



U.S. Department of Justice

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PRESS RELEASE

FOR IMMEDIATE RELEASE

Friday, December 9, 2011

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Two Indicted in Mortgage Fraud Scheme **- D.C. Housing Authority Was Among Targets of the Scam -**

WASHINGTON - LaFrances Dudley O'Neal, 47, of Clinton, Maryland, and Donald M. Ramsey, 44, of Alexandria, Virginia, have been indicted on charges that they took part in a mortgage fraud that cost lenders more than \$700,000.

The indictments, unsealed today, were announced by U.S. Attorney Ronald C. Machen Jr., Daniel S. Cortez, Inspector in Charge, Washington Division, U.S. Postal Inspection Service, Kenneth R. Taylor, Special Agent in Charge of the Office of Inspector General of the U.S. Department of Housing and Urban Development, and James W. McJunkin, Assistant Director in Charge of the FBI's Washington Field Office.

O'Neal and Ramsey were indicted on December 7, 2011 in the U.S. District Court for the District of Columbia on charges of bank fraud, mail fraud, and conspiracy to commit bank/mail fraud. The indictment also includes a forfeiture count seeking all proceeds from the defendants' crimes. In addition, O'Neal was charged with one count of fraud under District of Columbia law. If convicted, under the federal sentencing guidelines, O'Neal and Ramsey face potential sentences of 37 to 46 months in prison. Both have pleaded not guilty to the charges.

According to the indictment, O'Neal, Ramsey and others identified homes in the Washington, D.C. area, as well as straw buyers to obtain mortgages through false loan applications, forged documents, and fraudulent settlements. According to the indictment, Ramsey acted as a mortgage broker. He and others are accused of providing false documentation to the lenders, such as false verifications of deposit, forged Uniform Residential Loan Applications, and false rental agreements, causing the lenders to believe that the straw buyers had the means and the willingness to pay the mortgages.

The indictment alleges that every one of the mortgages fell into default and the lenders were forced to foreclose, with an aggregate loss to the lenders in excess of \$700,000.

The indictment further alleges that settlement companies paid both O'Neal and Ramsey

money from the fraudulently obtained loan proceeds, at times using fraudulent “invoices” which falsely stated that renovation work had recently been completed or consulting services had been provided and that money was due at settlement. As a result of these false invoices and inaccurate settlement statements, settlement agents turned over more than \$437,000 of fraudulent loan proceeds to O’Neal and Ramsey.

With respect to the fraud count under D.C. law, the indictment charges that O’Neal arranged for four of the houses, which were obtained through the mortgage fraud scheme, to be placed in the District of Columbia Housing Authority’s Section 8 Tenant-Based Assistance Housing Choice Voucher program. Using, at times, forged management agreements, O’Neal received money from the D.C. Housing Authority through Section 8 payments through her management company. She also received emergency rental payments or security deposits from charities or governmental agencies on behalf of the needy tenants.

However, she failed to maintain the Section 8 houses in decent, safe, and sanitary conditions, in spite of payments by the D.C. Housing Authority and the tenants. And, despite promising the straw buyers that she would pay the mortgages and even though she received Section 8 money from the D.C. Housing Authority and their client tenants, O’Neal failed to pay the mortgages on all four properties and the lenders foreclosed on them.

An indictment is merely a formal charge that a defendant has committed a violation of criminal laws and every defendant is presumed innocent until, and unless, proven guilty.

The case was investigated by the U.S. Postal Inspection Service, the Office of the Inspector General of the U.S. Department of Housing and Urban Development, the FBI’s Washington Field Office, the Metropolitan Police Department, and the District of Columbia Department of Insurance Securities and Banking. It is being prosecuted by Assistant U.S. Attorney Virginia Cheatham, with assistance from the U.S. Attorney’s Office’s Asset Forfeiture and Money Laundering Section, paralegal specialist Sarah Reis, forensic accountant Crystal Boodoo, and legal assistant Krishawn Graham.

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