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FOR IMMEDIATE RELEASE
FRIDAY MAY 9, 2008
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SECRET SERVICE ARRESTS THREE DEFENDANTS IN ALLEGED HOME EQUITY LOAN MORTGAGE FRAUD SCHEME

CHICAGO – Three defendants were arrested today on federal bank fraud charges as part of an ongoing investigation into fraudulently obtaining multiple home equity loans. The defendants and others allegedly had already obtained more than \$1.7 million and were in the process of obtaining another \$1.8 million from multiple banks in the Chicago area, federal law enforcement officials said.

U.S. Secret Service agents today arrested the defendants, who purport to be **Lianyu Li, Jin Hua Dong** and **Myung Pak**, but who allegedly use multiple aliases with different addresses and dates of birth. Li was arrested outside a bank in Wood Dale and Dong and Pak were arrested at a residence in Chicago. All three were scheduled to appear at 3:45 p.m. today before U.S. Magistrate Judge Nan Nolan in U.S. District Court. The charges were announced by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, and David W. Fisher, Acting Special Agent-in-Charge of the Chicago Office of the United States Secret Service.

“The complaint charges an extensive and ever more popular scheme that successfully targeted numerous financial institutions and proved to be, at least temporarily, extremely lucrative

for these defendants. I commend the Secret Service for its quick action in this investigation,” Mr. Fitzgerald said.

According to the complaint affidavit, the defendants purchased properties between 5 months and 2 weeks ago and then proceeded to simultaneously apply for multiple home equity loans, often within days of the respective purchases. The loans allegedly exceeded any equity in the properties and, in some cases, the defendants submitted false loan applications, fraudulently inflating any existing equity in the homes.

Specifically, the complaint alleges that in January, Li applied for and obtained four loans totaling more than \$850,000 from four different banks secured by 893 Asbury Lane in Schaumburg, and then in late April and early May, Li applied for three loans from three different banks totaling more than \$1 million secured by 3421 Sandstone Ct., Lake in the Hills. During this same time period, Dong applied for two loans from two different banks within 24 hours of each other totaling \$784,900, secured by 4066 South Lake Park Ave., Chicago. Finally, in March and April, Pak applied for and obtained four home equity loans totaling \$889,500 from four different banks secured by 1713 South Ashland Ave., Park Ridge.

According to the affidavit, Secret Service agents surveilled Li and Dong going from bank to bank applying for, and signing closing documents on, numerous home equity loans.

Also, Li allegedly negotiated home equity loan checks from the scheme at the Horseshoe Casino in Hammond, Ind., and then received checks totaling \$262,00 from the casino made payable to himself.

The government is being represented by Assistant U.S. Attorney Edward Siskel.

Bank fraud carries a maximum penalty of 30 years in prison and a \$1 million fine. The Court, however, would determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines.

The public is reminded that a complaint contains only charges and is not evidence of guilt. The defendants are presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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