

THE UNITED STATES ATTORNEY'S OFFICE
NORTHERN DISTRICT *of* OHIO

[U.S. Attorneys](#) » [Northern District of Ohio](#) » [News](#)

Department of Justice

U.S. Attorney's Office

Northern District of Ohio

FOR IMMEDIATE RELEASE

Thursday, December 19, 2013

Eight People Indicted For \$40 Million Mortgage Fraud

Eight people were indicted for their roles in a \$40 million mortgage fraud conspiracy involving dozens of properties along Florida's Gulf Coast, said Steven M. Dettelbach, United States Attorney for the Northern District of Ohio, and Stephen D. Anthony, Special Agent in Charge of the FBI's Cleveland office.

Named in the 45-count indictment are: Ileana E. Osborne, 44, of Santa Rosa Beach, Fla.; Kyle F. Conrad, 63, and Linda K. Conrad, 62, both of Hartville, Ohio; John J. Dubay, 48, of Delray Beach, Fla.; Jon R. Jacobson, 50, of North Canton, Ohio; Harry S. Kaplan, 50, of Hillsboro Beach, Fla.; David B. Romsey, 67, of Uniontown, Ohio, and Grace M. Wollerman, 49, of Mentor, Ohio.

Also named but not charged in the indictment is Jack R. Coppenger, of Akron. Coppenger is currently serving 10 years in federal prison for his role in the schemes.

The indictment details conduct that took place between 2004 and 2006, when Osborne owned and operated a mortgage brokerage company and a consulting company and Coppenger operated several businesses related to real estate development. The other seven people served as straw buyers, according to the indictment.

The defendants conspired to use straw buyers to make mortgage loan applications, to make false statements, misrepresentations and omissions in the mortgage loan applications and to conceal the scheme to avert detection from lending institutions, according to the indictment.

At Osborne and Coppenger's request, a real estate agent or property finder located a property for sale. Osborne, Coppenger and others convinced the property owner to allow them and others to assist in the sale and purchase for a price satisfactory to the seller. Coppenger located a straw buyer with good credit and solicited his or her participation in the fraudulent scheme by promising payments of as much as \$25,000 in return for using the straw buyer's name and credit to purchase the property, according to the indictment.

In some instances, Osborne, the straw buyer, Coppenger and others agreed to a sales price of the property in excess of the asking price and divided the excess amount between Osborne and Coppenger, their respective companies and others, according to the indictment.

Coppenger represented to the straw buyer that his or her credit information was needed only to make the purchase, and once purchased the straw buyer would not be responsible for the payments on the mortgage loan. However, he also promised straw buyers a split on future profits from the investment developed in and development of the property, according to the indictment.

Osborne, as a licensed mortgage broker, along with the straw buyer, filled out a loan application for the straw buyer. She and the straw buyer included false information, including inflating income amounts, falsely representing that the

property would be used as a second residence, failing to disclose that the straw buyer was not the source of the down payment for the property and other false statements, according to the indictment.

The indictment lists fraudulent transactions for nine properties on Ann Street in Santa Rosa, Fla.

Through their schemes, the defendants obtained numerous home mortgage loans under false and fraudulent pretenses with a total face value of approximately \$40 million in order to illicitly enrich themselves and their co-conspirators. Many of these loans are now in default and/or foreclosure, according to the indictment.

Osborne was also indicted for her role in a bank fraud conspiracy involving Jason A. Herceg and Andrew D. Norman in 2006 in which all three used straw buyers to make mortgage loan applications, made false statements and misrepresentation in the mortgage loan applications and concealed the scheme from lending institutions. That scheme involved four properties in Santa Rosa Beach, Florida, and caused an additional loss of approximately \$5 million.

Herceg and Norman were sentenced to federal prison after being found guilty of crimes related to their role in the conspiracy.

This case is being prosecuted by Assistant U.S. Attorneys Robert J. Patton and Om Kakani following an investigation by the Federal Bureau of Investigation.

If convicted, the defendants' sentences will be determined by the court after review of factors unique to this case, including the defendant's prior criminal records, if any, the defendant's role in the offenses and the characteristics of the violation.

An indictment is only a charge and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

Component(s):

USAO - Ohio, Northern

Updated March 12, 2015