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NEW YORK COUPLE SENTENCED TO FEDERAL PRISON FOR MORTGAGE SCAM THAT DEFRAUDED TARP BANKS

WASHINGTON, DC – Christy Romero, Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and Deirdre M. Daly, United States Attorney for the District of Connecticut, today announced that Winston Shillingford, 56, and his wife, Marleen Shillingford, 47, of Nesconset, N.Y., were sentenced on Tuesday by U.S. District Judge Alvin W. Thompson in Hartford, Conn., to prison terms of four years and three years, respectively, for operating a multimillion-dollar mortgage fraud scheme that involved more than 40 properties in Bridgeport, Conn. Both defendants will serve three years of supervised release upon their release from prison.

According to court documents and statements made in court, the Shillingfords were involved in the operation of Waikele Properties Corp., a real estate company with offices in Bridgeport and Garden City, N.Y. From approximately 2001 to August 2011, the Shillingfords, Robert Ilunga, and others conspired to obtain fraudulent mortgages for the purchase of more than 40 multi-family properties in Bridgeport. As part of the scheme, the Shillingfords and their co-conspirators purchased existing multi-family homes as well as vacant parcels of land and erected new houses on them to sell. The co-conspirators recruited individuals to purchase the properties, acted as the buyers' real estate agent, and assisted the buyers in applying for residential mortgage loans to purchase the homes. The co-conspirators then prepared loan applications for the buyers that included fraudulent information concerning, among other things, the buyers' employment, income, assets and liabilities, previous property ownership, and intention to make the properties their primary residences. The co-conspirators also provided fraudulent supporting documentation with the loan applications, including false letters from fictitious employers, false earnings statements, and fraudulent bank records.

After the loans were approved, the illicit proceeds of the scheme were wired into the Waikele Properties bank account and then transferred to members of the conspiracy. Some of the proceeds were also used to continue the mortgage fraud scheme.

Contrary to the representations made on the loan applications, several straw purchasers never occupied the houses as their primary residences and subsequently defaulted on the loans.

"The Shillingfords' scheme is a perfect example of the behavior and the degree of greed and narcissism that contributed to our nation's housing crisis," said Christy Romero, Special Inspector General for TARP (SIGTARP). "The Shillingfords gobbled up real estate, recruited straw buyers to purchase the properties, and helped purchasers obtain mortgage loans for the properties from banks by falsifying information on their loan applications and submitting fraudulent documents, including fake pay stubs, bank records, and employment verification forms from fictitious employers. The properties that were part of the

scheme and later fell into foreclosure cost TARP banks and other mortgage lenders millions of dollars while the Shillingfords fattened their wallets. For their fraud, Winston Shillingford will spend the next four years, and Marleen Shillingford the next three years, in federal prison. SIGTARP and our law enforcement partners will make sure that those guilty of jeopardizing federal taxpayers' TARP investments receive justice and are held accountable for their crimes."

The parties have agreed that victim financial institutions, which include TARP banks, suffered losses of between \$2.5 million and \$7 million as a result of this scheme. A restitution order will be issued after further court proceedings.

In October 2011, Winston and Marleen Shillingford each pleaded guilty to one count of conspiracy to commit wire fraud and to one count of conspiracy to commit money laundering.

Robert Ilunga, of Naugatuck, Conn., pleaded guilty to the same charges and is scheduled to be sentenced on January 31.

This investigation is being conducted by SIGTARP, the Internal Revenue Service - Criminal Investigation, the Federal Bureau of Investigation, and the U.S. Department of Housing and Urban Development's Office of Inspector General.

This case is being prosecuted by Assistant U.S. Attorneys Douglas P. Morabito and David T. Huang.

This prosecution was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force. To learn more about the President's Financial Fraud Enforcement Task Force, please visit www.StopFraud.gov.

About SIGTARP

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