, Island Financial, and Little Angels Living Trust, among others, from his home in Rancho Santa Fe, California, and elsewhere. Totten solicited borrowers by advertising on television in and around San Diego and elsewhere.

In or around early 2006, Totten allegedly arranged a series of real estate transactions with a Chula Vista property owner who was struggling to make his mortgage payments. In a complicated set of transactions, Totten first entered into a partnership with an investor from Carlsbad, California, promising to share the costs of maintenance of the properties and then split the proceeds from an eventual re-sale.

To purchase properties, Totten employed a straw buyer (his investor's girlfriend) who never intended to live in the properties despite certifications to the contrary on her loan applications. In addition to providing significant down payments from his own funds, Totten falsified the straw buyer's loan applications and among other things, inflated her income and assets in order to induce the financial institutions to grant the mortgages. Totten and his loan processor, who worked for his brokerage business Money World, then sent false supporting documents to the mortgage lenders to bolster the bogus claims in the loan applications.

The complaint further charges Totten with purchasing four homes for the same straw buyer simultaneously-by intentionally failing to disclose each lender that the borrower was in the process of buying multiple properties.

Totten not only earned hefty commissions on these transactions, he also secretly arranged for the proceeds of the sale to be sent directly to his own bank accounts as kickbacks. He concealed his receipt of these payments from the lenders by directing them to Island Financial, a company which he controlled. Totten took in almost \$192, 000 in kickbacks alone from the four sales.

According to the complaint, after the sales closed, Totten had the straw buyer sign over the deeds to the properties to a trust that he controlled, effectively obtaining ownership. Eventually, however, each of the four mortgages defaulted and the properties were foreclosed. The lenders and secondary mortgage purchasers including Fannie Mae and Freddie Mac suffered losses as a result of the foreclosures.

On Thursday, July 25, 2013, Totten had his initial appearance before a U.S. Magistrate Judge in the Northern District of California, Oakland, California. A bail hearing has been set for July 31, 2013. Totten remains in custody at this time.

The charges in this matter are the result of an active ongoing criminal investigation being conducted by the FBI, Internal Revenue Service (IRS)-Criminal Division, and the Federal Housing Finance Agency – Office of Inspector General. Anyone with information concerning this matter should call the FBI at telephone number (858) 320-1800 or the Federal Housing Finance Agency – Office of Inspector General hotline (800) 793-7724.

This case is being prosecuted by the U.S. Attorney's Office, Southern District of California, San Diego, California.

The public is reminded a complaint itself is not evidence that the defendant committed the crimes charged. The defendant is presumed innocent until the government meets its burden in court of proving guilt beyond a reasonable doubt.

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