



*United States Attorney
Southern District of New York*



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**CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER,
JANICE OH
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**LEADER OF \$10 MILLION SUBPRIME MORTGAGE FRAUD SCHEME
PLEADS GUILTY IN MANHATTAN FEDERAL COURT**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that SHARMON HOWELL, a/k/a "Sharmon Wade," pleaded guilty today in Manhattan federal court before United States District Judge GEORGE B. DANIELS for his role as the leader of a "subprime" mortgage fraud scheme involving more than two dozen fraudulent loans totaling over \$10 million.

According to the Indictment and HOWELL's plea allocution:

From 2006 through 2007, HOWELL was the leader of a scheme to fraudulently obtain dozens of home mortgage loans from various banks and mortgage lenders mortgage. HOWELL and his co-conspirators obtained over \$10 million in sub-prime mortgages for individuals on terms that the lender would not have approved had they known the truth.

More specifically, HOWELL and his co-conspirators recruited individuals, or "straw buyers," to purchase properties in and around New York City. The straw buyers were recruited from, among other places, a halfway house in New York City that served individuals recently released from prison, and a public housing complex in Brooklyn. HOWELL and his co-conspirators falsely told the straw buyers that, by purchasing the homes, they would be assisting sellers who were trying to save their homes from foreclosure and/or that purchasing the homes would be a good investment opportunity.

Several of the straw buyers were also told that they would not have to worry about paying the mortgage because HOWELL would make payments for several months, and thereafter would repurchase and/or sell the properties from the straw buyers. HOWELL and his co-conspirators typically obtained mortgages on behalf of the straw buyers for amounts greater than the actual sale price of the homes. To do so, HOWELL and his co-conspirators obtained fraudulent appraisals for the homes, and

misrepresented to the lenders various facts about the straw buyers' income, assets, debts, and intent to live in the properties they were purchasing.

After fraudulently obtaining these mortgages, HOWELL and his co-conspirators distributed among themselves the difference or "spread" between the price of the house and the inflated value of the mortgage. Thereafter, in some instances, HOWELL and his co-conspirators rented the property out and made mortgage payments for a time before allowing the mortgage to go into default; in other instances, they simply failed to make mortgage payments, resulting in the straw buyers of certain of the properties going into default on the mortgage. Currently the vast majority of the mortgages obtained by HOWELL and his co-conspirators are in default and/or foreclosure proceedings.

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HOWELL, 36, of Queens, pleaded guilty to one count of conspiring to commit bank and wire fraud, and faces a maximum sentence of 30 years in prison and a fine of \$1,000,000, or twice the gross gain or loss from the offense. HOWELL also admitted to forfeiture allegations requiring him to forfeit any property constituting or derived from proceeds obtained by the defendant directly or indirectly as a result of the offense. He is scheduled to be sentenced by Judge DANIELS on September 21, 2010.

Two additional defendants -- DAVID MOORE, 42, of Brooklyn, New York, and JUNE PERSAUD, 46, of Brooklyn, New York, -- have previously pleaded guilty for their roles in this scheme, and have yet to be sentenced. A fourth defendant, OSCAR ANCRUM, 55, of New York, New York, remains at large.

U.S. Attorney PREET BHARARA said: "Sharmon Howell led a group of scammers who preyed on vulnerable people and deceived lenders to the tune of over ten million dollars. Mortgage fraud on this grand scale has a serious impact on our financial institutions and markets. Along with our partners at the FBI, we will continue to investigate and prosecute these frauds vigorously."

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes

representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

This case is being prosecuted by the Office's Complex Frauds Unit. Assistant United States Attorneys AMANDA KRAMER and MARK LANPHER are in charge of the prosecution.

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