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FOR IMMEDIATE RELEASE
THURSDAY DECEMBER 8, 2011
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**TWO LAWYERS AMONG FOUR DEFENDANTS CONVICTED OF \$9.2 MILLION
MORTGAGE FRAUD SCHEME AFTER NINE-WEEK FEDERAL TRIAL**

CHICAGO — Two Chicago lawyers are among four defendants who were found guilty today of participating in a \$9.2 million mortgage fraud scheme by a federal jury after a nine-week trial. All four defendants were convicted of multiple counts of mail and wire fraud, and three of them on other related charges, for their roles in a scheme that allegedly netted them approximately \$5 million in fraudulently obtained loan proceeds. Two other co-defendants previously pleaded guilty in the case and testified as government witnesses. A fifth defendant who went to trial was acquitted on the only charge against him, a single count of mail fraud.

Jurors deliberated over the course of seven days following the trial, which began Oct. 4 before U.S. District Judge Ronald Guzman in Federal Court. A sentencing status hearing was set for April 4, 2012. The government is seeking forfeiture of at least \$4.2 million in alleged fraud proceeds from the convicted defendants.

Convicted at trial were attorneys **Charles Murphy**, 65, of Chicago, and **John Farano**, 49, of Palos Park, who provided funds to finance the purchase of properties by co-defendant **Robert Brunt**, 45, of Chicago, the president of Genesis Investment Group, Inc.; and **Tracey Scullark**, 43,

of Chicago, a sales agent for Genesis, which purported to renovate and sell residential properties. Farano handled certain real estate closings for Brunt and Genesis, and also operated Big Dog Holdings, Inc., BD Financial Group and Capital Acquisitions, which provided funds to finance the purchase of properties by Brunt and Genesis.

The two cooperating defendants, Armani D'Aifallah, 40, of Chicago, a mortgage broker, and a real estate appraiser, Walter Jackson, 38, of Chicago; are also awaiting sentencing. Another appraiser, Douglas Blanchard, of Chicago, was acquitted at trial.

The verdict was announced by Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois; Alvin Patton, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago; Barry McLaughlin, Special Agent-in-Charge of the U.S. Department of Housing and Urban Development, Office of Inspector General in Chicago; and Jack Riley, Special Agent-in-Charge of the Chicago Division of the Drug Enforcement Administration.

According to the evidence at trial, between 2002 and November 2006, Brunt, Scullark, Farano and Murphy acquired and caused to be acquired at least some 40 residential properties in Chicago, often in economically-depressed areas that were in need of extensive rehabilitation work, with the intent of quickly reselling the properties at fraudulently and grossly inflated prices for a profit. Farano and Murphy provided funds to purchase the properties.

Brunt, Scullark and others recruited unqualified buyers to purchase properties, enticing them with promises of "no money down" and "cash back at closing," together with false promises of making prompt renovations and repairs. The straw buyers agreed to use their identities to purchase residences far in excess of their fair market value or based upon fraudulent appraisals. To induce

the purchases, Brunt allegedly performed cosmetic improvements to disguise the true nature of the property.

At the urging of Brunt and Scullark, the buyers signed documents at closings they had never seen. Brunt, Scullark, Murphy and Farano, promised to make, and sometimes made, initial monthly payments on the buyer's mortgage to prevent a default. After several closings, either Brunt or Murphy made mortgage payments for several months and then resold the property to yet another buyer at an inflated price so that the proceeds could be used, in part, to satisfy the earlier mortgage.

Brunt was convicted of 11 counts of mail and wire fraud and one count of money laundering; Scullark was convicted of 10 counts of mail and wire fraud and three counts of money laundering, and was acquitted of one count of mail fraud; Farano was convicted of four counts of mail and wire fraud and five counts of theft of government funds, and was acquitted of three counts of mail and wire fraud; and Murphy was convicted of five counts of mail and wire fraud.

Each count of mail and wire fraud carries a maximum penalty of 30 years in prison and a \$1 million fine, and money laundering carries a maximum penalty of 10 years and a \$250,000 fine, or the Court could impose a fine of twice the gain or loss of the fraud or the amount involved in the money laundering, whichever is greater. The Court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

The government is being represented by Assistant U.S. Attorneys James Kuhn, Jason Yonan and Brian Netols.

The case is part of a continuing effort to investigate and prosecute mortgage fraud in northern Illinois and nationwide under the umbrella of the interagency Financial Fraud Enforcement Task Force, which was established to lead an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. For more information on the task force, visit: www.StopFraud.gov.

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