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Tax Preparer Indicted For \$3.4 Million Mortgage Fraud Scheme

FOR IMMEDIATE RELEASE

September 30, 2011

ALEXANDRIA, Va. – Osvaldo A. Mercado, 53, of Gainesville, Va., was indicted by a federal grand jury yesterday for defrauding Virginia banks of nearly \$3.4 million in fraudulent loans.

Neil H. MacBride, United States Attorney for the Eastern District of Virginia; James W. McJunkin, Assistant Director in Charge of the FBI's Washington Field Office; Jon T. Rymer, Inspector General, Federal Deposit Insurance Corporation (FDIC); and John P. Torres, Special Agent in Charge for ICE's, Homeland Security Investigations (HSI) in Washington, D.C., made the announcement.

Mercado was indicted on conspiracy, six counts of bank fraud, two counts of mail fraud, and two counts of fraud in connection with identification documents. If convicted, he faces a maximum penalty of 30 years in prison on each bank fraud count, five years on each mail fraud count, and 15 years on each identification document fraud count.

According to the indictment, Mercado operated a tax preparation business, Union Hispana, based out of Northern Virginia. Beginning in 2004, Mercado allegedly began helping clients of complicit realtors secure personal mortgage loans by creating fraudulent tax letters stating that the borrowers had self-employment income and owned their own businesses. In fact, the borrowers often had low-wage jobs and could not afford the homes or qualify for the loans. As part of the scheme, Mercado's company also prepared fraudulent tax returns knowing that they were never intended to be filed with the IRS. The indictment states that, based in part upon the fraudulent tax letters prepared by Union Hispana, Virginia banks approved more than a dozen personal mortgage loans to clients who were unemployed and lacked the ability to repay the loans. During the three-year scheme, these lenders were allegedly cheated out of \$3.4 million in fraudulent loans.

This case was investigated by the FBI's Washington Field Office, the FDIC Office of Inspector General, and ICE-HSI. Assistant United States Attorney James P. Gillis and Special Assistant U.S. Attorney Jessica R.C. Malloy are prosecuting the case on behalf of the United States.

Criminal indictments are only charges and not evidence of guilt. A defendant is presumed to be innocent until and unless proven guilty.

A copy of this press release may be found on the website of the United States Attorney's Office for the Eastern District of Virginia at <http://www.justice.gov/usao/vae>. Related court documents and information may be found on the website of the District Court for the Eastern District of Virginia at <http://www.vaed.uscourts.gov> or on <https://pcl.uscourts.gov>

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