



NEWS RELEASE

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FOUR AREA RESIDENTS CHARGED IN SEPARATE MORTGAGE FRAUD SCHEMES

United States Attorney Mary Beth Buchanan announced today, June 16, 2009, that three Allegheny County residents and one Butler County resident have been charged in United States District Court in Pittsburgh in connection with separate mortgage fraud schemes.

A nine-count indictment returned by a federal grand jury charges Crystal Spreng, age 38, of 329 Stoney Hollow Road, Cabot, Pennsylvania, with Aiding and Abetting Wire Fraud.

According to the indictment, an individual known to the grand jury devised a mortgage fraud scheme that involved the submission of fraudulent loan applications that contained misrepresentations related to the borrowers' financial condition. The mortgage fraud scheme also involved the submission to lenders of fraudulent Verifications of Deposit from Citizens Bank that purportedly verified that the borrowers had funds in accounts at Citizens Bank. The Verifications of Deposit were fraudulent in that some of the borrowers did not even have accounts at Citizens

Bank, and if they did have accounts, their account balances were overstated.

The indictment alleges that Spreng, who was an employee of Citizens Bank, aided and abetted the mortgage fraud scheme by verifying the accuracy of the Verifications of Deposit when called by the lending institutions, when she then knew that the Verifications of Deposit were fraudulent.

A one-count indictment charges Daniel Hoey, age 43, of 357 Chestnut Street, Sewickley, Pennsylvania, with Wire Fraud Conspiracy.

According to the indictment, Hoey was involved in a mortgage fraud scheme designed to finance the purchase and renovation of the residence located at 357 Chestnut Street, Sewickley, Pennsylvania. The scheme involved the submission of fraudulent loan applications that overstated the borrower's income and assets, a fraudulent appraisal that overstated the value of the residence, documents that overstated the true sales price of the residence, and a fraudulent settlement statement that contained false representations related to the down payment and the distribution of the money at the closing.

A one-count indictment charges Robert J. McCully, III, age 36, of 550 South Avenue, Verona, Pennsylvania, with Access Device Fraud.

The indictment alleges that between December 2006 and April 2007, McCully used the social security number of another

individual, without his or her authorization, in connection with a loan application and in connection with the purchase of goods.

Finally, the United States Attorney filed a one-count Information charging Robert Arakelian, age 47, of 356 S. Negley Avenue, Pittsburgh, Pennsylvania, with Wire Fraud Conspiracy.

According to the Information, Arakelian worked as a licensed mortgage broker for Pittsburgh Home Loans that assisted borrowers in obtaining loans collateralized by real estate. The Information alleges that Arakelian participated in a conspiracy to defraud lenders by submitting to the lenders appraisals knowing that the appraisals vastly overstated the true fair market values of real estate that served as collateral for the loans. The Information also alleges that Arakelian submitted loan applications that he knew were false because they overstated the assets of the borrowers to make it falsely appear as though they had sufficient funds to pay the down payments, and false Verifications of Deposit that falsely verified that the borrowers had sufficient funds to make the down payments in bank accounts. U.S. District Judge Nora Barry Fischer will schedule a date for Arakelian's entry of a guilty plea.

The law provides for a maximum total sentence, per count, of 20 years imprisonment, a fine of \$250,000, or both, for Spreng; a maximum total sentence of 20 years in prison, a fine of \$250,000, or both, for Hoey; a maximum total sentence of ten years in prison, a fine of \$250,000, or both, for McCully; and a maximum total

sentence of 20 years in prison, a fine of \$250,000, or both for Arakelian. Under the Federal Sentencing Guidelines, the actual sentence imposed would be based upon the seriousness of the offenses and the prior criminal history, if any, of the defendants.

These cases are being prosecuted by Assistant United States Attorney Brendan C. Conway. The Mortgage Fraud Task Force conducted the investigation leading to the indictments and Bill of Information in these case. The Mortgage Fraud Task Force is comprised of investigators from federal, state and local law enforcement agencies and others involved in the mortgage industry. Federal law enforcement agencies participating in the Mortgage Task Force include the Federal Bureau of Investigation; the Internal Revenue Service, Criminal Investigations; the United States Department of Housing and Urban Development, Office of Inspector General; the United States Postal Inspection Service; and the United States Secret Service. Other Mortgage Fraud Task Force members include the Allegheny County Sheriff's Office; the Pennsylvania Attorney General's Office, Bureau of Consumer Protection; the Pennsylvania Department of Banking; the Pennsylvania Department of State, Bureau of Enforcement and Investigation; and the United States Trustee's Office.

Mortgage industry members with knowledge of fraudulent activity are encouraged to call the Mortgage Fraud Task Force at (412) 894-7550. Consumers are encouraged to report suspected

mortgage fraud by calling the Pennsylvania Attorney General's Consumer Protection Hotline at (800) 441-2555.

An indictment is only a charge and is not evidence of guilt. A defendant is presumed innocent and is entitled to a fair trial at which the government must prove guilt beyond a reasonable doubt.