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THE UNITED STATES ATTORNEY'S OFFICE  
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**Department of Justice**

U.S. Attorney's Office

Western District of Oklahoma

FOR IMMEDIATE RELEASE

Monday, November 29, 2021

## **Former President of First Mortgage Company Sentenced to Serve 104 Months in Federal Prison and Pay More Than \$51.8 Million in Restitution to Victims**

OKLAHOMA CITY – RONALD J. MCCORD, 71, of Oklahoma City, was sentenced this morning to serve 104 months in prison for defrauding locally-based banks, Fannie Mae, homeowners, and others through a broad range of fraudulent conduct, announced Acting U.S. Attorney Robert J. Troester. McCord was also ordered to pay \$51,861,806.40 in restitution to the victims of his fraudulent schemes.

"This was a carefully calculated scheme by which the defendant defrauded local banks out of tens of millions of dollars, made false statements to a financial institution, diverted escrow monies intended to pay homeowners' taxes and insurance premiums to cover his company's operating expenses, and then laundered the proceeds to fund his lavish lifestyle," said Acting U.S. Attorney Troester. "This sentence should serve as notice that those who defraud financial institutions for personal gain will be held accountable."

On June 3, 2020, a grand jury returned a 24-count Indictment against McCord. The charges included bank fraud, money laundering, and making a false statement to a financial institution. McCord was the Chairman and founder of First Mortgage Company, LLC ("FMC"), an Oklahoma City-based mortgage lending and loan servicing company. In May 2021, McCord pleaded guilty to five counts of that Indictment. McCord admitted to defrauding Spirit Bank ("Spirit") and Citizens State Bank ("Citizens")—two state-chartered financial institutions—as well as their respective residential mortgage subsidiaries, American Southwest Mortgage Corporation ("Mortgage Corp.") and American Southwest Mortgage Funding Corporation ("Funding Corp."). An independent audit discovered that McCord had sold more than \$14,100,000.00 in Spirit/Mortgage Corp. and Citizens/Funding Corp. loans "out of trust" by failing to repay Spirit/Mortgage Corp. when certain Spirit/Mortgage Corp.-initiated loans were refinanced or otherwise paid off. At the time of this discovery, FMC carried outstanding balances of about

\$200,000,000.00 and \$140,000,000.00 on the Spirit/Mortgage Corp. and Citizens/Funding Corp. lines of credit, respectively.

Upon learning of McCord's conduct, Spirit/Mortgage Corp. and Citizens/Funding Corp. terminated future warehouse lending to FMC, and instituted new notification requirements that required McCord to assign FMC-funded mortgages to Spirit/Mortgage Corp. and Citizens/Funding Corp., to ensure the title companies handling those mortgages sent payoffs directly to the banks. McCord admitted at his change of plea hearing that he filed the assignments as required, but then caused the mortgages to be released on two properties—in Leland and Denver, North Carolina—after collecting the mortgage payoffs.

Spirit/Mortgage Corp. and Citizens/Funding Corp.'s refusal to fund new FMC mortgages prompted McCord to seek out a new warehouse lender. In early 2017, McCord began negotiating with CapLOC, LLC, a North Carolina-based mortgage lending business, and offered to sell FMC's mortgage lending business in exchange for quick funding from CapLOC. McCord admitted that he made a materially false statement and representation to CapLOC in the course of those negotiations, in order to influence CapLOC's actions.

Finally, in 2017, FMC serviced approximately 12,000 loans worth a total of approximately \$1,800,000,000.00 for the Federal National Mortgage Association ("Fannie Mae"). McCord admitted at his plea hearing that he defrauded Fannie Mae by diverting escrow monies intended to pay homeowners' taxes and insurance premiums to cover FMC's operating expenses. McCord also admitted that he then laundered the proceeds by causing a wire transfer from FMC's operating account to a custom home builder, as payment towards construction of McCord's vacation home in Colorado.

At today's sentencing hearing, the Honorable Robin J. Cauthron found that McCord caused a total loss of more than \$95,000,000.00 to local banks, other financial institutions, and borrower homeowners. Judge Cauthron heard statements from representatives of three of those victims, as well as argument from both parties, before rendering the 104-month sentence. The Court ordered McCord to self-surrender to the Federal Bureau of Prisons on January 6, 2022 to commence his term of imprisonment. The Court also ordered McCord to serve three years of supervised release following his term of incarceration.

This case was the result of investigations by the Federal Housing Finance Agency – Office of the Inspector General, the Federal Deposit Insurance Corporation – Office of Inspector General, and the FBI Oklahoma City Field Office. Assistant U.S. Attorney Julia E. Barry prosecuted the case.

Reference is made to court filings for further information.

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**Topic(s):**

Financial Fraud

**Component(s):**

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