

United States Attorney Joseph P. Russoniello

Northern District of California

FOR IMMEDIATE RELEASE
CONTACT: JACK GILLUND
October 30, 2009
6599

(415) 436-

WWW.USDOJ.GOV/USAO/CAN
Jack.Gillund@usdoj.gov

SAN FRANCISCO MORTGAGE BROKER PLEADS GUILTY TO FEDERAL CHARGES

Defrauded Mortgage Lenders, Financial Institutions

SAN FRANCISCO - Michael Chou pleaded guilty in federal court today to wire fraud conspiracy, United States Attorney Joseph P. Russoniello announced.

In pleading guilty, Chou admitted that, in a scheme that began in 2003 and continued until approximately April 30, 2009, he defrauded mortgage lenders and financial institutions by providing false and fraudulent information in support of mortgage loan applications. Working out of an office in San Francisco, Chou and his colleagues assisted individuals who wanted to obtain mortgages from mortgage lenders so they could purchase residential properties in the Northern District of California and elsewhere. As a part of this scheme, Chou routinely

transmitted fraudulent loan applications to mortgage lenders. Those loan applications contained false employment information and false and inflated income and bank account information, which was intended to inflate the borrowers' creditworthiness. In addition, the loan applications were supported by false and forged documents that purported to verify the borrowers' employment, income and assets. Chou, and other members of the scheme, used a network of co-conspirators who agreed to pose as the borrowers' employers and falsely verify to the mortgage lenders the accuracy of the employment and income information listed on the loan applications. As a result of Chou's participation in this conspiracy he illegally earned \$360,800.

Chou, who is currently not in custody, is scheduled to be sentenced on March 19, 2010, before U.S. District Court Judge Susan Illston in San Francisco. The maximum statutory penalty for wire fraud conspiracy in violation of Title 18, United States Code, Section 1349 is 30 years and a fine of \$1 million. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

Pursuant to the plea agreement, Chou has agreed to forfeit \$360,800 to the United States.

Eleven other individuals have been charged in connection with the case.

Jeffrey Rabkin and Jeffrey Finigan are the Assistant U.S. Attorneys who are prosecuting the case with the assistance of Elizabeth Garcia. The prosecution is the result of an investigation by the Federal Bureau of Investigation.

Further Information:

Case #: 09-770 (SI)

A copy of this press release may be found on the U.S. Attorney's Office's Web site at www.usdoj.gov/usao/can.

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's Web site at www.cand.uscourts.gov.

All press inquiries to the U.S. Attorney's Office should be directed to Jack Gillund at (415) 436-6599 or by e-mail at Jack.Gillund@usdoj.gov.

###