



Department of Justice

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INDIANAPOLIS MAN SENTENCED TO 24 MONTHS IN PRISON FOR MORTGAGE FRAUD SCHEME

PRESS RELEASE

Susan W. Brooks, United States Attorney for the Southern District of Indiana, announced that FRANKIE LAMONT HOWARD, 38, Indianapolis, Indiana, was sentenced to 24 months imprisonment today by U.S. District Judge Larry J. McKinney following his guilty pleas to conspiracy to commit mail fraud and money laundering. This case was the result of a investigation by the Internal Revenue Service and the United States Postal Inspection Service.

HOWARD was a real estate investor operating in the Indianapolis, Indiana area. Between April and October 2002, HOWARD engaged in at least thirty-one (31) separate fraudulent mortgage loan transactions, obtaining loans of approximately \$1,663,340.00 on properties which were actually only worth a total of approximately \$439,300.00. This resulted in a loss to First Bank, the lender, of approximately \$1,224,040.00.

HOWARD located residential properties for sale in the Indianapolis area, primarily in low-income neighborhoods. HOWARD purchased these properties at fair market value. A very short time later, he sold these properties for a greatly inflated price to buyers whom he had recruited. HOWARD then arranged for these buyers to obtain financing for the properties thru a mortgage broker who he knew would (and did) submit false and fraudulent loan applications and supporting documents to the lender. HOWARD assisted in creating false documentation for the loan applications which were submitted by the buyers. Falsely inflated property appraisals were also prepared and submitted to the lender to support the loan application. The lender relied upon the false appraisals, false loan applications, and false supporting documents in the loan packages to approve and disburse the loans for these properties.

HOWARD also "fronted" the down payment on all of the properties to the buyers by

obtaining cashier' s checks showing the buyer as the remitter and submitting those cashier' s checks for the closing on the property to make it appear that the buyers were actually making a down payment on the property. HOWARD was then reimbursed the down payment money from the illegal funds which he obtained as the seller of the properties at closing.

HOWARD and other co-conspirators shared these fraudulently obtained funds, with HOWARD retaining the bulk of the fraudulently obtained funds, as the seller of the properties. Subsequent to the closing of the properties, HOWARD paid a “ kickback” to the buyers of the properties, amounting to \$5,000.00 for each of the properties which the buyers purchased. All of the thirty-one fraudulent loans went into foreclosure.

According to Assistant United States Attorney Susan Heckard Dowd, who prosecuted the case for the government, Judge McKinney also imposed 3 years supervised release following HOWARD' s release from imprisonment. HOWARD was also ordered to make restitution in the amount of \$1,459,993.40.

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