

Department of Justice

U.S. Attorney's Office

Northern District of Georgia

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Eleven plead guilty to running multi-year mortgage fraud scheme

ATLANTA – Eleven defendants have pleaded guilty to conspiracy to defraud the United States in a mortgage fraud scheme spanning more than four years and resulting in the approval of more than 100 mortgages based on fabricated documents and false information. Many of the loans are insured by the Federal Housing Administration (FHA) resulting in claims being paid for mortgages that have defaulted.

“These defendants brazenly manipulated the real estate lending process by using their knowledge of the system,” said Acting U.S. Attorney Kurt Erskine. “Mortgage fraudsters threaten the soundness of the real estate market in our community and divert critical resources away from those borrowers who properly qualify for loans. Rooting out bad actors who attempt to abuse the system for their own personal gain makes the mortgage lending system safer and fairer for everyone.”

“These defendants who dragged down our economy by using deception, will now be sentenced and forced to reimburse the victims of their conspiracy,” said Chris Hacker, Special Agent in Charge of FBI Atlanta. “The FBI is committed to combating such criminal activity to protect our citizens and the real estate market from predators who are most interested in pocketing money that they have no right to.”

“These offenders engaged in blatant criminal acts with the sole purpose of enriching themselves at the cost of a federal housing program designed to assist millions of American homebuyers. Their fraudulent undertaking strikes at the fiscal integrity of the FHA and we will work diligently in conjunction with our law enforcement partners to hold them accountable” said Wyatt Achord, Special Agent in Charge, HUD Office of Inspector General.

“The Federal Housing Finance Agency, Office of Inspector General (FHFA-OIG) is committed to holding accountable those who waste, steal, or abuse the resources of the Government-Sponsored Enterprises regulated by FHFA. We are proud to have partnered with the U.S. Attorney's Office for the Northern District of Georgia in this case,” said Edwin S. Bonano, Special Agent-in-Charge, FHFA-OIG, Southeast Region.

According to Acting U.S. Attorney Erskine, the charges, and other information presented in court: The defendants participated in a conspiracy in which homebuyers and real estate agents submitted fraudulent loan applications to induce mortgage lenders to fund mortgages.

Listing agents Eric Hill and Robert Kelske represented a major nationwide homebuilder and helped more than 100 homebuyers who were looking to buy a home, but who were unqualified to obtain a mortgage, commit fraud. The agents instructed the homebuyers as to what type of assets they needed to claim to have in the bank, and what type of employment and income they needed to submit in their mortgage applications.

Hill and Kelske then coordinated with multiple document fabricators, including defendants Fawziyyah Connor and Stephanie Hogan, who altered the homebuyers' bank statements to inflate their assets and to create bank entries reflecting false direct deposits from an employer selected by the real estate agent. The document fabricators also generated fake earnings statements that matched the direct deposit entries to make it appear that the homebuyer was employed, and earning income, from a fake employer. Other participants in the scheme then acted as employment verifiers and responded to phone calls or emails from lenders to falsely verify the homebuyers' employment. Defendants Jerod Little, Renee Little, Maurice Lawson, Todd Taylor, Paige McDaniel and Donald Fontenot acted as employment verifiers. Hill and Kelske coordinated the creation and submission of the false information so that the lies to the lenders were consistent.

In another aspect of the scheme, real estate agent Anthony Richard falsely claimed to represent homebuyers as their selling agent in order to receive commissions from the home sales. In reality, Richard had never even met the homebuyers he claimed to represent. To avoid detection, he often notified closing attorneys that he would be unable to attend the closing and sent wire instructions for the receipt of his commissions. When Richard received his unearned commissions, he kicked back the majority of the commissions to Hill or Kelske for enabling him to be added to the deal, keeping a small share for his role in the scheme.

The following defendants have pleaded guilty to conspiring to defraud the United States:

- Eric Hill, 50, of Tyrone, Georgia
- Robert Kelske, 52, of Smyrna, Georgia
- Fawziyyah Connor, 41, of Tyrone, Georgia
- Stephanie Hogan, 57, of Norcross, Georgia
- Jerod Little, 42, of McDonough, Georgia
- Renee Little, 33, of McDonough, Georgia
- Maurice Lawson, 36, of Powder Springs, Georgia
- Todd Taylor, 54, of Fairburn, Georgia
- Paige McDaniel, 49, of Stockbridge, Georgia
- Donald Fontenot, 52, of Locust Grove, Georgia
- Anthony Richard, 44, of Locust Grove, Georgia

These defendants have agreed to pay restitution to the victims of their conspiracy, including the Department of Housing and Urban Development, which insures many of the residential mortgages in the United States. Sentencing hearings have been set for these defendants before U.S. District Judge Mark H. Cohen.

A twelfth defendant, Cephus Chapman, 49, of Warner Robins, Georgia is awaiting trial. Members of the public are reminded that the indictment only contain charges. The defendant is presumed innocent of the charges and it will be the government's burden to prove the defendant's guilt beyond a reasonable doubt at trial.

This case is being investigated by the Federal Bureau of Investigation, Department of Housing and Urban Development Office of Inspector General, and Federal Housing Finance Agency Office of Inspector General.

Assistant U.S. Attorneys Alison Prout and Ryan Huschka are prosecuting the case.

For further information please contact the U.S. Attorney's Public Affairs Office at USAGAN.PressEmails@usdoj.gov or (404) 581-6016. The Internet address for the U.S. Attorney's Office for the Northern District of Georgia is <http://www.justice.gov/usao-ndga>.

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