



SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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WOMAN ADMITS ROLE IN MORTGAGE FRAUD AGAINST TARP-FUNDED BANKS

WASHINGTON – A New York state woman, Marleen Shillingford, 44, waived her right to indictment and pleaded guilty yesterday (October 12), before United States Magistrate Judge Donna F. Martinez in Hartford, to one count of conspiracy to commit wire fraud and one count of conspiracy to commit money laundering. The charges stem from Shillingford's participation in a multimillion-dollar mortgage fraud scheme that involved more than 40 properties in Bridgeport, Conn., announced Christy Romero, Acting Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and David B. Fein, United States Attorney for the District of Connecticut.

According to court documents and statements made in court, Shillingford was involved in the operation of Waikele Properties Corp., a real estate company with offices in Bridgeport and in Garden City, N.Y. From approximately 2001 to August 2011, Shillingford and others conspired to obtain fraudulent mortgages for the purchase of more than 40 multi-family properties in Bridgeport.

Shillingford and her co-conspirators made representations about the credit worthiness of their buyers to mortgage lenders in loan applications, including to banks that received funding from the Troubled Asset Relief Program (TARP), according to charges filed in the case.

"The defendants' gravy train fueled by mortgage fraud is over. Those who commit fraud against banks that received TARP funds should take heed that SIGTARP will shut down the fraud and hold them accountable for putting the taxpayers' investment at risk," commented Acting Special Inspector Romero.

SIGTARP investigates fraud, waste, and abuse in connection with TARP.

"Through this decade-long scheme, dozens of Bridgeport properties ended up in foreclosure, blighting neighborhoods and costing lenders millions," stated U.S. Attorney Fein. "I want to commend IRS-CI, the FBI, HUD-OIG and SIGTARP for their excellent work in this ongoing investigation and for exposing this scheme."

As part of the scheme, Shillingford and her co-conspirators purchased existing multi-family houses, and vacant parcels of land and erected new houses on them to sell. The co-conspirators recruited individuals to purchase the properties, acted as the buyers' real estate agent and assisted the buyers in applying for residential mortgage loans to purchase the houses. Shillingford and her co-conspirators then prepared loan applications for the buyers that included fraudulent information concerning, among other things, the buyers' employment, income, assets and liabilities, previous property ownership and intention to make the properties their primary residences.

The co-conspirators also provided false and fraudulent supporting documentation, including false letters from fictitious employers, false earnings statements, and fraudulent bank records. After the loans were approved, the illicit proceeds of the scheme were wired into the Waikele Properties bank account, transferred to Shillingford and others, and used to continue the mortgage fraud scheme.

Contrary to the representations made on the loan applications, several straw purchasers never occupied the houses as their primary residences and subsequently defaulted on the loans. As a result of the scheme, mortgage lenders have suffered more than \$7 million in losses.

This ongoing investigation is being conducted by SIGTARP, the Internal Revenue Service - Criminal Investigation, the Federal Bureau of Investigation, and the U.S. Department of Housing and Urban Development's Office of Inspector General. This case is being prosecuted by Assistant United States Attorneys Douglas P. Morabito and David T. Huang.

Shillingford is scheduled to be sentenced by United States District Judge Robert N. Chatigny on December 30, 2011, and faces a maximum term of imprisonment of 40 years. The government also is seeking the forfeiture of 20 properties located in Bridgeport.

This case was brought in coordination with the President's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force.

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*The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP. **SIGTARP Hotline:** (877) SIG-2009.*