



U.S. Department of Justice

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LOAN OFFICER CHARGED WITH MORTGAGE FRAUD

ROCKFORD – PATRICK J. FITZGERALD, United States Attorney for the Northern District of Illinois; ROBERT D. GRANT, Special Agent-In-Charge of the Chicago Office of the Federal Bureau of Investigation; and BARRY McLAUGHLIN, Special Agent-In-Charge of the Chicago Field Office of the Department of Housing and Urban Development – Office of the Inspector General (“HUD-OIG”), today made the following announcement:

A federal grand jury in Rockford today returned a 22-count indictment charging **JAMES L. BOYLE**, 40 (DOB: 11/02/1966), 10895 Chickory Ridge Way, Roscoe, Illinois, with scheming to defraud HUD, making material false statements in a matter within the jurisdiction of a federal agency, and making false statements to cause HUD to insure home mortgage loans. Specifically, the indictment alleges that Boyle increased the commissions he earned by causing unqualified loan applicants to receive Federal Housing Administration (“FHA”) insured loans.

According to the indictment, from at least June 2002, through approximately April 2003, Boyle was employed as a loan officer by RBC Mortgage Company (“RBC”), located at 4960 East State Street in Rockford, and from approximately May 2003 through approximately June 2003, as a loan officer at Irwin Mortgage (“Irwin”), located at 4920 East State Street in Rockford. Both RBC and Irwin were mortgage lenders and mortgage brokerage companies.

The indictment alleges that the FHA insured loan program is designed to assist low and moderate income families in obtaining housing by providing mortgage insurance to lenders who make home loans to these individuals. If the individuals default on their loans, HUD reimburses the lenders for any losses sustained on the loans.

As set forth in the indictment, to be eligible to receive an FHA insured loan, a home buyer must: (1) have sufficient income to meet the mortgage payments; (2) have satisfactory credit standing; (3) invest 3% equity into the house they are purchasing; and (4) have sufficient funds to pay the loan closing costs. HUD regulations require that the lenders verify that the home buyers meet these FHA requirements.

The indictment alleges that Boyle caused numerous documents to be falsified in order to get his loan customers qualified to receive FHA insured loans. Specifically, the indictment charges that Boyle caused fraudulent “Verifications of Employment” forms and fictitious pay-stubs to be created and placed in the loan files of some of his loan customers. These forms and pay-stubs contained false income figures for Boyle’s loan customers.

In addition, the indictment alleges that Boyle caused fraudulent mutual fund statements to be created and placed in his loan customers' files. According to the indictment, Boyle created these false documents in order to show that his loan customers had the necessary funds to close on their loans.

The indictment further charges that Boyle caused fraudulent "Gift Affidavit" forms to be prepared and placed in his customers' loan files. According to the indictment, these fraudulent gift affidavits falsely represented that Boyle's loan customers had received monetary gifts from relatives for the purchase of their houses, when Boyle knew that the relatives had not given any funds to his loan customers. These fraudulent gift affidavits made it appear that Boyle's loan customers had the necessary funds to make a 3% equity investment in the homes they were purchasing.

Boyle is charged with ten counts of making false statements in the jurisdiction of a federal agency, eleven counts of making false statements to cause HUD to insure a loan, and one count of interstate carrier fraud. Each charge of making a false statement within the jurisdiction of a federal agency, and the interstate carrier fraud charge, all carry a maximum sentence of five years of imprisonment. Each charge of making a false statement to cause HUD to insure loans carries a maximum penalty of two years of imprisonment. All of the charges carry a fine of up to \$250,000 and restitution. If convicted, each defendant's actual sentence will be determined by the United States District Court, guided by the United States Sentencing Guidelines.

Boyle will be arraigned by United States Magistrate Judge P. Michael Mahoney on March 6, 2007, at 11:30 a.m., at the federal courthouse in Rockford.

The case is being investigated by the Rockford office of the FBI and the Chicago office of HUD-OIG. The case will be prosecuted in federal court by Assistant United States Attorney SCOTT A. VERSEMAN.

Members of the public are reminded that an indictment is only a charge and is not evidence of guilt. The defendant is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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