



Department of Justice

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Southern District of Ohio

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SEVEN CHARGED WITH MORTGAGE FRAUD

CINCINNATI – A federal grand jury here has indicted six members of a family and one of their employees charging them with operating a mortgage fraud conspiracy between 2004 and 2009.

Carter M. Stewart, United States Attorney for the Southern District of Ohio, Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation (FBI), Jose A. Gonzalez, Special Agent in Charge, Internal Revenue Service Criminal Investigation, and Gerald A. O’Farrell, Assistant Inspector in Charge, announced the indictment returned yesterday against the following individuals:

Debbie Sferrazza, 45, of West Chester,
Salvatore Sferrazza, 70, the husband of Debbie Sferrazza,
Keiron Ashurst, 44, Fairfield, a brother of Debbie Sferrazza,
Whitney Bonapfel, 21, Cincinnati, a daughter of Debbie Sferrazza,
James Ashurst, 26, West Chester, a son of Debbie Sferrazza,
Heather Ashurst, 26, the wife of James Ashurst,
Tabatha Sturgill, 34, Hamilton, an employee of Debbie Sferrazza.

The indictment alleges that Debbie Sferrazza worked in the mortgage lending and real estate industry through her management of several different companies, including Alpha Mortgage Lending, LLC; Alpha Mortgage Exchange, LLC; S.D.S. Processing LLC (also known as S.D.S. Inc.); and Target Loan Packaging (also known as Target Loan Processing). The indictment accuses the seven of operating a mortgage fraud conspiracy that involved family members and mortgage brokerage businesses from at least 2004 to 2009. The charges center around 14 real estate transactions involving eight residential properties during that time period.

“The 33-count indictment charges the defendants with conspiracy, wire fraud, mail fraud, money laundering, and the filing of false tax returns,” Stewart said.

Each count is punishable by a maximum sentence of 20 years imprisonment, except for filing false income tax returns, which is punishable by up to three years imprisonment.

According to the indictment, Debbie Sferrazza, Tabatha Sturgill, and the others used their mortgage lending companies to submit fraudulent loan applications for herself, her family, and her customers. The loan applications showed a pattern of inflating the borrower’s income by, among other methods, creating false Verifications of Employment, fake paystubs, fake Social Security benefit letters, and fake W-2 forms. The loan applications sometimes misrepresented the borrower’s assets, supported by fake bank statements or Verifications of Deposit. The loan applications allegedly misrepresented the identity of the mortgage broker or contained forged signatures for the borrower or other names involved in the loan application process. The loan

applications sometimes misrepresented whether the property would be used as a primary residence or whether another property had been sold by the borrower.

In one allegation, a false and forged rental agreement was submitted to the lender relating to the property to be purchased. In another instance, property was transferred to an unemployed mother-in-law who had no intention of paying for or ever living in the property. At the closings, the defendants would often misrepresent the source of the borrower's funds at closing and divert the sale proceeds back through Debbie Sferrazza's family. The scheme also included the sale of properties at inflated values in order to obtain additional funds from the mortgage lenders.

The gross funds that were allegedly fraudulently obtained in these 14 transactions is in excess of \$3 million, and the net amount of funds laundered through the Sferrazza family is allegedly in excess of \$900,000.

Stewart commended the investigation which was by the Greater Cincinnati Mortgage Fraud Task Force, primarily through the Federal Bureau of Investigation, the Internal Revenue Service, and the United States Postal Inspection Service.

In addition to the FBI, IRS, and Postal Inspection Service, agencies participating in the Task Force include Ohio Attorney General Rich Cordray's Office, U.S. Housing and Urban Development Office of Inspector General, the Cincinnati Police Department, the U.S. Secret Service, the Springdale Police Department, Warren County Prosecutor Rachel Hutzel, Hamilton County Prosecutor Joe Deters, the U.S. Attorney's Office in the Eastern District of Kentucky, the West Chester Police Department, the Middletown Police Department, Hamilton County Sheriff Simon Leis, the FDIC, and the Ohio Department of Commerce Division of Financial Institutions.

Agents began arresting the defendants this morning. They will have an initial appearance before a U.S. Magistrate Judge in Cincinnati later today.

An indictment is merely an accusation. A defendant should be presumed innocent until and unless proven guilty in court.

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