



Dias Real Estate Academy

1101 Mercantile Lane, Suite 201-A

Largo, Maryland 20774

Telephone: (240) 429-9842

www.reproclass.com | www.diastraining.net

e-mail: diastraining@gmail.com



Case Studies in Ethics, Flipping & Predatory Lending

Title 09 DEPARTMENT OF LABOR, LICENSING, AND REGULATION

Subtitle 11 REAL ESTATE COMMISSION Chapter 02 Code of Ethics

.01 Relations to the Public.

- A. The licensee shall remain informed of matters affecting real estate in the community, the State, and the nation.
- B. The licensee shall be informed on current market conditions in order to be in a position to advise clients as to the fair market price.
- C. The licensee shall protect the public against fraud, misrepresentation, or unethical practices in the real estate field. The licensee shall endeavor to eliminate in the community any practices which could be damaging to the public or to the dignity and integrity of the real estate profession. The licensee shall assist the commission charged with regulating the practices of brokers, associate brokers, and salespersons in this State.
- D. The licensee shall make a reasonable effort to ascertain all material facts concerning every property for which the licensee accepts the agency, in order to fulfill the obligation to avoid error, exaggeration, misrepresentation, or concealment of material facts.
- E. The licensee, acting as agent, may not discriminate in the sale, rental, leasing, trading, or transferring of property to any person or group of persons in violation of State Government Article, §20-402, Annotated Code of Maryland.
- F. The licensee may not be a party to the naming of a false consideration in any document.
- G. Advertisement.
 - (1) The licensee in advertising shall be especially careful to present a true picture. A broker may not advertise without disclosing the broker's name or the company name as it appears on the license. A broker may not permit associate brokers or salespersons to use individual names unless the connection with the broker is obvious in the advertisement.
 - (2) Effective October 1, 2004, an associate broker or salesperson may not use an individual telephone number or email address in an advertisement, as defined in Business Occupations and Professions Article, §17-527.2(a)(3), Annotated Code of Maryland, unless the identified telephone number of the broker or branch office manager also appears in the advertisement.
- H. For the protection of all parties with whom the licensee deals, the licensee shall see to it that financial obligations and commitments regarding real estate transactions are in writing, expressing the exact agreement of the parties, and that copies of these agreements are placed in the hands of all parties involved within a reasonable time after the agreements are executed.
- I. All real estate documents shall be signed by a licensee in the licensee's own name, and may not be signed in the name of a group or team.
- J. If the licensee offers the name of a service provider, including, but not limited to, a mortgage lender or mortgage broker, a real estate appraiser, a home inspector, a home improvement contractor, a plumber, an electrician, or a heating/ventilation/air conditioning/cooling (HVAC) contractor, in the provision of real estate brokerage services, the licensee shall first verify that the provider's State license to perform those services is current. The licensee shall also give the person the electronic link to the licensing record information as well as the date on which the licensee last verified the information, so that the person may verify continued license status before entering into a contract with the provider.

09.11.02.02

.02 Relations to the Client.

A. In accepting employment as an agent, the licensee shall protect and promote the interests of the client. This obligation of absolute fidelity to the client's interest is primary, but it does not relieve the licensee from the statutory obligations towards the other parties to the transaction.

B. In justice to those who place their interests in the licensee's care, the licensee shall endeavor always to be informed regarding laws, proposed legislation, governmental orders, and other essential information and public policies which affect those interests.

C. A licensee may not accept compensation from more than one party to a transaction without the full knowledge of all the parties.

D. Disclosure Requirement for Licensees and Employees Buying, Selling, Leasing, and Renting Property.

(1) A licensee seeking to acquire an interest in real property must disclose the licensee's licensing status in writing to the seller or lessor of the property no later than the time that an offer is submitted.

(2) The disclosure requirement of §D(1) of this regulation also applies when the licensee is acting on behalf of or representing:

- (a) A member of the licensee's immediate family;
- (b) An entity in which the licensee has an ownership interest;
- (c) An employee of the real estate brokerage with which the licensee is affiliated; or
- (d) An employee of a team or group of which the licensee is a member.

(3) A licensee seeking to sell or lease real property owned by the licensee must disclose that ownership interest in writing at the time that the property is offered for sale or lease.

(4) The disclosure requirement of §D(3) of this regulation also applies when the licensee is acting on behalf of or representing:

- (a) A member of the licensee's immediate family;
- (b) An entity in which the licensee has an ownership interest;
- (c) An employee of the real estate brokerage with which the licensee is affiliated; or
- (d) An employee of a team or group of which the licensee is a member.

(5) Written notice required by §D(3) and (4) of this regulation may be given through the multiple list service and through any other written means effective in bringing the information to the attention of prospective buyers or lessees.

(6) The licensee's immediate family shall include the licensee's spouse or domestic partner, child, stepchild, child's spouse, stepchild's spouse, parent, sibling, grandparent, or grandchild.

E. When acting as agent in the management of property, the licensee may not accept any commission, rebate, or profit on expenditures made for an owner without the owner's knowledge and consent.

F. Competitive Market Analysis.

(1) A licensee may prepare a competitive market analysis of a specific property for a client, prospective client, or customer.

The analysis shall include the following statement printed conspicuously and without change on the first page:

COMPETITIVE MARKET ANALYSIS DISCLOSURE

This analysis is not an appraisal. It is intended only for the purpose of assisting buyers or sellers or prospective buyers or sellers in deciding the listing, offering, or sale price of the real property.

(2) If a licensee includes a property in which the licensee has an interest as one of the comparables, that fact shall be disclosed to the client, prospective client, or customer.

G. The licensee may not submit or advertise property without authority. In any offering, the price quoted may not be other than that agreed upon with the owners as the offering price.

H. If more than one formal written offer on a specific property is made before the owner has accepted an offer, all formal written offers presented to the licensee, whether by a prospective purchaser or another broker, shall be transmitted to the owner for a decision.

I. Unexcused failure to ensure that a prospective purchaser has the real property disclosure statement or disclaimer statement in hand before the submission of an offer to purchase may be considered a violation of the licensee's obligation to protect and promote the interests of the licensee's client when this failure could result in a contract becoming void or voidable.

09.11.02.03

.03 Relations to Fellow Licensees.

A. The agency of a licensee who holds an exclusive listing, shall be respected.

B. The licensee shall cooperate with other brokers on property listed by the licensee exclusively whenever it is in the interest of the client, and share commissions on a previously agreed basis. Negotiations concerning property listed exclusively with one broker shall be carried on solely with the listing broker.

C. Signs giving notice of property for sale, rent, lease, or exchange may not be placed on any property without the owner's prior consent.

Office of the Commissioner of Financial Regulation

Maryland Commissioner of Financial Regulation Enters Into Agreement with New Federal Consumer Financial Protection Bureau

(BALTIMORE, 1/18/11) - Maryland's Commissioner of Financial Regulation, a division of the Maryland Department of Labor, Licensing and Regulation, today joined other members of the Conference of State Bank Supervisors (CSBS) and the Consumer Financial Protection Bureau (CFPB) in signing a memorandum of understanding (MOU) establishing a foundation of state and federal coordination and cooperation for supervision of providers of consumer financial products and services. Commissioner Mark Kaufman represented Maryland at a recent multi-state launch meeting held at the U.S. Department of the Treasury with Elizabeth Warren, the White House Special Advisor assigned to launch the Bureau and the CFPB implementation team.

"By signing this agreement, state regulators and the Consumer Financial Protection Bureau are moving toward more cooperative regulatory relationships and capturing the benefits of federalism," said Commissioner Kaufman. "Together, we can improve protection of Marylanders and consumers nationwide and better leverage resources to create a system that is more comprehensive and more efficient."

As part of the agreement, state regulators and the CFPB will consult each other regarding the standards, procedures and practices used to conduct compliance examinations of financial services providers. This includes both depository institutions, such as banks, and non-depository institutions, such as mortgage lenders, mortgage servicers and money transmitters.

View a copy of the [Memorandum of Understanding \(csbsmou.pdf\)](#) (PDF document, 6.4MB, [download Adobe Acrobat for free \(http://www.adobe.com/products/acrobat/readstep2.html\)](#))

[Return to the Commissioner of Financial Regulation home page \(/finance/\)](#)

Questions or comments regarding the Commissioner of Financial Regulation may be directed to finreg@dlr.state.md.us (<mailto:finreg@dlr.state.md.us>).

Questions or comments regarding the DLLR website may be directed to webmaster@dlr.state.md.us (<mailto:webmaster@dlr.state.md.us>).

Updated January 18, 2011

Office of the Commissioner of Financial Regulation

Maryland Office of Financial Regulation Receives National Reaccreditation

Washington, D.C. – The Conference of State Bank Supervisors announced this week that the Maryland Office of Financial Regulation (OFR) has received its fourth consecutive certificate of accreditation from CSBS, certifying that the department maintains high standards and practices in state banking supervision.

CSBS reaccredited the department for a five-year period on Feb. 15, 2008. Maryland OFR was first accredited by CSBS in July 1992 and as of September 30, 2007, supervised 48 commercial banks with total assets of \$30 billion and two savings banks with assets of \$168 million.

Besides commercial banks and savings banks, the Office is also responsible for the regulation of state chartered credit unions, and trust companies, and state-licensed financial entities including consumer finance companies, mortgage lenders and brokers, consumer debt collection agencies, check cashers and money transmitters.

"We are pleased to be recognized by our peers for this achievement," said Sarah Bloom Raskin, Maryland's Commissioner of Financial Regulation.

The accreditation review begins with completion of an extensive self-evaluation questionnaire on all department operations: administration and finance, personnel, training, examination, supervision, and legislative powers. Next, an external review team comprised of veteran state and federal regulators performs an on-site review and presents its findings to an audit team and to the Performance Standards Committee, which votes on the reports of the review team and the audit team.

The report and scores are based on documentary evidence, such as a random sample of examination reports and other files. The CSBS Review Team conducted a thorough review of the Division's self-evaluation questionnaire, interviewed key management personnel and a cross section of examiners and reviewed the reports of examination.

"The accreditation process provides an objective critical analysis to ensure we are current in our examination policies and procedures," Raskin said. "It also confirms that we employ nationally recognized best practices in regulatory supervision and oversight."

"Commissioner Raskin and her staff are to be congratulated on establishing and maintaining the high standards set by the program. To maintain their accreditation, state banking departments must work to keep up with the changing industry that they regulate. The Maryland OFR has demonstrated that it has met this challenge," said CSBS President and CEO Neil Milner.

####

CSBS is the nationwide organization for state banking, representing the bank regulators of the 50 states, the District of Columbia, Guam, Puerto Rico and the Virgin Islands, and approximately 6,200 state-chartered financial institutions. The Conference is responsible for defending state authority to determine banking structure and the products and services state-chartered institutions can offer and for improving the quality of state bank supervision by providing department performance evaluation and accreditation programs and supervisory education/training programs for state banking department personnel.

Information Contact: Georgia High, CSBS Vice President of Accreditation and Certification, (202) 728-5706, ghigh@csbs.org (<mailto:ghigh@csbs.org>)

[Return to the Commissioner of Financial Regulation home page \(/finance/\)](#)

Questions or comments regarding the Commissioner of Financial Regulation may be directed to finreg@dflr.state.md.us (<mailto:finreg@dflr.state.md.us>).

Questions or comments regarding the DFLR website may be directed to webmaster@dflr.state.md.us (<mailto:webmaster@dflr.state.md.us>).

Updated April 22, 2009

**Former Prince George's County Executive Jack Johnson
Sentenced to Over Seven Years in Federal Prison for Federal
Extortion and Bribery
*In Taking Over \$1.6 Million in Bribes, "Defendant Acted as if
Corruption was the Normal Way of Doing Business"***

**U.S. Attorney's Office
December 06, 2011**

**District of Maryland
(410) 209-4800**

GREENBELT, MD—U.S. District Judge Peter J. Messitte sentenced former Prince George's County Executive Jack B. Johnson, age 62, of Mitchellville, Maryland, today to 87 months in prison followed by three years of supervised release for his leadership role in an extortion conspiracy wherein in exchange for bribes, Jack Johnson corruptly used his public office to engage in fraudulent actions including steering millions of dollars in federal and local funds to favored developers; and tampering with a witness and evidence. Judge Messitte also ordered that Jack Johnson pay a \$100,000 fine and forfeit \$78,000 and an antique Mercedes Benz.

The sentence was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Special Agent in Charge Richard A. McFeely of the Federal Bureau of Investigation; and Acting Special Agent in Charge Jeannine A. Hammett of the Internal Revenue Service-Criminal Investigation, Washington, D.C. Field Office.

"Jack Johnson could have been a role model for integrity, but he chose to be a poster child for greed," said U.S. Attorney Rod J. Rosenstein. "The facts of this case read like a dime novel because the defendant acted as if corruption was the normal way of doing business. It is our responsibility to prove him wrong."

"Identifying and investigating public corruption remains one of our highest priorities," stated FBI Special Agent in Charge Richard A. McFeely. "We hope today's sentencing reaffirms the federal government's proactive stance to stamp out corruption by those elected officials who have betrayed the public trust."

"Public officials, whether elected or appointed, hold positions of trust in the eyes of the public. That trust is broken when these officials commit crimes," said Acting IRS Special Agent in Charge Jeannine Hammett. "Today's sentencing sends a clear message that no public official gets a free pass to ignore the laws."

Jack Johnson was Prince George's County Executive from 2002 to December 2010. Prior to 2002, Jack Johnson was the county's State's Attorney, and spent nearly a decade as an attorney for the IRS Office of Chief Counsel.

In September 2009, Jack Johnson appointed James Johnson to serve as the Director of DHCD, which administered the HOME Investment Partnerships program to provide federal grants to states and localities to fund the construction, purchase and/or rehabilitation of affordable housing for rent or home-ownership. Patrick Ricker is a developer in Prince George's County, and had an interest in Greenbelt Metropark, which sought to build a mixed-use project near the Greenbelt Metro Station, called Greenbelt Station. Mirza Baig is a physician and a commercial and residential developer in the County since at least 1992. Leslie Johnson was an elected County Councilwoman and Jack Johnson's wife.

According to Jack Johnson's guilty plea and court documents, from 2003 through at least November 12, 2010, Jack Johnson orchestrated a conspiracy in which Baig, Ricker and other business persons offered bribes, including money, trip expenses, meals, drinks, hotel rooms, airline tickets, rounds of golf, employment, mortgage payments, and monetary and in-kind campaign contributions to Jack and James Johnson and other state and local government officials. Baig and James Johnson pleaded guilty to being part of the conspiracy from 2006 through 2010, and Ricker pleaded guilty to being part of the conspiracy from about 1997 through at least September 11, 2008. According to court documents, the amount of bribes extorted by Jack Johnson and his co-conspirators total over \$1.6 million.

In exchange for the bribes, Jack Johnson, James Johnson, and other County officials performed and agreed to perform favorable official actions for Baig, Ricker and other developers, business owners and their companies. The official acts included obtaining a waiver of a HOME Program regulation, securing millions of dollars in HOME funds; assisting in the acquisition of surplus

property and land from the County for development by certain developers, including Baig and Ricker; providing the conspirators with non-public County information; obtaining necessary state and local approvals and permits for certain developments and businesses in the County, including Greenbelt Station, one of Ricker's projects; obtaining employment with the County; obtaining management rights for County bond funds; obtaining County funding for certain developments and businesses in the County; assisting with state and County legislation regarding liquor store hours; influencing certain County officials to approve and/or facilitate County business; and, securing County commitments to lease property from certain developers at developments in the County. According to court documents, the value of the benefits received by the individuals paying the bribes totaled \$10,098,496.

According to court documents, Jack Johnson intended to continue his corrupt scheme after his term of office ended, through his wife's new position on the County Council and through other candidates for county offices. In meetings with Baig which were recorded by the FBI, Jack Johnson is heard promising to have Leslie Johnson use her position on the County Council to "take care of things" for Baig. Jack Johnson was also overheard in recorded conversations with county officials, a lobbyist, a developer and other business owners to extort donations for Leslie Johnson's campaign for a county council seat and another candidate's campaign for county executive. During the course of the scheme, Jack Johnson also regularly sought payments and employment that were to be awarded to him once he left office, in return for Jack Johnson providing official assistance while he was still county executive.

Additionally, just prior to his arrest on November 12, 2010, Jack Johnson and his wife Leslie Johnson exchanged a series of telephone calls. During one of those calls, as federal agents were knocking on the door of Johnsons' home to execute a search warrant, Jack told Leslie to destroy the \$100,000 check provided to him by Baig and to hide cash that he had hidden in their home. Specifically, Jack Johnson told Leslie to flush the check down the toilet and hide the cash in her underwear. Federal agents entered the home and recovered approximately \$79,600 from Leslie who had hidden the cash in her underwear.

Leslie Johnson pleaded guilty on June 30, 2011 to conspiracy to commit witness and evidence tampering in order to obstruct a federal corruption investigation. As part of her plea agreement, Leslie Johnson will forfeit proceeds of the scheme, including \$79,600 in cash. She faces a maximum sentence of 20 years in prison and a \$250,000 fine at her sentencing scheduled for December 9, 2011 at 10:30 a.m.

Former Director of the Prince George's County Department of Housing and Community Development (DHCD) James Edward Johnson, age 66, of Temple Hills, Maryland, pleaded guilty on January 28, 2011 to conspiracy to commit extortion. James Johnson and Jack Johnson are not related. Dr. Mirza Hussain Baig, age 67, of Burtonsville, Maryland, pleaded guilty on April 11, 2011 to conspiracy to commit extortion in connection with paying bribes to Jack Johnson and James Johnson. Patrick Q. Ricker, age 52, of Bowie, Maryland, pleaded guilty on December 30, 2009 to conspiring to commit honest services fraud and to make false statements to the Federal Election Commission; and to tax evasion.

James Johnson and Mirza Baig face a maximum sentence of five years in prison for the conspiracy to commit extortion at their sentencing scheduled for March 12 and 19, 2012, respectively. Patrick Ricker faces a maximum sentence of five years in prison for honest services fraud, false statements conspiracy and tax evasion at his sentencing scheduled for March 23, 2012.

A total of 15 defendants have been convicted to date in the related investigations of corruption in Prince George's County.

United States Attorney Rod J. Rosenstein praised the FBI and IRS-CI for their work in the investigation. Mr. Rosenstein thanked Assistant United States Attorneys James A. Crowell IV, A. David Copperthite, Sujit Ruman and Christen A. Sproule, who are prosecuting these cases.

This content has been reproduced from its original source.

DLLR News

Senior Loan Officer with Metropolitan Money Store Sentenced to Over 3 Years in Prison for Mortgage Fraud Scheme

Eleventh and Final Defendant Sentenced in the Metropolitan Money Store Case

Greenbelt, Maryland - U.S. District Judge Roger W. Titus sentenced Rolando Alonzo Cousins, a/k/a "Junior," age 32, of Bowie, Maryland, today to 38 months in prison, followed by five years of supervised release, for conspiracy to commit mail fraud and wire fraud in connection with a massive mortgage fraud scheme which promised to help homeowners facing foreclosure keep their homes and repair their damaged credit, but left them homeless and with no equity. Judge Titus also ordered that Cousins pay restitution of \$471,702.25. With Cousins' sentencing all 11 defendants in the Metropolitan Money Store case have now been convicted and sentenced.

The sentence was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Special Agent in Charge Richard A. McFeely of the Federal Bureau of Investigation; Special Agent in Charge Jeffrey Irvine of the U.S. Secret Service - Washington Field Office; Special Agent in Charge Barbara Golden of the U.S. Secret Service - Baltimore Field Office; Special Agent in Charge Rebecca Sparkman of the Internal Revenue Service - Criminal Investigation; and Sarah Bloom Raskin, Commissioner of the Maryland Department of Labor, Licensing and Regulation's Division of Financial Regulation.

According to Cousins' plea agreement, he was the senior loan officer with the Metropolitan Money Store, in Lanham, Maryland, which offered foreclosure consultation and credit services to financially distressed homeowners. Cousins also owned and operated Prosper Investments LLC. In 2005, Joy Jackson and Jennifer McCall incorporated Metropolitan Money Store. Also at that time, Jackson, Jennifer McCall, Jackson's husband, Kurt Fordham, and McCall's husband, Clifford McCall and others incorporated Fordham & Fordham Investment Group, Ltd. (F&F) and Burroughs & Smythe Financial Services, Inc. (B&S), based in Lanham and Greenbelt, Maryland, to assist Metropolitan Money Store in its foreclosure consulting and credit servicing business.

Cousins admitted that from September 2004 through June 2007, he, Jackson, McCall and others, operating through several companies, including the Metropolitan Money Store, fraudulently promised to help homeowners avoid foreclosure, keep their homes and repair their damaged credit, by directing the homeowners to allow title to their homes to be put in the names of third party purchasers (the straw buyers) for a one year period, during which time the defendants would help the homeowners obtain more favorable mortgages, improve their credit rating and eventually return title to their homes to them. Cousins, Jackson, McCall and others told the homeowners that the equity withdrawn from the properties would be used to pay the mortgage and expenses on their homes and to repair their credit.

Cousins and other Metropolitan Money Store employees were paid approximately \$10,000 to personally serve as straw buyers on several properties in Maryland, because they had good credit history. As part of the scheme, Cousins and his co-conspirators fraudulently bolstered the credit of the straw buyers so they could qualify for more favorable mortgages; obtained fraudulently inflated loans on the properties in the straw buyers names; served as straw buyers themselves; stripped away the bulk of the homeowners equity proceeds and converted that money to their own personal use; and stopped making the mortgage payments on the homes, resulting in the homes being foreclosed upon.

The total loss attributable to Cousins from the scheme, including the estimated losses to the mortgage lenders, is \$471,702.

U.S. Attorney Rod Rosenstein expressed special appreciation to the Maryland Department of Labor, Licensing and Regulation's Division of Financial Regulation Investigative Unit for its assistance in the investigation.

Joy Jackson and Jennifer McCall pleaded guilty to their role in the scheme and were sentenced to 151 months in prison and 135 months in prison, respectively. Nine other co-conspirators also have pleaded guilty and been sentenced.

United States Attorney Rod J. Rosenstein thanked the FBI, U.S. Secret Service and the Internal Revenue Service - Criminal Investigation for their work in this investigation and commended Assistant United States Attorneys James A. Crowell IV and Christen Sproule, who prosecuted the case.

4 Family Members Indicted For Concealing \$30M In Foreclosure Profits

June 5, 2008

Thanh Hoang and Minh-Vu Hoang, husband and wife, 62 and 56; Minh-Vu's sister, Van Thanh Vu, 53, all of Bethesda, Maryland; and Hai Duc Ngo, 59, Woodbridge, Virginia, the ex-husband of Van Thanh Vu; have been indicted by a grand jury and charged with tax evasion, money laundering and concealing assets from the bankruptcy court in connection with a scheme to conceal \$30 million in profits earned from the purchase and sale of foreclosure properties. The indictment was returned May 28, 2008 and unsealed upon the arrests of the defendants.

According to the 20 count indictment, Minh-Vu and Thanh Hoang engaged in flipping real estate, purchasing hundreds of properties at foreclosure auctions from 2000 to 2005 and selling most of them, typically within a few weeks or months, at substantial net profits. For example, two properties were bought and sold within three and eight months, resulting in net profits of \$182,550, and \$183,929, respectively. All four defendants formed business entities, including at least 15 general partnerships, limited liability corporations and limited partnerships, to conceal their involvement in the purchase and sale of the foreclosure properties. To hide their profits from the property sales, the Hoangs sometimes transferred foreclosure properties to "substitute purchasers," typically before the foreclosure sale took place, which resulted in public records showing the foreclosed owner selling the property directly to the substitute purchaser, rather than to the Hoangs. The Hoangs also established an escrow account at a title company to hide their financial interests in the properties. The indictment alleges that the Hoangs failed to report the profits they earned from this scheme to the IRS by failing to file income tax returns for the six year period from 2000 to 2005. According to statements made by the government to the court at the initial appearances of the defendants, the taxable income they are alleged to have concealed from the IRS exceeded \$30 million during that time period.

The indictment also alleges that the Hoangs and Van Thanh Vu each filed separate voluntary bankruptcy petitions in 2005. These defendants are alleged to have filed false petitions, schedules and statements of financial affairs, omitting numerous foreclosure properties and ownerships interests in the business entities they formed, thereby attempting to conceal their receipt of substantial income and control of substantial assets from the bankruptcy court. Hai Duc Ngo allegedly filed a false affidavit in Van Thanh Vu's bankruptcy proceeding, claiming that all the funds in a particular business entity were his exclusive contributions.

The indictment further charges that the defendants engaged in extensive money laundering to conceal their assets from the bankruptcy court, including using third party bank accounts to deposit monies from the property sales that were then used to pay the Hoangs personal bills, such as their American Express bills.

All four defendants face a maximum sentence of five years in prison for conspiracy to conceal assets in bankruptcy and 10 years in prison each act of money laundering. The Hoangs face a maximum sentence of five years in prison for conspiracy to evade taxes. Minh-Vu Hoang faces a maximum sentence of five years in prison for each act of concealment of assets in bankruptcy. HaiDuc Ngo faces a maximum sentence of five years in prison for making a false oath in a bankruptcy case. Minh-Vu Hoang and Van Thanh Vu face a maximum sentence of five years in prison for making false statements in a bankruptcy case. The defendants have been released pending trial.

"I am grateful to the Montgomery County State's Attorney's Office and the Internal Revenue Service for their outstanding work on this investigation," said U.S. Attorney Rod J. Rosenstein. "The indictment alleges that the defendants purchased many foreclosed homes, flipped them quickly to substitute purchasers, and concealed their income and assets from the IRS and their creditors."

"We are extremely proud of the role the State's Attorney's Office played in initiating this case. This indictment is the result of the extraordinary cooperation that was present throughout the investigation between the State's Attorney's Office, the Internal Revenue Service, and the U.S. Attorney's Office for Maryland."

"It is the responsibility of every taxpayer to file federal tax returns. IRS Criminal Investigation is committed to aggressively pursuing those taxpayers who willfully fail to file their tax returns," said IRS Special Agent in Charge C. Andre' Martin.

An indictment is not a finding of guilt. An individual charged by indictment is presumed innocent unless and until proven guilty at some later criminal proceedings.

United States Attorney Rod J. Rosenstein thanked the Department of Health and Human Services – Office of Inspector General, the Internal Revenue Service – Criminal Investigation; Montgomery County State's Attorney John McCarthy and Special Investigator Daniel N. Wortman; and the Greenbelt Office of the United States Trustee Program, the Department of Justice agency that supervises bankruptcy cases and trustees, for their work in this investigation and prosecution. Mr. Rosenstein commended Assistant United States Attorneys David I. Salem and Emily Glatfelter, who are prosecuting the case.

Office of the Commissioner of Financial Regulation

Loan Broker Sentenced to Over 5 Years in Mortgage Fraud Scheme Uncovered by DLLR Investigation

Beltsville Mortgage Lending Company Forced to Close as a Result of the Losses it Suffered from the Scheme

Baltimore, Maryland - April 13, 2011 - U.S. District Judge Marvin C. Garbis sentenced Dema Daiga, age 29, of College Park, Maryland, late yesterday to 65 months in prison followed by 3 years of supervised release for defrauding a mortgage lending company in connection with six Baltimore properties. Daiga's sentence also included two counts of aggravated identity theft in connection with the scheme. Judge Garbis also ordered Daiga to pay a special assessment of \$1,200 and restitution of \$664,493. The case was referred to the US Attorney following an investigation by the **Office of the Commissioner of Financial Regulation, a division of the Maryland Department of Labor, Licensing and Regulation.**

The sentence was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Special Agent in Charge Richard A. McFeely of the Federal Bureau of Investigation; Special Agent in Charge Barbara Golden of the U.S. Secret Service - Baltimore Field Office; Special Agent in Charge Ken Taylor of the Housing and Urban Development Office of Inspector General - Office of Investigations and **Commissioner of Financial Regulation Mark Kaufman of the Maryland State Department of Labor, Licensing and Regulation.**

According to testimony offered during the two week trial, Daiga worked as a mortgage loan broker and assisted with property appraisals. Campbell also worked in the mortgage lending field. Witnesses testified that from August to December 16, 2008, Daiga and Campbell recruited two straw purchasers and used the names and identifying information of four other individuals, without their knowledge, to apply for mortgages on six properties. Because the straw purchasers lacked the income and assets to qualify as borrowers or make the monthly mortgage payments, the defendants: filled out mortgage loan applications on behalf of the straw purchasers and other unwitting individuals with false employment histories, earnings and assets; provided telephone numbers that the defendants controlled to any person calling to confirm the false employment and earnings; and generated fake monthly bank account statements to make it appear that the individuals had sufficient assets to make the down payments. In fact, Daiga or Campbell paid the down payments; caused appraisals to be performed that inflated the property values; and instructed the title companies to send a substantial part of the loan proceeds to the defendants, or to businesses that they controlled.

According to trial evidence, five of the six Baltimore properties purchased under this scheme swiftly went into default resulting in a loss to a Beltsville mortgage lending company of approximately \$664,493. The mortgage lending company was subsequently forced to lay off at least 20 employees and is no longer doing business as a result of the losses it suffered from the scheme.

Judge Garbis previously sentenced Olu Campbell, formerly known as Oluseun Oshosanya, age 30, of Laurel, Maryland, on December 3, 2010 to 54 months in prison followed by three years of supervised release for his participation in the fraud scheme. Judge Garbis also found that Campbell had obstructed justice during the post-trial proceedings on his motion for a new trial.

The Maryland Mortgage Fraud Task Force was established to unify the agencies that regulate and investigate mortgage fraud and promote the early detection, identification, prevention and prosecution of mortgage fraud schemes. This case, as well as other cases brought by members of the Task Force, demonstrates the commitment of law enforcement agencies to protect consumers from fraud and promote the integrity of the credit markets. Information about mortgage fraud prosecutions is available from the U.S. Department of Justice (<http://www.justice.gov/usao/md/Mortgage-Fraud/index.html>) web site.

This law enforcement action is part of President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement

resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

United States Attorney Rod J. Rosenstein commended the FBI, the U.S. Secret Service, the HUD Office of Inspector General and the Maryland DLLR for their investigative work. Mr. Rosenstein thanked Assistant United States Attorneys Jefferson M. Gray and Sujit Raman, who prosecuted the case.

FOR FURTHER INFORMATION

CONTACT VICKIE E. LEDUC or MARCIA MURPHY at 410-209-4885 of the US Attorney's Office

Return to the Commissioner of Financial Regulation home page (/finance/)

Questions or comments regarding the Commissioner of Financial Regulation may be directed to finreg@dllr.state.md.us
(<mailto:finreg@dllr.state.md.us>).

Questions or comments regarding the DLLR website may be directed to webmaster@dllr.state.md.us
(<mailto:webmaster@dllr.state.md.us>).

Updated April 14, 2011

DLLR News

DLLR Immediately Suspends Eleven Maryland Mortgage Broker Licenses

Financial Regulation Commissioner Uses Provision of Law for First Time

BALTIMORE (2-15-08) – Department of Labor, Licensing and Regulation Secretary Thomas E. Perez today commended Financial Regulation Commissioner Sarah Bloom Raskin for her swift action in the summary suspension of eleven Maryland mortgage broker licenses.

Commissioner Raskin determined that Florida based Superior Mortgage Group, LLC was in violation of several statutes of the Maryland Mortgage Lender Law, and immediately suspended all eleven licenses. Commissioner Raskin's action requires that Superior suspend any further business prior to a hearing.

Gloria Freifeld, owner of Superior Mortgage Group, LLC, had applied for and received all eleven licenses between May of 2006 and October 2007. The Financial Regulation Enforcement Unit received specific information alleging that Gloria Freifeld had knowingly falsified information on her application for the licenses.

The investigation revealed that Ms. Freifeld misrepresented her experience in the mortgage lending business and did not qualify as a broker. Furthermore, the investigation uncovered that Ms. Freifeld made material misstatements regarding her experience and qualifications on the Maryland mortgage lender application.

"This is the first summary suspension of a license by this office," said Commissioner Raskin. "I found this emergency action necessary to promote the public welfare and protect Maryland consumers."

While the summary suspension of Superior's Maryland Mortgage broker licenses are immediate, Superior may request a hearing within the statutory time limit. A request for a hearing, however, will not stay the summary suspension of the licenses.

[Return to the DLLR News home page \(.whatsnews/\)](#)

Questions or comments regarding the Department of Labor, Licensing and Regulation may be directed to dllr.pio@maryland.gov (<mailto:dllr.pio@maryland.gov>).

Questions or comments regarding the DLLR website may be directed to webmaster@dllr.state.md.us (<mailto:webmaster@dllr.state.md.us>).

Updated July 30, 2009

DLLR News

Commissioner of Financial Regulation Orders Payday Lender to Cease and Desist

Marylanders are reminded to avoid paying usurious interest rates

BALTIMORE (June 3, 2009) – Department of Labor, Licensing and Regulation Secretary Thomas E. Perez announced that a cease and desist order has been issued by the Commissioner of Financial Regulation against a group of individuals and business entities who are alleged to have engaged in illegal and predatory payday lending in Maryland.

The Commissioner of Financial Regulation ordered Davis K. Ebo, Chijoke "Michael" Ebo, Toni McCullers-Ebo, Robert Thompson, Tierra Robinson and others, as well as their business entities, to stop making new consumer loans in Maryland and to stop collecting payments on loans previously made. The individuals were doing business under various names, including The Onyx Group, Onyx Stores, Cash Advance and Money Today.

The individuals involved in the case allegedly violated numerous provisions of Maryland's Consumer Loan Law, notably they were unlicensed to make consumer loans, and they charged consumers usurious interest rates that were significantly higher than permitted by law. Further, they filed more than 1,500 confessed judgment complaints in various district courts, and in hundreds of instances were successful in obtaining confessed judgments against consumers and subsequently garnishing their wages. Confessed judgment clauses, which waive a consumer's right to defend against a court action for non-payment, are illegal in all consumer transactions in Maryland. The cease and desist order is the result of an extensive investigation by Enforcement Unit investigators from the Office of the Commissioner of Financial Regulation.

"Once again we have shown that unscrupulous individuals who believe they can exploit unsuspecting consumers will be stopped," Secretary Perez said. "We must remain particularly vigilant during times of economic distress, and I applaud the hard work of the investigators in the Enforcement Unit, and their commitment to protecting Marylanders."

"Payday lenders charge exorbitant rates and fees for small loans, helping to drive hard working consumers into a vicious cycle of debt. To make matters worse, these individuals not only engaged in unlicensed and usurious lending, but they abused the court system to further victimize consumers. We have laws to protect Maryland consumers, and those laws will be enforced." Deputy Commissioner Mark Kaufman said.

The individuals involved in the case have 30 days to request an administrative hearing. They face potential penalties and restitution of more than \$2 million.

[Return to the DLLR News home page \(/whatsnews/\)](#)

Questions or comments regarding the Department of Labor, Licensing and Regulation may be directed to dllr.pio@maryland.gov (<mailto:dllr.pio@maryland.gov>).

Questions or comments regarding the DLLR website may be directed to webmaster@dllr.state.md.us (<mailto:webmaster@dllr.state.md.us>).

Updated July 30, 2009

DLLR News

Maryland Commissioner of Financial Regulation Issues Final Order to Cease and Desist Against MyCashNow, Paydaymax and Related Payday Lenders

Commissioner Continues Fight Against Illegal Online Lending

BALTIMORE, MD (September 17, 2013) – The Maryland Department of Labor, Licensing and Regulation's (DLLR) Division of Financial Regulation announced today that it issued a final order to cease and desist against online lenders MyCashNow, Paydaymax, DiscountAdvances.com and other related parties as well as their owner, Mr. Carey V. Brown. Commissioner of Financial Regulation Mark Kaufman originally issued a summary order against the parties on July 29, 2013, to cease and desist from making unlicensed consumer loans and from collecting or attempting to collect on such loans previously made to Maryland consumers.

"These actions continue our ongoing battle against illegal online lending activity," noted Commissioner Kaufman. "Following our original order in July, we have heard reports that these entities may have shut down in the face of regulatory scrutiny by our state and others. Regardless, efforts to collect these illegal loans may continue, and today's action serves notice that such efforts are also not permitted."

MyCashNow, Paydaymax and DiscountAdvances.com purported to be offshore lenders and had originated scores of loans via the internet to Maryland consumers in violation of the state's licensing requirements and with interest rates above 200%, including several transactions with rates over 500% - all well above the state's usury limits.

In conjunction with this action, the Commissioner and the Maryland Collection Agency Licensing Board issued a final order against related collection agencies, Credit Payment Services and Credit Protection Depot, which are also owned by Mr. Brown. The entities were engaged in efforts to collect the loans without a collections license. Moreover, they are prohibited by law from collecting on loans illegally made by unlicensed lenders and in violation of the state's usury laws. The Commissioner and the Collection Agency Licensing Board issued an advisory regarding such activity in 2009.

A copy of the order is available on the [DLLR website \(./finance/consumers/pdf/mycashnowfinal.pdf\)](http://www.dllr.state.md.us/finance/consumers/pdf/mycashnowfinal.pdf) (PDF document, 701KMB, [download Adobe Acrobat for free \(http://www.adobe.com/products/acrobat/readstep2.html\)](http://www.adobe.com/products/acrobat/readstep2.html)).

The Department of Labor, Licensing and Regulation protects and empowers Marylanders by safeguarding workers, protecting consumers, providing a safety net and cultivating a thriving workforce that can meet the demands of Maryland's dynamic economy. For updates and information, follow DLLR on [Twitter \(@MD_DLLR\)](https://twitter.com/MD_DLLR) ([http://twitter.com/MD_DLLR](https://twitter.com/MD_DLLR)), [Facebook \(http://www.facebook.com/DLLR.Maryland\)](https://www.facebook.com/DLLR.Maryland) and visit our [website \(./\)](http://www.dllr.state.md.us). Get more information on [EARN Maryland \(./earn/\)](http://www.earnmaryland.com).

[Return to the DLLR News home page \(./whatsnews/\)](#)

Questions or comments regarding the Department of Labor, Licensing and Regulation may be directed to dlr.pio@maryland.gov (<mailto:dlr.pio@maryland.gov>).

Questions or comments regarding the DLLR website may be directed to webmaster@dlr.state.md.us (<mailto:webmaster@dlr.state.md.us>).

Updated September 17, 2013

DLLR News

National Collection Agencies Ordered to Stop Activities in Maryland

Commissioner of Financial Regulation Issues Cease and Desist Order

BALTIMORE (September 17, 2009) – Department of Labor, Licensing and Regulation Secretary Thomas E. Perez announced a **cease and desist order** ([./finance/consumers/PDF/midlandsettlement.pdf](#)) (PDF document, 459KB, [download Adobe Acrobat for free \(http://www.adobe.com/products/acrobat/readstep2.html\)](#)) was issued by the Commissioner of Financial Regulation against a group of San Diego-based business entities alleged to have engaged in large-scale unlicensed and illegal collection activities in Maryland.

Ordered to immediately stop all collection activities in Maryland, including but not limited to suspending all current legal actions the companies have filed against consumers in Maryland state courts, were: Midland Funding LLC, Midland Credit Management, Inc. (a/k/a "MCM Inc."), Midland Portfolio Services LLC, and their parent company, Encore Capital Group, Inc., as well as their corporate officers, including President J. Brandon Black.

"This action sends a clear message to collection agencies nationwide that Maryland will not tolerate unlicensed activities or other debt collection practices that harm Maryland consumers," Secretary Perez said.

The named companies purchase "junk debt" written off by credit card companies and other consumer lenders, for pennies on the dollar. They attempt to collect this old debt by sending letters, making collection calls, and filing court actions against consumers. Midland Funding, Encore and others were not licensed to engage in collection activities in Maryland, yet had filed over 10,000 collection-related actions in Maryland state courts in the last two years, in violation of the Maryland Collection Agency Licensing Act.

All of the named companies engaged in systematic violations of both federal and state debt collection laws by refusing to validate the debts when challenged by consumers, even though in some cases the alleged debt was decades old.

"Consumers should be aware that, under federal law, they only have 30 days to challenge the validity of a debt after receipt of the first communication from a collection agency," Mark Kaufman, Deputy Commissioner for Financial Regulation, said. "If a consumer receives a collection letter or call about a debt which they don't recognize or which they believe is not theirs, they should promptly send a letter in writing to the company disputing the debt and requesting 'validation' of their alleged debt."

The companies and individuals involved in the case have 15 days to request an administrative hearing and face potential penalties and restitution of more than \$40 million.

[Return to the DLLR News home page \(./whatsnews/\)](#)

Questions or comments regarding the Department of Labor, Licensing and Regulation may be directed to dllr.pio@maryland.gov (<mailto:dllr.pio@maryland.gov>).

Questions or comments regarding the DLLR website may be directed to webmaster@dllr.state.md.us (<mailto:webmaster@dllr.state.md.us>).

Updated September 24, 2009

Office of the Commissioner of Financial Regulation

Commissioner of Financial Announces Agreement with Servicer to Refund Maryland Borrowers

BALTIMORE - (July 8, 2009) - Maryland Commissioner of Financial Regulation Sarah Bloom Raskin today announced that Ocwen Loan Servicing, one of the nation's largest mortgage servicers, has refunded approximately \$670,000 to Maryland borrowers.

The refunds followed an examination by the Office of the Commissioner of Financial Regulation that uncovered previous violations of Maryland law, primarily related to restrictions on the imposition of prepayment penalties. Ocwen cooperated with the examination and agreed to perform a self-audit to review its entire Maryland portfolio for similar violations.

Upon completion of the self-audit, the company voluntarily refunded \$674,137 to more than 180 Maryland consumers. The refund checks were mailed to Maryland consumers in late June.

"Prepayment penalties too often trap borrowers in a cycle of debt. We are pleased to have been able to help Marylanders get the benefits of laws that were designed to protect them, and we appreciate Ocwen's cooperation in this matter," Commissioner Sarah Bloom Raskin said.

Maryland is one of few states that maintain licensing and examination authority over independent mortgage servicers. The state does not have authority over those servicers owned by national banks.

"As state regulators, we are particularly sensitive to the impact of servicing practices on our residents," Commissioner Raskin said.

Return to the Commissioner of Financial Regulation home page (./finance/)

Questions or comments regarding the Commissioner of Financial Regulation may be directed to finreg@dflr.state.md.us (<mailto:finreg@dflr.state.md.us>).

Questions or comments regarding the DLLR website may be directed to webmaster@dflr.state.md.us (<mailto:webmaster@dflr.state.md.us>).

Updated July 14, 2009

Office of the Commissioner of Financial Regulation

DLLR Division of Financial Regulation reaches Settlement in Eastern Shore Mortgage Fraud Case

Settlement could return millions to defrauded homeowners

(BALTIMORE, March 23, 2011) - The Maryland Department of Labor, Licensing and Regulation's Division of Financial Regulation reached a settlement yesterday with Frank Ward, III that will result in millions of dollars of recoveries and savings for victims of mortgage fraud. The settlement, which was reached during an administrative law hearing in Salisbury, includes credit to borrowers for interest and fees previously charged in violation of Maryland law, reductions in future payment obligations and other benefits.

Mr. Ward and his company, the Money Centre, had been under investigation for unlicensed mortgaging activities and making deliberate misstatements, misrepresentations, and omissions during the mortgage lending process with the intent to defraud borrowers. The Deputy Commissioner of Financial Regulation issued a summary order to cease-and-desist in December to Mr. Ward, the Money Centre, Ltd., Ward Construction, Inc. and Annette Coston, an employee of Mr. Ward.

"I commend Commissioner Mark Kaufman and the entire Division of Financial Regulation for standing up for Maryland's homeowners," said DLLR Secretary Alexander M. Sanchez. "During this national recession and amidst a housing crisis that has cost far too many families their homes, we need to continue our firm oversight and ensure that all Marylanders are protected against predatory lenders and scam artists."

Under conditions of the settlement, Mr. Ward will pay a civil penalty of \$75,000 to the state. Mr. Ward will also have to return to borrowers any interest and costs that he collected in violation of Maryland's laws and convert all existing mortgages (approximately 50) to principal only loans. Mr. Ward, Ms. Coston and the Money Centre, Ltd. also agreed to a seven year ban from participating in any mortgage activity. The Division of Financial Regulation estimates that the settlement will save defrauded homeowners more than \$4 million, inclusive of interest payments that will be eliminated in coming years.

"This settlement will provide significant relief to homeowners who have been harmed by mortgage fraud and prevent future abuse," said Mark Kaufman, Commissioner of Financial Regulation.

The Division of Financial Regulation licenses and regulates mortgage lenders, servicers and originators, as well as consumer debt collection agencies, check cashers, consumer finance companies and other financial intermediaries. In addition, the Division charts and supervises over 60 banks, credit unions and trust companies.

Individuals who believe they may have been victims of Mr. Ward's mortgage fraud and are eligible to participate in the settlement can email [Tom Koehler \(mailto:Tom.Koehler@dllr.state.md.us\)](mailto:Tom.Koehler@dllr.state.md.us) in DLLR's Division of Financial Regulation.

[Return to the Commissioner of Financial Regulation home page \(/finance/\)](#)

Questions or comments regarding the Commissioner of Financial Regulation may be directed to finreg@dllr.state.md.us (<mailto:finreg@dllr.state.md.us>).

Questions or comments regarding the DLLR website may be directed to webmaster@dllr.state.md.us (<mailto:webmaster@dllr.state.md.us>).

Updated March 24, 2011

DLLR News

Mortgage Fraud Schemer Sentenced

Getlan sentenced to 35 years for defrauding Maryland homeowners

BALTIMORE, MD (December 3, 2012) – Rodney Getlan, age 45, of Owings Mills, was sentenced today by Judge Ballou-Watts to 35 years of incarceration with 10 years suspended, followed by 5 years of probation for nine counts of mortgage fraud. As of today, he agreed to \$121,876 in restitution.

Getlan pleaded guilty earlier this year to nine counts of mortgage fraud. An investigation by the Maryland Department of Labor, Licensing & Regulation's (DLLR) Office of the Commissioner of Financial Regulation and the Baltimore County Police Department lead to Getlan's arrest in March for defrauding homeowners of considerable upfront fees for mortgage modifications and stealing their monthly mortgage payments.

"The 35 year sentence is a victory for Maryland consumers," said Maryland Labor, Licensing & Regulation Secretary Leonard Howie. "Commissioner Mark Kaufman and the entire Office of the Commissioner of Financial Regulation work tirelessly to protect our most vulnerable neighbors from predatory practices. I am proud of the efforts of the Office of Financial Regulation in this case and want to thank the Baltimore County State's Attorney's Office and the Baltimore County Police Department for their partnership in this successful criminal prosecution."

"The sentencing in this case underscores our commitment to protecting Maryland homeowners and sends a message that these types of scams, which prey on our most vulnerable citizens, will not be tolerated," said Mark Kaufman, Commissioner of the Office of Financial Regulation.

The investigation into Getlan's activities involved Investigator A. Thomas Koehler of the Office of the Commissioner of Financial Regulation and Detective Dave Donnelly of the Baltimore County Police Department's Financial Crimes Unit. In addition, Erin McCarthy Naylor, Director of Mortgage Fraud for the Office of the Commissioner of Financial Regulation, and Assistant State's Attorney Adam Lippe, Chief of the Economic Crimes Unit, have partnered in the investigation and prosecution of this complex case. Ms. Naylor was sworn in as a Special Assistant State's Attorney to assist in the prosecution. She joined the Office of the Commissioner of Financial Regulation in 2011 through a Department of Justice Grant and is responsible for creating and implementing a mortgage fraud outreach program as well as leading efforts to enhance criminal prosecution statewide.

The Department of Labor, Licensing and Regulation protects and empowers Marylanders by safeguarding workers, protecting consumers, providing a safety net and cultivating a thriving workforce that can meet the demands of Maryland's dynamic economy. Follow DLLR on Twitter (@MD_DLLR) (http://twitter.com/#!/@MD_DLLR) and Facebook (<http://www.facebook.com/DLLR.Maryland>).

[Return to the DLLR News home page \(/whatsnews/\)](#)

Questions or comments regarding the Department of Labor, Licensing and Regulation may be directed to dlr.pio@maryland.gov (<mailto:dlr.pio@maryland.gov>).

Questions or comments regarding the DLLR website may be directed to webmaster@dlr.state.md.us (<mailto:webmaster@dlr.state.md.us>).

Updated December 5, 2012

DLLR News

Governor Announces that Maryland Passes Emergency Regulations to Track Loan-Servicers

GOVERNOR O'MALLEY CALLS FOR EMERGENCY WORK-SESSION WITH LENDERS ON MORTGAGE AND FORECLOSURE CRISIS; LAUNCHES EXAMINATION INTO LOAN SERVICER

*Maryland Passes Emergency Regulations to Track Loan-Servicers;
Maryland Becomes 2nd State in the Nation to Require Data on Loan-Servicers*

ANNAPOLIS, MD (February 19, 2008) – Governor Martin O'Malley today called for an emergency work-session with mortgage loan servicers to help find real solutions to the foreclosure crisis and protect middle class families from losing their home. Joined by Department of Labor, Licensing and Regulation Secretary Thomas Perez and Department of Housing and Community Development Secretary Raymond Skinner, Governor O'Malley announced new emergency regulations and other initiatives to protect homeownership in Maryland and urged homeowners to seek help early if they are facing foreclosure.

"In a very real way, the financial security of our families and the strength and health of our communities depends on our ability to help preserve and sustain homeownership in our State. It is time to make the loan servicers part of the solution to protect our families," said Governor O'Malley. "Maryland has committed significant resources to help Maryland families avoid foreclosure and stay in their homes, and we are prepared to work with loan servicers to develop a framework and a model for large-scale relief for homeowners that will keep people in their homes."

During the work-session, the Governor will call for a public agreement with major servicers to set a standard for consistent, timely and sustainable loss mitigation services for Maryland homeowners. Governor O'Malley also announced that Maryland has adopted new emergency regulations requiring reports from mortgage loan servicers detailing their efforts to help homeowners facing default and foreclosure. Maryland is only the second state in the nation to require this data.

The regulation requires servicers to provide DLLR with lists of homeowners who have adjustable rate mortgages that are about to reset to higher interest rates. DLLR will use this information to reach out to those homeowners, providing them with information on resources available to help them.

In addition, DLLR's Commissioner of Financial Regulation is examining the operational systems, practices and procedures of Ocwen, one of the largest servicers of Maryland loans. The Commissioner will review a sample of the company's Maryland mortgage loan servicing files.

"Everyone in the mortgage industry has said they want to help homeowners avoid foreclosure. We want to ensure their actions are matching their words," Secretary Perez said. "This data collection will shine a bright light on services, and will help DLLR help homeowners."

Governor O'Malley also called on homeowners to take advantage of DHCD's "Bridge to Hope Loan Program," which will provide gap loans at zero percent interest to homeowners who are a few months behind in their mortgage.

"This statewide program provides Maryland homeowners with short-term relief to maintain homeownership by preventing residential mortgage foreclosures resulting from borrowers experiencing financial difficulty caused by either a sub-prime or exotic mortgage," said Secretary Skinner.

In the fourth quarter, Prince George's, Montgomery, Washington and Worcester Counties saw the number of foreclosure events double from previous quarter. In other counties, such as Kent, Garret and Somerset, the numbers nearly tripled. Statewide, Maryland saw 9,722 foreclosures, compared to 7,001 in the previous quarter, an increase of 2,721 foreclosure events statewide.

According to RealtyTrac, one of the major providers of property foreclosure data, Prince George's County continued to have the highest number of foreclosure events, with 2,732. Montgomery County had the second

highest number of events, with 1,310, while Baltimore City ranked third with 1,268 events.

Governor O'Malley's announcements today are in addition to sweeping reforms proposed for the mortgage industry, including raising the bar for licensing, tightening lending standards and eliminating defective products from the market in Maryland.

The various measures represent a comprehensive effort to combat rising foreclosure rates and protect Maryland homeowners in the future. Governor O'Malley called on lawmakers to act swiftly to pass his proposals and provide relief to Maryland homeowners.

[Return to the DLLR News home page \(. /whatsnews/\)](#)

Questions or comments regarding the Department of Labor, Licensing and Regulation may be directed to dllr.pio@maryland.gov (<mailto:dllr.pio@maryland.gov>).

Questions or comments regarding the DLLR website may be directed to webmaster@dllr.state.md.us (<mailto:webmaster@dllr.state.md.us>).

Updated July 30, 2009

Owner and Founder of Metro Dream Homes Sentenced to 150 Years in Prison in \$78 Million Mortgage Fraud Scheme

Conspirators Spent Millions of Investor Funds for Their Own Purposes, Including to Employ Chauffeurs and Maintain a Fleet of Luxury Cars, Travel in Luxury to the NFL Super Bowl and NBA All-Star Game

U.S. Attorney's Office March 30, 2012 • District of Maryland (410) 209-4800

GREENBELT, MD—U.S. District Judge Roger W. Titus sentenced Andrew Hamilton Williams, Jr., age 61, of Hollywood, Florida, today to 150 years in prison followed by three years of supervised release for his participation in a massive mortgage fraud scheme which promised to pay off homeowners' mortgages on their "dream homes," but left them to fend for themselves. On November 10, 2011, a federal jury convicted Williams on charges of conspiracy to commit wire fraud, wire fraud, and conspiracy to commit money laundering.

The sentence was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Special Agent in Charge Richard A. McFeely of the Federal Bureau of Investigation; Acting Special Agent in Charge Eric C. Hylton of the Internal Revenue Service-Criminal Investigation, Washington, D.C. Field Office; Maryland Attorney General Douglas F. Gansler; and Inspector General Jon T. Rymer of the Federal Deposit Insurance Corporation.

"This case exemplifies the egregious mortgage fraud schemes that flourished in the lending free-for-all that contributed to the bubble and collapse of the housing market," said U.S. Attorney Rod J. Rosenstein. "Coordinated law enforcement is helping to hold the perpetrators accountable, but the real solution is meaningful oversight and auditing of lending decisions."

"These individuals were responsible for shattering the dreams of countless hard working families during one of our country's worst economic downturns," said FBI Special Agent in Charge Richard A. McFeely. "The teamwork exhibited by all participating agencies throughout the joint investigation was exemplary."

"Mortgage fraud is every bit as corrosive to American society as any street crime," stated Eric Hylton, Special Agent in Charge, IRS-Criminal Investigation, Washington D.C. Field Office. "This type of fraud has far-reaching economic consequences and severely thwarts recovery from

the foreclosure crisis, leaving homeowners in dire financial situations and financial institutions with uncollectible loans.”

According to evidence presented at the two-week trial, beginning in 2005, Williams and his conspirators targeted homeowners and home purchasers to participate in a purported mortgage payment program called the “Dream Homes Program.” In exchange for a minimum of \$50,000 initial investment and an “administrative fee” of up to \$5,000, the conspirators promised to make the homeowners’ future monthly mortgage payments and pay off the homeowners’ mortgage within five to seven years. Dream Homes Program representatives explained to investors that the homeowners’ initial investments would be used to fund investments in automated teller machines (ATMs), flat screen televisions that would show paid business advertisements, and electronic kiosks that sold goods and services. To give investors the impression that the Dream Homes Program was very successful, Metro Dream Homes spent hundreds of thousands of dollars making presentations at luxury hotels such as the Washington Plaza Hotel in Washington, D.C.; the Marriott Marquis Hotel in New York, New York; and the Regent Beverly Wilshire Hotel in Beverly Hills, California. Metro Dream Homes had offices in Maryland, the District of Columbia, Virginia, North Carolina, New York, Delaware, Florida, Georgia, and California.

According to trial testimony, Williams and his co-conspirators failed to advise investors that the ATMs, flat screen televisions, and kiosks never generated any meaningful revenue. The defendants used the funds from later investors to pay the mortgages of earlier investors. Evidence showed that MDH had not filed any federal income tax returns throughout its existence. The defendants also failed to advise investors that their investments were being used for the personal enrichment of select MDH employees, including Williams, to pay salaries of up to \$200,000 a year as well as their mortgages; employ a staff of chauffeurs and maintain a fleet of luxury cars; and travel to and attend the 2007 National Basketball Association All-Star Game and the 2007 National Football League Super Bowl, staying in luxury accommodations in both instances. Nor were investors told that investor funds were used to pay off investors in a prior failed ATM investment venture called Bankcard Group; make multiple donations of up to \$50,000 each to charitable organizations to give MDH the appearance of being financially successful; and transfer millions of dollars in investor funds to third-party businesses for purposes not disclosed to investors.

Trial testimony showed that Williams and his co-conspirators arranged for early Dream Homes Program investors, whose monthly mortgage payments had been paid by MDH using the funds of later Dream Homes Program investors, to attend recruitment meetings to assure potential investors that the Dream Homes Program was not a fraud. MDH used a third-party company to pay investors to advertise the Dream Homes Program to friends and family. MDH encouraged homeowners to refinance existing mortgages on their homes in order to withdraw equity and generate the funds necessary to enroll their homes in the Dream Homes Program.

On August 15, 2007, the Maryland Securities Commissioner issued a cease-and-desist order to MDH and other related companies directing them to immediately cease the offering and sale of unregistered securities in connection with their promotion of the Dream Homes Program. However, Williams thereafter called meetings in which investors were told that MDH was earning up to \$10 million in one month and that the company’s legal difficulties were the result

of either misunderstandings or racial animus against company leaders. In October 2007, the Circuit Court for Prince George's County, Maryland granted the commissioner's motion to freeze MDH assets and appointed a receiver.

As a result of the scheme, more than 1,000 investors in the Dream Homes Program invested approximately \$78 million. When Williams and his co-conspirators stopped making the mortgage payments, the homeowners were left to attempt to make the mortgage payments MDH had promised to make in full.

Michael Anthony Hickson, age 49, of Commack, New York, the chief financial officer of MDH; Isaac Jerome Smith, age 49, of Spotsylvania, Virginia, the president of MDH; and Alvita Karen Gunn, age 34, of Hanover, Maryland, vice president of operations, were convicted by a federal jury of fraud conspiracy, wire fraud, and conspiracy to commit money laundering in connection with their participation in the mortgage fraud scheme. Hickson was also convicted of making a false statement in a federal court proceeding. Judge Titus sentenced Hickson to 120 months in prison, Smith to 70 months in prison, and Gunn to 60 months in prison.

Carole Nelson, age 53, of Washington, D.C., the chief financial officer of POS Dream Homes, previously pleaded guilty to money laundering, and Charlotte Melissa Josephine Hardmon, age 42, of Bowie, Maryland, pleaded guilty to conspiracy to commit wire fraud in connection with their participation in this scheme. Their sentencing dates are pending.

This prosecution is being brought jointly by the Maryland and Washington, D.C. Mortgage Fraud Task Forces, which are comprised of federal, state, and local law enforcement agencies in Maryland, Washington, D.C., and Northern Virginia. The task forces were formed to promote the early detection, identification, prevention, and prosecution of various kinds of mortgage fraud schemes. This case, as well as other cases brought by members of the task forces, demonstrates the commitment of law enforcement agencies to protect consumers from fraud and help to ensure the integrity of the mortgage market and other credit markets. Information about mortgage fraud prosecutions is available on the Internet at <http://www.usdoj.gov/usao/md/Mortgage-Fraud/index.html>.

United States Attorney Rod J. Rosenstein praised the FBI, the IRS-Criminal Investigation, the Maryland Attorney General's Office-Securities Division, and the Federal Deposit Insurance Corporation-Office of Inspector General for their investigative work. Mr. Rosenstein thanked Assistant U.S. Attorney Christen A. Sproule, who prosecuted the case.

This content has been reproduced from its [original source](#).

Maryland Politics

Anne Arundel County Executive John Leopold Indicted

By Aaron C. Davis

March 2, 2012

One of Maryland's top politicians used his security detail to set up weekly sexual encounters with a subordinate in Annapolis parking lots, to maintain dossiers on political opponents and to make sure his two lovers never ran into each other, according to an indictment released Friday.

Anne Arundel County Executive John R. Leopold, one of the state's highest ranking elected Republicans and a fixture for nearly three decades in power circles in the state capital, was indicted Friday on multiple counts of official misconduct in the alleged use of county police officers for personal and political gain.

Leopold, 69, was not arrested, and his attorney suggested that he would not step down.

The indictment by an Anne Arundel grand jury marks the latest charges in a succession of local and federal corruption Annapolis Lawyer lamorelaw.com Former Prosecutor Anne Arundel Co. Auto Accidents Criminal Law DUI prosecutions that have recently cast a pall over Maryland politics.

Leopold's indictment comes more than three years after an anonymous 911 call describing naked people in the back of a rocking car led a police officer to a busy Annapolis mall parking lot and a car containing Leopold.

That incident prompted a number of county employees to come forward with allegations of sexual harassment by Leopold. But he remained in office and won reelection in 2010.

"It's sad, and it's disappointing. ... Now it will be more of a distraction again," said Anne Arundel County Council member James Benoit (D-Crownsville). "These charges are really serious. It's going to be a tough few months for the county."

With the charges, Leopold becomes the latest Maryland politician to face a reckoning after being dogged for years by rumors of corruption.

In recent months, Prince George's County Executive Jack B. Johnson (D) and his wife, Leslie, a former County Council member, were sentenced to prison in connection with a bribery scheme involving developers. The campaign manager to former governor Robert L. Ehrlich Jr. (R) was found guilty of attempting to suppress black voter turnout. And a corruption probe against state Sen. Ulysses Currie (D-Prince George's) ended with an acquittal in court but left the powerful budget chair as the first sitting Maryland lawmaker to be censured in two decades.

Jim Cabezas, a spokesman for the Office of the Maryland State Prosecutor, which led the investigation of Leopold, said a criminal summons was sent to Leopold's attorney. Leopold was indicted on four counts of misconduct in office and one count of fraudulent misappropriation by a fiduciary.

The misappropriation charge is a criminal misdemeanor that would carry a sentence of one to five years. The remaining charges allege common law violations, which means a judge would have wide latitude in sentencing if Leopold is found guilty.

Bruce Marcus, Leopold's attorney, said in a brief phone interview that he had not received the summons or seen the indictment.

In an emailed statement to reporters, he said that although he had not received the documents, "we understand that the charges contain scurrilous, salacious and scandalous accusations better suited to cheap tabloids and not befitting charging documents filed in a Maryland court of law."

Marcus, who is also an attorney for the Maryland Democratic Party, said Leopold remains an effective leader.

"The public should have confidence that John R. Leopold has a well documented history of exemplary public service," Marcus said.

"The citizens of the county can ... have confidence that Mr. Leopold will continue to well and truly serve their interests during the days ahead."

According to the state prosecutor's office, Leopold used his county security staff to carry out tasks ranging from the intimate to the demeaning.

To facilitate an affair with an employee of the county's department of parks and recreation, Leopold had his security staff drive him to commercial parking lots as often as two or three times a week to rendezvous with his lover.

Leopold would order his security officers to leave him at the car of the subordinate and to "remain in the same parking lot, but at some distance away."

Such meetings lasted 45 minutes or longer, and upon returning to his police escorts, Leopold "at times commented to them in graphic language about his sexual encounter."

To conceal that relationship from another woman, with whom Leopold lived, the indictment alleges that the county executive went even further in abusing his power when he was hospitalized twice in 2010 for back surgery.

Leopold ordered members of his security detail to work 170 hours of overtime guarding his hospital room to make sure the parks employee never entered his room and encountered his live-in partner.

The overtime tab topped \$10,000, according to the indictment.

Leopold also used his police escorts to chauffeur him to roadside spots to vandalize his opponents' campaign signs in 2010, according to the indictment.

With police idling nearby, according to the documents, the county executive ripped campaign signs out of the ground, threw one down a ravine and tossed another up a hillside.

His security staff was also ordered to haul hundreds of his campaign signs to and from his home and collect and deposit contributions into his campaign bank account.

After the first of the two back surgeries in 2010, Leopold required a urinary catheter secured to his ankle. He ordered his security detail and other staffers to periodically empty the bag.

In more menial chores, members of his police detail were required to run personal errands for him, "including but not limited to" doing his personal banking, picking up his newspaper, delivering takeout dinners, and purchasing and delivering personal gifts from Leopold to others, according to the indictment.

No one answered the door Friday night at Leopold's home in Pasadena.

Staff writers Greg Masters and William Wan and researcher Madonna Lebling contributed to this report.

**Case Studies in Ethics, Flipping & Predatory Lending course note: Leopold was sentenced to serve 60 days in jail, pay a \$100,000 fine, serve 400 hours of community service and resign from office as the Anne Arundel County Executive.*