



# Department of Justice

United States Attorney David E. Nahmias  
Northern District of Georgia

FOR IMMEDIATE RELEASE

09/21/07

<http://www.usdoj.gov/usao/gan/>

CONTACT: Patrick Crosby

(404)581-6016

FAX (404)581-6160

## **ROSWELL CLOSING ATTORNEY PLEADS GUILTY IN MORTGAGE FRAUD SCHEME**

Atlanta, GA - JAMES F. STOVALL III, 56, of Roswell, Georgia, pleaded guilty today in federal district court to charges of conspiracy to commit bank, mail and wire fraud, bank loan application fraud, money laundering, and wire fraud.

United States Attorney David E. Nahmias said of the case, "We unfortunately continue to see some real estate professionals, such as attorneys and appraisers, who serve as gatekeepers of the system, instead ignoring their professional duty to participate in mortgage fraud schemes. Given the well-known troubles in the mortgage industry and related financial markets, we will continue to aggressively investigate and prosecute such professionals who, out of pure greed, are willing to promote such fraud schemes in North Georgia."

According to United States Attorney Nahmias and the information presented in court: STOVALL, a real estate attorney, participated in a mortgage fraud scheme involving property flips orchestrated by one of his clients, "Reti Relocation Services, Inc." From April 2000 to June 2001, Reti flipped some 50 properties in the metro Atlanta area in such subdivisions as Brookstone in Acworth, Windward and Seven Oaks in Alpharetta, and Towne Lake in Woodstock. Reti would acquire properties and on the same day resell or "flip" them to straw borrowers who were paid for participating in the transactions. Reti paid recruiters for locating straw borrowers, loan officers for preparing and submitting false loan applications and false qualifying documents, and appraisers for preparing fraudulent appraisals with inflated values that were submitted to lenders. STOVALL closed nearly all of the same day fraudulent flips and, in doing so, failed to advise his clients, the lenders, of those flips, prepared false HUD-1 settlement statements that were submitted to the lenders, and moved the proceeds of the scheme through his escrow account and to off-shore bank accounts. The fraudulent scheme involved the submission of false qualifying information and documents through the mails and the wire transfer of scheme proceeds. In the overall scheme, financial institutions and lenders were fraudulently induced to make loans totaling over \$20 million.

STOVALL pleaded guilty to one count of conspiracy to commit bank, mail, and

wire fraud, bank loan application fraud, and money laundering, and one count of wire fraud. He could receive a maximum sentence of five years in prison and a fine of up to \$250,000 on each count.

Sentencing has not yet been scheduled. He will be sentenced by United States District Judge Thomas Thrash.

The case was investigated by Special Agents of the Inspector General's Office of the Department of Housing and Urban Development, with the assistance of the Federal Bureau of Investigation.

Special Assistant United States Attorney Richard E. Reed and Assistant United States Attorney Barbara E. Nelan prosecuted the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. 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](http://www.usdoj.gov/usao/gan).