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**MORTGAGE COMPANY OWNER SENTENCED TO OVER 3 YEARS IN PRISON
IN \$1.3 MILLION FRAUD SCHEME**

*Falsified Home Buyers' Information to Generate Fraudulent Loan Applications
in Order to Collect Commissions, Origination and Broker's Fees*

Greenbelt, Maryland – U.S. District Judge Peter J. Messitte sentenced Shola Risikat Balogun, age 48, of Upper Marlboro, today to 37 months in prison followed by three years of supervised release for conspiring to commit wire fraud in connection with a mortgage fraud scheme that she organized and managed which resulted in over \$1.352 million of actual losses to mortgage lenders. Judge Messitte also entered an order that Balogun pay restitution and forfeit \$1,352,378, the amount lost by mortgage lenders.

The sentence was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Special Agent in Charge Kathy A. Michalko of the United States Secret Service, Washington Field Office; Special Agent in Charge, A. Derek Evans, of the Federal Deposit Insurance Corporation Office of Inspector General; and Special Agent in Charge Cary A. Rubenstein of the Housing and Urban Development Office of Inspector General - Office of Investigations.

According to her plea, Balogun was a licensed mortgage broker and sole proprietor of Newgate Mortgage. Balogun and others contacted individuals who wished to purchase homes. The buyers typically had moderate to low incomes, and provided the conspirators with accurate income and employment information.

The conspirators then typically inflated the buyer's income and created bogus employment information in an effort to qualify these individuals for loans that they otherwise were unqualified to secure. In some cases, no payments were made and the property went swiftly into default. In other cases, the borrowers attempted to make mortgage payments for a period of time until they could no longer make payments. Balogun and others profited from these fraudulent transactions by collecting origination fees, commissions, yield spread premiums and broker's fees from each loan that closed. Balogun was a leader of the scheme.

Balogun admitted that as the result of Newgate brokering at least 20 fraudulent transactions, mortgage lenders lost \$1,352,378.

Emeka Udeze, age 39, of Bowie, Maryland, a licensed mortgage broker who worked at Newgate and other companies, previously pleaded guilty to his participation in this conspiracy, as well as to a

separate fraud scheme. Udeze's sentencing has not yet been scheduled.

The Maryland Mortgage Fraud Task Force was established to unify the agencies that regulate and investigate mortgage fraud and promote the early detection, identification, prevention and prosecution of mortgage fraud schemes. This case, as well as other cases brought by members of the Task Force, demonstrates the commitment of law enforcement agencies to protect consumers from fraud and promote the integrity of the credit markets. Information about mortgage fraud prosecutions is available http://www.justice.gov/usao/md/priorities_financialfraud.html.

Today's announcement is part of efforts underway by President Obama's Financial Fraud Enforcement Task Force (FFETF) which was created in November 2009 to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys' offices and state and local partners, it's the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Since the inception of FFETF in November 2009, the Justice Department has filed more than 12,841 financial fraud cases against nearly 18,737 defendants including nearly 3,500 mortgage fraud defendants. For more information on the task force, visit www.stopfraud.gov.

United States Attorney Rod J. Rosenstein commended the U.S. Secret Service, FDIC and HUD-OIG for their work in the investigation. Mr. Rosenstein thanked Assistant U.S. Attorney Sujit Raman, who prosecuted the case.