



U.S. Department of Justice

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FORMER ROCKFORD LOAN OFFICER PLEADS GUILTY TO FHA MORTGAGE INSURANCE SCAM

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:

This morning, in federal court in Rockford, RHONDA E. TOROSSIAN, 45, of Rockford, pled guilty to conspiring to defraud the United States. Specifically, the defendant admitted that she conspired with four co-defendants to cause unqualified loan applicants to receive Federal Housing Administration (“FHA”) insured loans.

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.

On August 8, 2006, a thirty-five count indictment was returned by the federal grand jury in Rockford, charging Torossian and four other individuals with conspiring to defraud the United States, making material false statements in matters within the jurisdiction of a federal agency, making material false statements to cause HUD to insure loans, and mail fraud. The four other individuals charged in the indictment are: CESAR O. ARENAS, 43, of Rockford; NANCY C. RODRIGUEZ, 35, of Rockford; RAUL RAYGOZA, 37, of Rockford; and ISRAEL QUINTERO 40, of Rockford.

Rhonda Torossian was formerly employed as a loan officer by Prism Mortgage, located at 4960 East State Street in Rockford. In 2002, the name of Prism Mortgage was changed to RBC Mortgage Company. Prism/RBC was a mortgage lender and mortgage brokerage company. Defendant Nancy Rodriguez worked as an assistant to Torossian.

Cesar Arenas is employed as a real estate agent by a realty firm in Rockford. Raul Raygoza and Israel Quintero formerly owned a small furniture store in Rockford known as “Friends Furniture.”

The indictment alleged that Torossian and Arenas conspired to increase their commissions by causing unqualified home-buyers to receive FHA insured loans. To be eligible to receive an FHA

insured loan, a home buyer must: (1) have a valid social security number; (2) have sufficient income to meet the mortgage payments; (3) have satisfactory credit standing; and (4) invest 3% equity into the house they are purchasing.

The indictment alleged that Torossian and Arenas caused numerous documents to be falsified in order to get Arenas' real estate customers qualified to receive FHA insured loans. These documents were falsified because Arenas' real estate customers did not earn enough money to make the proposed mortgage payments, did not have satisfactory credit standing, did not have valid social security numbers, or did not have the funds necessary to invest 3% into the properties.

According to the indictment, the defendants caused fraudulent "Verifications of Employment" to be prepared. These forms falsely stated that Arenas' real estate customers were employed at various Rockford-area businesses. The indictment further alleged that Arenas solicited small businesses owners, including Raygoza and Quintero, to sign these false employment documents. On other occasions, according to the indictment, Arenas simply forged the signatures of small business owners on the employment verifications. The indictment alleged that these fraudulent employment forms, together with false pay-stubs and false W-2s, were submitted to HUD as part of Arenas' customers applications for FHA insured loans.

The indictment also alleged that the defendants caused false credit letters to be submitted to HUD. These credit letters falsely stated that Arenas' real estate customers had made regular credit payments to certain small businesses. According to the indictment, Arenas solicited small businesses owners, including Raygoza and Quintero, to sign these false credit letters. On other occasions, according to the indictment, Arenas simply forged the signatures of small business owners on the letters.

The indictment further charged that Torossian, Rodriguez, and Arenas created fraudulent official bank checks and caused these fraudulent checks to be placed in the loan files that were submitted to HUD. These fraudulent checks made it appear that Arenas' real estate customers had the necessary funds to make a 3% equity investment in the homes they were purchasing.

The indictment also alleged that many of Arenas' real estate customers did not have valid social security numbers. In order to circumvent this requirement, according to the indictment, Torossian, Arenas, and Rodriguez caused false social security numbers to be placed on various documents that were submitted to HUD.

The conspiracy charge carries a maximum sentence of five years of imprisonment, a fine of up to \$250,000, and restitution. Torossian's actual sentence will be determined by the United States District Court, guided by the United States Sentencing Guidelines.

Torossian will be sentenced on December 17, 2007, at 9:00 a.m. The trial for Arenas is scheduled to begin on Thursday, October 18, 2007, at the federal courthouse in Rockford. Rodriguez, Raygoza, and Quintero all previously pled guilty to conspiring to defraud the United States. On May 31, 2007, Raygoza was sentenced to 5 years of probation and ordered to pay \$149,227.49 in restitution to HUD. Sentencing dates have not yet been set for Rodriguez and Quintero.

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

Members of the public are reminded that, as to defendant Arenas, the indictment is only a charge and is not evidence of guilt. Arenas is entitled to a fair trial at which the government has the burden of proving his or her guilt beyond a reasonable doubt.

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