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JACKSONVILLE MAN SENTENCED TO SEVEN YEARS FOR MORTGAGE FRAUD SCHEME

_____ Jacksonville, FL - Today, U.S. District Judge Henry Lee Adams, Jr., sentenced Justin D. Barker, 31, of Jacksonville to seven years' imprisonment for his participation in a mortgage fraud scheme. After his release from prison, Barker will be on supervised release for five years. Barker entered a plea of guilty to conspiracy to commit wire and bank fraud on September 24, 2007. At his sentencing, Barker was ordered to pay restitution in the amount of \$2,353,339.91 and to forfeit \$4,419,024.15, jointly and severally with other conspirators.

According to court documents, the scheme operated in 2005 and 2006. Barker negotiated the purchase of residential real estate properties, either on behalf of himself personally, on behalf of an entity he controlled, or on behalf of a third-party buyer. Barker, the entity, or the buyer entered into a purchase and sale agreement with the seller of the property. Barker then retained a licensed real estate appraiser to appraise the property at a significantly inflated price. The appraiser would appraise the property at the price that Barker requested, using inappropriate comparable properties and other fraudulent methods to obtain the price requested.

At the closing on the property, Barker or an entity controlled by him would receive the difference between the loan amount, which was based on the inflated

appraisal, and the actual purchase price, usually described with terms such as "assignment fee" or "payoff of second mortgage" that did not exist. This difference was the proceeds of the fraud. During the course of the scheme, fraudulent loans totaling about \$17.7 million were obtained on more than 40 properties. These loans would not have been approved but for the fraud. Barker received approximately \$4.4 million in gross proceeds from the fraudulent transactions. To recover some of these illicit proceeds, the government seized from Barker a 2004 Bentley Continental, a 2007 Cadillac Escalade, a 2002 BMW 745Li, a 2005 Chaparral 330 Signature 36' boat, a 1997 19' Wellcraft boat, a 2006 Yamaha motorcycle, a 2001 Yamaha motorcycle, a 2-carat loose diamond, a 1-carat diamond necklace, a .5-carat diamond necklace, diamond stud earrings, and two Movado watches.

The investigation was conducted by the Federal Bureau of Investigation. The case was prosecuted by Assistant United States Attorney Arnold B. Corsmeier.