



U.S. Department of Justice

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December 17, 2007

FORMER ROCKFORD LOAN OFFICER SENTENCED TO 20 MONTHS IN FEDERAL PRISON FOR 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:

United States District Judge Philip G. Reinhard today sentenced **RHONDA E. TOROSSIAN**, 46, of Rockford, to 20 months in federal prison, without parole, for conspiring to defraud the United States.

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, 36, of Rockford; RAUL RAYGOZA, 37, of Rockford; and ISRAEL QUINTERO 40, of Rockford.

On September 4, 2007, Torossian pled guilty, specifically admitting that from February 2001 through November 2003 she conspired with the four co-defendants to cause unqualified loan applicants to receive Federal Housing Administration (“FHA”) insured loans.

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. 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.”

According to the plea agreement, Torossian frequently obtained loan customers who were referred to her by Arenas. 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.

In her plea agreement Torossian admitted that some of the customers referred to her by Arenas did not have valid social security numbers. In order to circumvent this requirement, Torossian, Arenas, and Rodriguez caused false social security numbers to be placed on various documents that were submitted to HUD.

The plea agreement further states that Torossian directed Rodriguez to create fraudulent official bank checks and that copies were then placed in the real estate customer's loan files in order to create the false impression that customers had the necessary funds to invest 3% equity into their home purchases. The false checks were created by "whiting out" the payees and amounts on real official checks, typing in false payees, and then photo-copying the checks.

Torossian also admitted in her plea agreement that she knew Arenas solicited small business owners, including Raygoza and Quintero, to sign false credit letters stating that the customers had purchased items on credit and made regular credit payments to those businesses. Further, Torossian admitted that she knew Arenas had solicited Raygoza and Quintero to sign fraudulent "Verifications of Employment" forms stating that the real estate customers were employed at Friends Furniture. These false credit letters and false verification of employment documents were placed in customers' loan files in order for Prism/RBC's underwriting department to approve FHA insured loans.

In addition to 20 months in federal prison, the court ordered Torossian to serve 3 years of supervised release following her release from prison. The court further imposed a \$476,257.71 fine and ordered Torossian to pay restitution to the United States.

Arenas, Rodriguez, Raygoza, and Quintero have all 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. Quintero was sentenced on November 19, 2007, to 5 years of probation and ordered to pay \$121,346.62 in restitution to HUD.

Arenas is scheduled to be sentenced on Wednesday, December 19, 2007, at 1:30 p.m. Rodriguez will be sentenced on December 21, 2007, at 10:00 a.m. The conspiracy charge carries a maximum sentence of five years of imprisonment, a fine of up to \$250,000, and restitution. The actual sentences of Arenas and Rodriguez will be determined by the United States District Court, guided by the United States Sentencing Guidelines.

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.

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