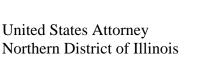
U. S. Department of Justice







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TWO CHICAGO LAWYERS AMONG FOUR DEFENDANTS SENTENCED TO PRISON FOR ROLES IN MULTI-MILLION DOLLAR MORTGAGE FRAUD SCHEME

CHICAGO — Four defendants, including two Chicago lawyers, were sentenced to federal prison terms following their convictions for participating in a multi-million dollar mortgage fraud scheme involving at least 40 residential properties, mostly in Englewood and surrounding areas on the city's south side. All four defendants were convicted last December after a nine-week trial of multiple counts of mail and wire fraud for their roles in a scheme that allegedly netted them approximately \$5.45 million in fraudulently obtained mortgage loan proceeds, and involved paying kickbacks to a non-profit organization to fraudulently obtain some of the properties at a discount from the U.S. Department of Housing and Urban Development. The sentences were imposed yesterday and Tuesday by U.S. District Court Judge Ronald Guzman, federal law enforcement officials announced today.

Sentenced yesterday were attorneys **Charles Murphy**, 65, of Chicago, to six years in prison, and **John Farano**, 50, of Palos Park, to nine years in prison, for their roles in providing funds to finance the purchase of properties. Murphy, who surrendered his law license this week, was ordered

to forfeit more than \$2.4 million and pay restitution of \$651,290. Farano, whose law license was suspended, was ordered to forfeit more than \$2.3 million and pay more than \$1.3 million in restitution.

Murphy and Farano provided funds to purchase residences knowing that their profit from the resale of the those residences would come from fraudulently obtained financing, and paid or facilitated the payment of kickbacks to the non-profit organization. Many of the residences were bought and sold through Genesis Investment Group Inc., which purported to renovate and sell residential properties. Co-defendants **Robert Brunt**, 45, of Chicago, the president of Genesis, was sentenced Tuesday to 12½ years in prison, and **Tracey Scullark**, 44, of Chicago, a sales agent for Genesis, was sentenced yesterday to 6½ years in prison. Farano also handled real estate closings for Brunt and Genesis, knowing that the transactions were fraudulent.

Brunt and Scullark were each ordered to forfeit \$4.2 million and pay more than \$1.6 million in restitution. Brunt was ordered to begin serving his sentence on Aug. 9; Farano on Sept. 10; Scullark on Oct. 1; and Murphy on Oct. 9.

"These sentences reflect the seriousness of mortgage fraud, which has a crippling effect on the housing market in communities such as Englewood, and show that courts are willing to impose sentences that we hope will deter others from engaging in similar fraud schemes. The role of licensed professionals is particularly deplorable because these crimes could not occur without the involvement of attorneys and real estate and mortgage professionals. They need to understand that they will be a focus of our efforts going forward," said by Gary S. Shapiro, Acting United States Attorney for the Northern District of Illinois.

Two additional defendants who pleaded guilty and testified as government witnesses, Armani D'Aifallah, 40, of Chicago, a mortgage broker, and Walter Jackson, 38, of Chicago, a real estate appraiser, are awaiting sentencing.

According to the evidence at trial, between 2002 and November 2006, Brunt, Scullark, Farano and Murphy acquired and caused to be acquired at least some 40 residential properties in Chicago, often in economically-depressed areas that were in need of extensive rehabilitation work, with the intent of quickly reselling the properties at fraudulently and grossly inflated prices for a profit.

The defendants fraudulently acquired many of the properties by paying kickbacks to a former non-profit organization, Westwood Community Development, that was eligible to purchase the properties from HUD at a discount on the condition that the properties be sold to low-to-moderate income buyers. Rather than sell the properties low-to-moderate income buyers, the defendants sold the properties to buyers who did not intend to reside in the homes, and who were fraudulently qualified for financing based on false statements about their qualifications and false statements about the condition of the properties.

Brunt, Scullark and others recruited the buyers by enticing them with promises of "no money down" and "cash back at closing," together with false promises of making prompt renovations and repairs. The buyers were fraudulently induced to purchase residences far in excess of their fair market value based upon fraudulent appraisals. To induce the purchases, Brunt allegedly performed cosmetic improvements to disguise the true nature of the property. The lenders who financed the purchases did so based on false representations that the properties were already rehabilitated and that the buyers were making substantial down-payments.

Brunt was convicted of 11 counts of mail and wire fraud and one count of money laundering; Scullark was convicted of 10 counts of mail and wire fraud and three counts of money laundering; Farano was convicted of four counts of mail and wire fraud and five counts of theft of government funds; and Murphy was convicted of five counts of mail and wire fraud.

Mr. Shapiro announced the sentences with Thomas Jankowski, Acting Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago; Barry McLaughlin, Special Agent-in-Charge of the U.S. Department of Housing and Urban Development, Office of Inspector General in Chicago; and Jack Riley, Special Agent-in-Charge of the Chicago Division of the Drug Enforcement Administration.

The government is being represented by Assistant U.S. Attorneys James Kuhn, Jason Yonan and Brian Netols.

The case is part of a continuing effort to investigate and prosecute mortgage fraud in northern Illinois and nationwide under the umbrella of the interagency Financial Fraud Enforcement Task Force, which was established to lead an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. For more information on the task force, visit: www.StopFraud.gov.

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