



Department of Justice Press Release



For Immediate Release

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United States Attorney's Office**Eastern District of Louisiana****Contact: (504) 680-3000****President of Citywide Mortgage Michael O'Keefe Jr. Pleads Guilty to Making False Statements During a HUD Transaction**

NEW ORLEANS, LA—MICHAEL O'KEEFE, JR. age 49, a resident of New Orleans Louisiana, and President of Citywide Mortgage Company, pled guilty in federal court this morning before U.S. District Judge Ivan L.R. Lemelle to making false statements during a transaction with the U. S. Department of Housing and Urban Development (HUD), announced U. S. Attorney Jim Letten.

The charge to which O'KEEFE pled was contained in a superseding information that was filed this morning. According to the factual basis as well those filed in the prosecutions of CALVIN DAVIS and MICHELLE COCHRANE describes a "housing flipping" scheme at Citywide Mortgage Company. DAVIS purchased properties in the 9th Ward and Lower 9th Ward, obtained fraudulent appraisals and arranged for straw buyers to purchase them. DAVIS then sent the strawbuyers to Citywide Mortgage to obtain loans by using fraudulent employment and credit documents as well as false tax returns. These loans were approved by MICHELLE COCHRANE, a former underwriter at Citywide Mortgage knowing that the loans were fraudulent. After she approved the fraudulent loan applications, the loans were forwarded to the HUD offices in Denver, Colorado. Based on the fraudulent applications, HUD insured the loans, which were then sold to investors on the secondary market. Various properties eventually went into default and HUD became responsible for paying off those loans.

O'KEEFE was the president of Citywide Mortgage Company during the pendency of the scheme. O'KEEFE admitted today that he assisted the scheme by paying commissions to COCHRANE at CWM and hiding that fact from HUD during the insurance application process. Specifically, the defendant agreed to pay COCHRANE commissions for originating HUD/FHA loans. This was a violation of HUD regulations which prohibited an underwriter from receiving a commission for originating HUD loans. COCHRANE received these commission payments through at least August, 2002. This was accomplished by either listing the defendant as the loan originator or listing a ghost employee "B.C.," as the loan originator. A check was issued to "B.C.", endorsed by COCHRANE and deposited in her bank account. The checks were issued by Citywide Mortgage and signed by O'KEEFE. These false statements, that is, the false identity of the loan originator were included in the file submission to HUD.

The plea agreement requires O'KEEFE to pay \$686,565.55 in restitution to HUD. He is required to pay \$100,000.00 of that amount within 30 days of his plea of guilty. The remaining restitution is due prior to sentencing. The plea agreement also stipulates that the original indictment will be dismissed after sentencing. Sentencing is set for July 22, 2009 at 2:00 P.M. before Judge Lemelle.

O'KEEFE faces a maximum term of imprisonment of two (2) years imprisonment a fine of \$250,000.00 and up to one (1) year of supervised release following any term of imprisonment.

O'KEEFE, JR. is the seventh person to plead guilty to charges stemming from this investigation. CALVIN DAVIS pled guilty to Conspiracy to Commit Mail Fraud, Income Tax Evasion and Making a False Statement in a HUD transaction and is awaiting sentencing. MICHELLE COCHRANE pled guilty to Conspiracy to Make False Statements in a HUD transaction and is awaiting sentencing. ROBERT GREEN pled guilty to an identical charge and admitted that he prepared the fraudulent tax returns. Three "straw buyers" TIMOTHY FALLS, DENNIS ADDISON and DENNIS LEBLANC have pled guilty to Making False Statements in HUD Transaction. GREEN, FALLS, ADDISON and LEBLANC have all been sentenced to probationary terms.

This case was investigated jointly by Special Agents of the Federal Bureau of Investigation, the Department of Housing and Urban Development, Office of Inspector General, the Internal Revenue Service, Criminal Investigation Division and the United States Postal Inspection Service.

This case is being prosecuted by the Chief of the Organized Crime Strike Force Unit, Mark A. Miller an Assistant United States Attorneys Michael M. Simpson and Kevin G. Boitmann.

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