



Department of Justice

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CLOSING ATTORNEY CHARGED IN MORTGAGE FRAUD CONSPIRACY

Mary Reagan Arrested, Makes Initial Appearance

Atlanta, GA - MARY REAGAN, 39, of Alpharetta, Georgia, was arrested this morning by the FBI and made her initial appearance in federal court in connection with an alleged mortgage fraud scheme. REAGAN, a closing attorney, has been charged in a superseding indictment along with three other co-defendants on charges of conspiracy, bank fraud and wire fraud. She was arrested without incident by FBI agents at her Alpharetta, Georgia home, and was granted a \$50,000 corporate surety bond after her initial appearance before United States Magistrate Linda Walker.

United States Attorney David E. Nahmias said, "The FBI and other federal investigative agencies continue to aggressively investigate mortgage fraud. Mortgage fraud can be facilitated by closing attorneys who abuse their position of trust to knowingly process fraudulent closing documents. We are focusing attention on real estate professionals, including closing attorneys, who allegedly abuse their fiduciary obligations to mortgage lenders for significant personal profit and the substantial financial gain of their alleged co-conspirators."

According to Nahmias and information in court: A federal grand jury charged REAGAN in a superseding indictment, filed March 13, 2007, along with co-defendants ADRIENE NEWBY-ALLEN, a/k/a "Cassandra Miller," 39, of Alpharetta, Georgia; BRINSON ALLEN 38, of Alpharetta, Georgia; and JAMES HOWARD BAILEY, III., 35, of Houston, Texas. The superseding indictment alleges that REAGAN's co-conspirators obtained mortgage financing and home equity loans from federally insured as well as private lenders. The loan values, which ranged in the aggregate from \$2.5 up to \$3.2 million, were inflated based upon allegedly false credit applications, including false representations regarding borrower income, employment and assets, and inflated appraisal reports.

REAGAN, who operated her own real estate practice and closed several of the loans at issue in the indictment, is alleged to have disbursed millions of dollars in loan proceeds to defendant NEWBY-ALLEN. In particular, REAGAN is alleged to have disbursed loan proceeds inconsistently with the settlement statements she prepared and disclosed to the

victim lenders or to have prepared multiple settlement statements -- one that was disclosed to the lender to facilitate her alleged fraud scheme and another that was disclosed to the seller to ensure that the seller proceeded to closing and did not blow the whistle. As alleged in the indictment, these fraudulent disbursements amounted to millions of dollars in loan proceeds not going to the sellers of the subject properties, with REAGAN allegedly realizing \$40,000 in kickbacks.

Members of the public are reminded that the indictment only contains 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.

The case is being investigated by Special Agents of the Federal Bureau of Investigation.

Assistant United States Attorney Paul Monnin is prosecuting this case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan.