



SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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**DELROY OLIVER DAVY SENTENCED TO 14 YEARS IN PRISON FOR
DEFRAUDING THE FAILED OMNI NATIONAL BANK AND OTHER
LENDERS**

WASHINGTON, D.C. - Delroy Oliver Davy was sentenced today by United States District Judge J. Owen Forrester to serve 14 years in federal prison on charges of bank fraud and conspiring to commit bank, mail and wire fraud.

Davy's conviction was announced by United States Attorney Sally Quillian Yates for the Northern District of Georgia, and was investigated by the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), and its law enforcement partners including the Federal Deposit Insurance Corporation Office of Inspector General (FDIC-OIG), as part of a Federal Mortgage Fraud Task Force investigating the failure of Omni National Bank of Atlanta, Georgia, which at one time had almost \$1 billion in assets and branch offices in Atlanta, Birmingham, Tampa, Chicago, Fayetteville, Houston, Dallas and Philadelphia. Before its failure and takeover by the Federal Deposit Insurance Fund (FDIC) on March 27, 2009, Omni had unsuccessfully applied for Troubled Asset Relief Program (TARP) funds under the Capital Purchase Program (CPP).

"Today's sentencing of Delroy Oliver Davy signals that those individuals who exploit the mortgage lending industry will be held accountable for their actions," said Christy L. Romero, Acting Special Inspector General for the Troubled Asset Relief Program (SIGTARP). "For four years, Davy took advantage of several banks, banks that later failed as part of the financial crisis, by executing a fraudulent scheme to obtain millions of dollars in mortgage loans in the names of borrowers who received neither the property nor the loan. Davy is yet another example of a person who preyed on the vulnerability of people during the financial crisis and that SIGTARP and its law enforcement partners are committed to holding accountable."

"Mortgage fraud hurts legitimate lenders, honest Americans trying to borrow money for a home, neighborhoods burdened with neglected houses, and investors who are duped into giving money to the fraudsters," said United States Attorney Sally Quillian Yates. "We will continue to use every available resource to punish the mortgage fraud thieves who have so substantially contributed to the housing and banking crisis in this country."

Davy was sentenced to 14 years in prison to be followed by 5 years of supervised release,

and ordered to pay restitution in the amount of \$5,504,431. Davy was convicted of these charges on March 23, 2010, upon his guilty plea.

According to the United States Attorney, the charges and other information presented in court, Davy formed corporations and companies to purchase properties from financial institutions secured by the FDIC, including the now-failed Omni National Bank. Davy would “flip” the properties within a short period of time to unqualified “investor” borrowers, at prices inflated by up to \$100,000. Davy and his partner would recruit the “investors,” and arrange mortgage loans from banks based on false qualifying information, all while concealing from the lenders that his own companies had recently purchased the properties for amounts significantly less than the new loans. Davy paid kickbacks to a loan officer at Omni, as well as to employees at another lender, who approved funding for his “investors.” Ultimately, Davy’s scheme forced many properties to go into foreclosure, causing lenders, insurers and others to incur millions of dollars in losses. Davy also collected money from investors by falsely promising they would receive property, which they never received.

Additional Omni-related prosecutions to date include:

- JEFFREY L. LEVINE, of Atlanta, Georgia, was also sentenced today by Judge Forrester, who ordered that Levine serve 5 years in federal prison for causing materially false entries that overvalued bank assets to be made in the books, reports and statements of Omni.

- KARIM WALTHOUR LAWRENCE, of Atlanta, Georgia, who pleaded guilty on January 5, 2011, to accepting bribes from contractors he selected to rehab Omni-foreclosed properties while he was an officer of Omni, will be sentenced before United States District Judge Willis B. Hunt, Jr. A sentencing date has not yet been set by the court.

- CHRISTOPHER BERNARD LOVING, of McDonough, Georgia, was sentenced on August 24, 2010, to 3 years probation for making false statements to agents of SIGTARP and the FDIC in connection with an investigation of kickbacks he paid Omni officer Karim Lawrence for construction contracts.

- BRENT MERRIELL, of Atlanta, Georgia, was sentenced on August 3, 2010, to over 3 years in prison for making false statements to the FDIC regarding short-sales of Omni-funded properties and aggravated identity theft. MERRIELL’s conviction resulted from a SIGTARP/FDIC sting operation.

Assistant United States Attorneys Gale McKenzie and Christopher C. Bly prosecuted the case. The case was investigated by Special Agents of a Mortgage Fraud Task Force for Omni-related cases, made up of SIGTARP, FDIC-OIG, Housing and Urban Development Office of Inspector General (HUD-OIG), the United States Postal Inspection Service, and the Federal Bureau of Investigation. The Task Force is continuing a number of Omni-related investigations, including inquiries related to Omni’s application for Troubled Asset Relief Program (TARP) funds. This investigation is part of President Barack Obama's Financial Fraud Enforcement Task Force.