

Department of Justice

U.S. Attorney's Office

Western District of Oklahoma

FOR IMMEDIATE RELEASE

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Former President of First Mortgage Company Pleads Guilty to Bank Fraud, Money Laundering, and False Statements to a Financial Institution

OKLAHOMA CITY – Yesterday, **RONALD J. MCCORD**, 70, of Oklahoma City, pleaded guilty to defrauding two locally-based banks, Fannie Mae, and others through a broad range of fraudulent conduct over the course of three years, announced Acting U.S. Attorney Robert J. Troester.

McCord was the Chairman and founder of First Mortgage Company, LLC ("FMC"), an Oklahoma City-based mortgage lending and loan servicing company. 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.

Yesterday, McCord pleaded guilty to five counts of the Indictment.

According to court documents and yesterday's plea hearing, 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 yesterday's 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. At yesterday's plea hearing, 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 the 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 home in Colorado.

At sentencing, which is currently scheduled for August 9, 2021, McCord faces up to 30 years in prison and a fine of up to \$1,000,000.00 on each count of bank fraud and false statement to a financial institution. He also faces up to 10 years in prison and a \$250,000.00 fine on the money laundering count. Per the terms of his plea agreement, the government agreed not to advocate at sentencing for a sentence above 104 months. Under the plea agreement, McCord will be ordered to pay restitution to the victims of his conduct in amounts to be determined by the court at the time of sentencing. McCord must also forfeit proceeds of the fraudulent schemes and property involved in the offenses. Further, as part of the plea agreement, the government will dismiss at sentencing the remaining counts of the Indictment.

This case is the result of investigations by the Federal Housing Finance Agency Office of the Inspector General, Federal Deposit Insurance Corporation Office of Inspector General, and the Federal Bureau of Investigation. Assistant U.S. Attorney Julia E. Barry is prosecuting the case.

Reference is made to court filings for further information.

Topic(s):

Financial Fraud

Component(s):

[USAO – Oklahoma, Western](#)