



U.S. Department of Justice

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U.S. ATTORNEY ANNOUNCES PROSECUTIONS FROM  
JACKSON FINANCIAL CRIMES TASK FORCE INVESTIGATIONS  
ASSOCIATED WITH OPERATION MALICIOUS MORTGAGE

*Jackson, Mississippi* – The U.S. Department of Justice announced a nationwide mortgage fraud sweep today called "Operation Malicious Mortgage" highlighting the Department's efforts in combating all types of mortgage fraud.

U.S. Attorney Dunn Lampton announced that during "Operation Malicious Mortgage" from March 1, 2008 through June 18, 2008, eleven (11) individuals have been charged, pleaded guilty, or have been sentenced in federal court in connection with mortgage loan fraud schemes investigated by the Jackson Financial Crimes Task Force, which includes the United States Attorney's Office of the Southern District of Mississippi, Internal Revenue Service, Federal Bureau of Investigation, United States Postal Inspection Service, Federal Deposit Insurance Corporation-Office of Inspector General, Housing and Urban Development-Office of Inspector General, Mississippi Secretary of State's Office, Mississippi Real Estate Commission and Appraisal Board, Mississippi Department of Banking and Consumer Finance, Hinds County Sheriff's Office, Madison Police Department and Madison-Rankin District Attorney's Office.

U. S. Attorney Dunn Lampton stated, "Mortgage fraud remains a serious concern throughout the United States, including here in Mississippi. These prosecutions are part of our continuing efforts to bring to justice those people who are enriching themselves by committing crimes at the expense of borrowers and lenders." U.S. Attorney Lampton noted that during "Operation Malicious Mortgage", criminal cases involving fraudulent loans totaling over \$27 million have been in various stages of criminal prosecution in the Southern District of Mississippi.

Frederick T. Brink, FBI Special Agent in Charge stated, "Mortgage fraud has become a significant and growing national crime problem which necessitates a unified investigative effort of local, state and federal agencies. The FBI and each agency member of the Mortgage Fraud Task Force, working collaboratively, enhance each agency's resources and maximize their investigative

effectiveness, as proven by this multi-jurisdictional effort announced today."

Michael J. De Palma, IRS Special Agent in Charge stated, "Mortgage fraud, like many financial crimes, adds to the underground economy, erodes the integrity of our tax system and threatens the financial health of our communities. IRS Criminal Investigation is committed to 'following the money trail' to ensure that those who engage in these illegal activities are vigorously investigated and brought to justice."

DAVID KENNEDY and LaVONNE HAMILTON, two former mortgage brokers in Jackson, MS, were each sentenced April 04, 2008, by Chief U.S. District Judge Henry T. Wingate for their respective roles in separate mortgage fraud schemes. David Kennedy was sentenced to serve 24 months in federal prison followed by 3 years of supervised release. LaVonne Hamilton was sentenced to serve 16 months in federal prison followed by 2 years of supervised release. In November 2007, Kennedy and Hamilton each pleaded guilty to conspiracy to commit money laundering of the proceeds from their individual mortgage fraud schemes. Kennedy and Hamilton conspired with others to submit false information to mortgage lenders and secure fraudulent mortgage loans for others by using interstate wires. From the proceeds of these fraudulent loans, Hamilton and Kennedy and their various co-conspirators received numerous fees, commissions and other profits to which they were not entitled. As a result of the fraudulent information submitted to the various mortgage lenders by Hamilton, Kennedy and their co-conspirators, fraudulent mortgage loans exceeding \$835,000 were collectively disbursed.

On April 28, 2008, BRYAN BARRY, a former mortgage broker in Jackson, MS, pleaded guilty before U.S. District Judge Daniel P. Jordan, III, to conspiracy to commit wire fraud and four (4) counts of wire fraud in connection with his role in a similar but separate mortgage fraud scheme. As a result of the fraudulent information submitted to the various mortgage lenders by Barry, fraudulent mortgage loans exceeding \$492,900 were collectively disbursed. Barry's sentencing is scheduled for July 17, 2008.

On May 9, 2008, TODD PHILLIPS, a former real estate developer in McComb, MS, pleaded guilty before U.S. District Judge Tom S. Lee, to conspiracy to commit bank fraud, in connection with his scheme to defraud over twenty (20) banks in Mississippi with fraudulent loans totaling approximately \$14.5 million. According to charging documents filed in the case, from March 2003 through January 2006, Phillips operated Todd Phillips Investments, Inc., and Statewide Realty Holdings, LLC, and obtained fraudulent loans to fund the purchase and development of real property throughout the state. In order to fraudulently obtain the loans, with the help of his co-conspirators Phillips repeatedly pledged encumbered parcels of real property as collateral, fabricating title opinions, forging cancellations of deeds of trust, and providing other false information to conceal from the lenders that the properties were already encumbered.

On June 17, 2008, criminal charges also were filed by United States Attorney Dunn Lampton against Phillips' attorney, DWAYNE G. DEER, and against Phillips' office manager, DAWN STINSON, for their respective roles in the scheme. Deer is charged with conspiracy to

commit bank fraud and Stinson is charged with misprision of a felony. Todd Phillips is scheduled for sentencing on August 15, 2008.

On May 27, 2008, a federal grand jury returned a 25-count indictment against Mark J. Calhoun and his daughter April Calhoun in connection with a mortgage loan fraud scheme. According to the 25-count indictment, Mark Calhoun worked as a mortgage broker as an employee of Professional Mortgage Consultants Corporation and as the operator of New World Mortgage d/b/a Silver Cross Financial Group, LLC where April Calhoun was employed. The indictment alleges that from September, 2004 through July, 2006 Mark Calhoun prepared false and fictitious documents to insure that lenders would make mortgage loans to prospective borrowers. During the time period covered by the indictment, Mark Calhoun obtained fraudulent loans for approximately 40 borrowers totaling over \$ 8.5 million.

According to the indictment, Mark Calhoun and April Calhoun conspired to create fictitious creditors to which these borrowers allegedly were indebted. These fictitious creditors were actually companies under the control of Mark Calhoun and April Calhoun, who received funds for these fictitious creditors from the loan closings. The investigation is continuing and other charges are expected in the near future. The Calhouns' trial is set for August 5, 2008. This investigation is ongoing and other charges are expected in the future.

On June 13, 2008, United States Attorney Dunn Lampton filed criminal charges against DAVID STRAIN, a former real estate investor, alleging conspiracy to commit money laundering associated with his role in a mortgage fraud scheme. The charges allege that from July 2004, through January, 2005, Strain and others successfully obtained fraudulent loans totaling over \$990,000.00 by creating false documentation and making false entries on documents submitted to the lenders to obtain the loans, including false entries showing that the borrower paid cash at the closing of the loan when no such funds were paid by the borrower. The charges allege that Strain and his co-conspirators used interstate wires, either by means of facsimiles or by causing funds to be wire transferred to financial institutions, to accomplish the purposes of the conspiracy and caused various financial transactions to occur from the proceeds of the fraudulent mortgage loans. This investigation is ongoing and other charges are expected in the near future.

On June 17, 2008, U.S. Attorney Dunn Lampton filed criminal charges for conspiracy and bank fraud against JAMES WYNN THREATT, a former real estate investor, for his role in a mortgage fraud scheme. The charges allege that from January, 2003 through March, 2006 Threatt conspired with others to successfully obtain fraudulent loans by creating false documentation and making false entries on documents submitted to the lenders to obtain the loans. The charges also allege that THREATT and others used encumbered parcels of real property as collateral, fabricating title opinions and providing other false information to conceal from the lenders that the properties were already encumbered. This investigation is ongoing and other charges are expected in the near future.

In a separate matter, U.S. Attorney Dunn Lampton and Region 5 U.S. Trustee Michael J.

Bolen announce that criminal charges were filed on June 17, 2008, against JOHN A. ALLEN, a recently disbarred Jackson attorney, for bankruptcy fraud, wire fraud, and money laundering associated with his scheme to defraud former clients. According to the charges filed by U.S. Attorney Dunn Lampton, John A. Allen fraudulently concealed approximately \$21,925.00 from the trustee charged with control of a debtor's property and from the creditors and the United States Trustee in connection with a Bankruptcy Case in the Bankruptcy Court for the Southern District of Mississippi. Allen is also charged with using interstate wires to execute a scheme to breach his fiduciary duty to a different client and defraud the client by concealing his conversion of his client's funds for his personal use. Allen is also charged with money laundering related to the financial transactions associated with the wire fraud scheme.

United States Attorney Lampton stressed that in each case the charges represent an accusation only and all defendants are entitled to a presumption of innocence.