



# Department of Justice

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## **MORTGAGE BROKERS, THEIR COMPANIES AND BANK OFFICER SENTENCED IN \$11 MILLION FRAUD ON “nBANK”**

Newnan, GA - RONALD WALTON, 58, of Buford, Georgia; JOSEPH E. WHITE, 50, of Atlanta, Georgia; SOUTHERN LENDERS MORTGAGE CORPORATION, formerly located in Newnan, Georgia; MICHAEL JONES, 49, of Alpharetta, Georgia; and INFINITY MORTGAGE, formerly located in Alpharetta, have been sentenced in federal court in Newnan, relating to a multi-million dollar bank fraud scheme.

United States Attorney David E. Nahmias said, “This case involved the defrauding of a federally insured bank by various mortgage brokers, aided by an insider who was an officer at the bank. The integrity of the banking system and soundness of the lending industry is of importance to all citizens. Along with the FBI and the Office of Inspector General for the FDIC, we will investigate and prosecute major frauds against our federally insured banking system.”

JOSEPH E. WHITE was a part owner and officer of SOUTHERN LENDERS, a mortgage broker licensed in the state of Georgia. WHITE was charged with bank fraud and entered a guilty plea on December 14, 2006. WHITE was sentenced to 4 years, 3 months in federal prison. He was also ordered to pay restitution of \$3.530 million, and ordered to serve 3 years on supervised release. WHITE was also ordered to perform 150 hours of community service.

MICHAEL JONES was the owner of INFINITY MORTGAGE, a mortgage broker licensed in the state of Georgia. JONES was charged with bank fraud and entered a guilty plea on December 14, 2006. JONES was sentenced to 3 years, 5 months in federal prison. He was ordered to pay restitution in an amount to be determined by the court, and ordered to serve 3 years on supervised release. JONES was also ordered to perform 150 hours of community service.

In addition to the individual defendants, the court also sentenced the corporations SOUTHERN LENDERS and INFINITY MORTGAGE. SOUTHERN LENDERS was sentenced to 5 years of probation and also ordered to pay restitution in the amount of

\$3.530 million. According to corporate statements in court today, SOUTHERN LENDERS no longer operates as a mortgage broker and sub-prime lender. INFINITY MORTGAGE was sentenced to 4 years probation, with restitution to be determined by the court. INFINITY MORTGAGE's corporate representative said in court today that INFINITY MORTGAGE no longer operates as a mortgage broker and sub-prime lender.

WALTON was sentenced last Friday to this week to 97 months in federal prison, and ordered to serve 3 years on supervised release. His restitution amount will be determined by the court at a later date and is expected to be in the millions of dollars. WALTON was the Vice President of the Participating Loan Division of nBank, and according to the evidence, he facilitated the fraud scheme using his control over the bank loan division.

According to United States Attorney Nahmias and other information presented in court: Between 1999 and 2006, JOSEPH E. WHITE, acting as a principal of SOUTHERN LENDERS, and MICHAEL JONES, acting as a principal of INFINITY MORTGAGE, secured funding on multiple loans through broker lines of credit with a lender, "nBank."

Relating to SOUTHERN LENDERS and defendant JOSEPH WHITE, when 34 loans that had been funded by nBank were subsequently sold to investors, approximately \$3,700,000 in proceeds which should have paid back the nBank credit line were fraudulently diverted. The diverted funds were used for a number of purposes including for the personal expenses of JOSEPH E. WHITE and others associated with SOUTHERN LENDERS; for SOUTHERN LENDERS' asset acquisition and expenses; to finance various real estate ventures; and to fraudulently provide "front money" to borrowers who were seeking loans being processed by SOUTHERN LENDERS. With regard to MICHAEL JONES and INFINITY MORTGAGE, after nBank funding, 23 loans were subsequently sold to investors, with approximately \$1,835,000 in proceeds being fraudulently diverted. The diverted funds were used by JONES and INFINITY MORTGAGE for personal and business expenses.

RONALD WALTON, then a senior vice president at nBank, managed the division of nBank responsible for broker lines of credit to mortgage brokers. The fraud perpetrated on nBank by WHITE, SOUTHERN LENDERS, JONES, INFINITY MORTGAGE and several additional brokers was carried out with the cooperation of WALTON, who received commissions from nBank based upon the number of loans nBank funded for brokers. The fraud against nBank was facilitated by WALTON knowingly assisting the brokers in circumventing the nBank security controls that were specifically in place to prevent such frauds.

This case was investigated by Special Agents of the Office of Inspector General of the Federal Deposit Insurance Corporation and the Federal Bureau of Investigation.

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).