



PRESS RELEASE

Internal Revenue Service - Criminal Investigation
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Las Vegas Man Sentenced to 24 Months Imprisonment for his Role in a Riverside County Mortgage Fraud Scheme

Los Angeles – Appearing before United States District Judge Dolly M. Gee, a Las Vegas man was sentenced late yesterday afternoon to 24 months in federal prison for conspiring to defraud residential mortgage lenders of hundreds of thousands of dollars by fabricating loan documents for the purchase and improvement of two properties located in Riverside County.

Lemuel David Thornton, 37, was further ordered to pay restitution in the amount of \$232,000 to victim bank JPMorgan Chase & Co.

Thornton pleaded guilty in June of 2012 to one count of conspiracy to commit wire fraud and one count of money laundering.

According to the plea agreement filed in this case, Thornton engaged in an illegal scheme to defraud lenders who made residential mortgage loans. In early 2006, Thornton and his co-conspirators obtained financing to purchase residential properties by preparing Uniform Residential Loan applications for lenders which contained false and misleading statements about income and employment.

For two of the residential properties purchased by Thornton and a co-conspirator, the financing included funds designated for improvements to the property. Such improvement funds would be factored into the sale price of the property. Included in the purchase agreement would be instructions for the seller to credit an amount to a third-party for upgrades and landscaping.

According to the plea agreement, Thornton and his co-conspirator submitted to the escrow companies fraudulent demand letters from sham companies, directing that

specified funds be disbursed to the sham companies to be used for upgrades, construction, repairs, and landscaping for the property to be purchased.

Thornton and his co-conspirator would cause the money paid to the sham third-party company at the close of escrow to be wired from the escrow company into an account over which Thornton or his co-conspirator had control. The money would then be used for a purpose other than the improvements specified in the demand letters and the term of the loan.

The plea agreement details two Canyon Lake, California homes--the Gray Fox Drive Property and the Continental Drive Property--which Thornton and his co-conspirators used to execute the scheme. As to the Gray Fox Drive Property, through a series of transactions \$164,100 was fraudulently disbursed to Thornton. As to the Continental Drive Property, \$207,899 was fraudulently disbursed to Thornton and his co-conspirator.

Thornton has been in federal custody since his arrest in January.

The investigation of Thornton was conducted by IRS-Criminal Investigation and the Federal Bureau of Investigation in Los Angeles, in conjunction with the United States Attorney's Office for the Central District of California.

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