

FILED

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING 2009 APR -1 PM 1:10

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING, BUREAU OF  
COMPLIANCE, INVESTIGATION AND  
LICENSING

PA DEPT OF BANKING

Docket No. 09 0047 (ENF-ORD)

v.

ERIKA STANFORD

PA DEPT OF BANKING

2009 APR 21 PM 1:09

FILED

ORDER OF PROHIBITION

WHEREAS, the Department of Banking (the "Department") is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce 7 Pa. C.S. § 6101 et. seq.; and

WHEREAS, the Bureau of Compliance, Investigation and Licensing (the "Bureau") is primarily responsible for administering and enforcing the Mortgage Act for the Department; and

WHEREAS, the Mortgage Act is the successor statute to Chapter 3 of the Mortgage Bankers and Brokers and Consumer Equity Protection Act (the "MBBCEPA"), 63 P.S. § 456.301 et. seq., and the Secondary Mortgage Loan Act (the "SMLA"), 7 P.S. § 6601 et. seq. On November 5, 2008, Chapter 3 of the MBBCEPA and the SMLA were repealed by operation of law and replaced by the Mortgage Act; and

WHEREAS, People's Home Mortgage was a licensed as a first mortgage broker by the Department, license number 11967, until July 1, 2008; and

WHEREAS, People's Home Mortgage was located at 130 Wabash Street, Ste 302, Pittsburgh, PA 15220-5433; and

WHEREAS, Erika Stanford ("Stanford") worked in the mortgage loan business as a loan officer at People's Home Mortgage; and

WHEREAS, on January 30, 2008 the United States Attorneys' Office, Western District of Pennsylvania, filed an Indictment against Stanford (See a copy of the Indictment attached as Exhibit A); and

WHEREAS, the Indictment provides that Stanford submitted mortgage applications to lenders on behalf of borrowers (See Exhibit A, ¶3); and

WHEREAS, the mortgage applications that Stanford submitted contained "material misrepresentations" regarding the borrowers' financial conditions (See Exhibit A, ¶3); and

WHEREAS, Stanford submitted "false documents" to lenders regarding the borrowers' financial conditions (See Exhibit A, ¶4); and

WHEREAS, the "false documents" that Stanford submitted to lenders included, but were not limited to, "appraisals that inflated the true value of the properties, appraisals that represented that they were prepared by licensed appraisers when they were really prepared by unlicensed appraisers, and employment and income verification documents that misrepresented the borrowers' employment status and overstated the borrowers' income," (See Exhibit A, ¶4); and

WHEREAS, Stanford "directed and caused" payments relating to the mortgages to be distributed contrary to representations made to the lender about how the payments would be distributed (See Exhibit A, ¶5); and

WHEREAS, Stanford knowingly obtained appraisals from an individual not licensed as an appraiser (See Exhibit A, ¶6); and

WHEREAS, Stanford knew that the appraisals prepared by this individual overstated the true market value of the properties (See Exhibit A, ¶6); and

WHEREAS, Stanford nevertheless represented to the lenders that the appraisals were prepared by a licensed appraiser (See Exhibit A, ¶6); and

WHEREAS, the Indictment further provides that Stanford committed "Wire Fraud" conspiracy by submitting the aforementioned mortgage applications through the use of "interstate wires" (See Exhibit A, ¶¶7,8); and

WHEREAS, the "Wire Fraud" conspiracy relates to the mortgage loan business; and

WHEREAS, "Wire Fraud" conspiracy is a felony; and

WHEREAS, the Indictment also averred that Stanford committed money laundering with proceeds gained by her involvement in the mortgage loan business; and

WHEREAS, money laundering is a felony; and

WHEREAS, on April 3, 2008, Stanford pled guilty to the Indictment (See a copy of the Guilty Plea attached as Exhibit B); and

WHEREAS, Section 6138(a)(4) of the Mortgage Act (corresponding to Section 310(a) of the MBBCEPA and Section 16(1) of the SMLA) grants the Department broad authority to issue orders as may be necessary for the enforcement of the Mortgage Act. See 7 Pa. C.S. § 6138(a)(4) (corresponding to 63 P.S. § 456.310(a) and 7 P.S. § 6616(1)); and

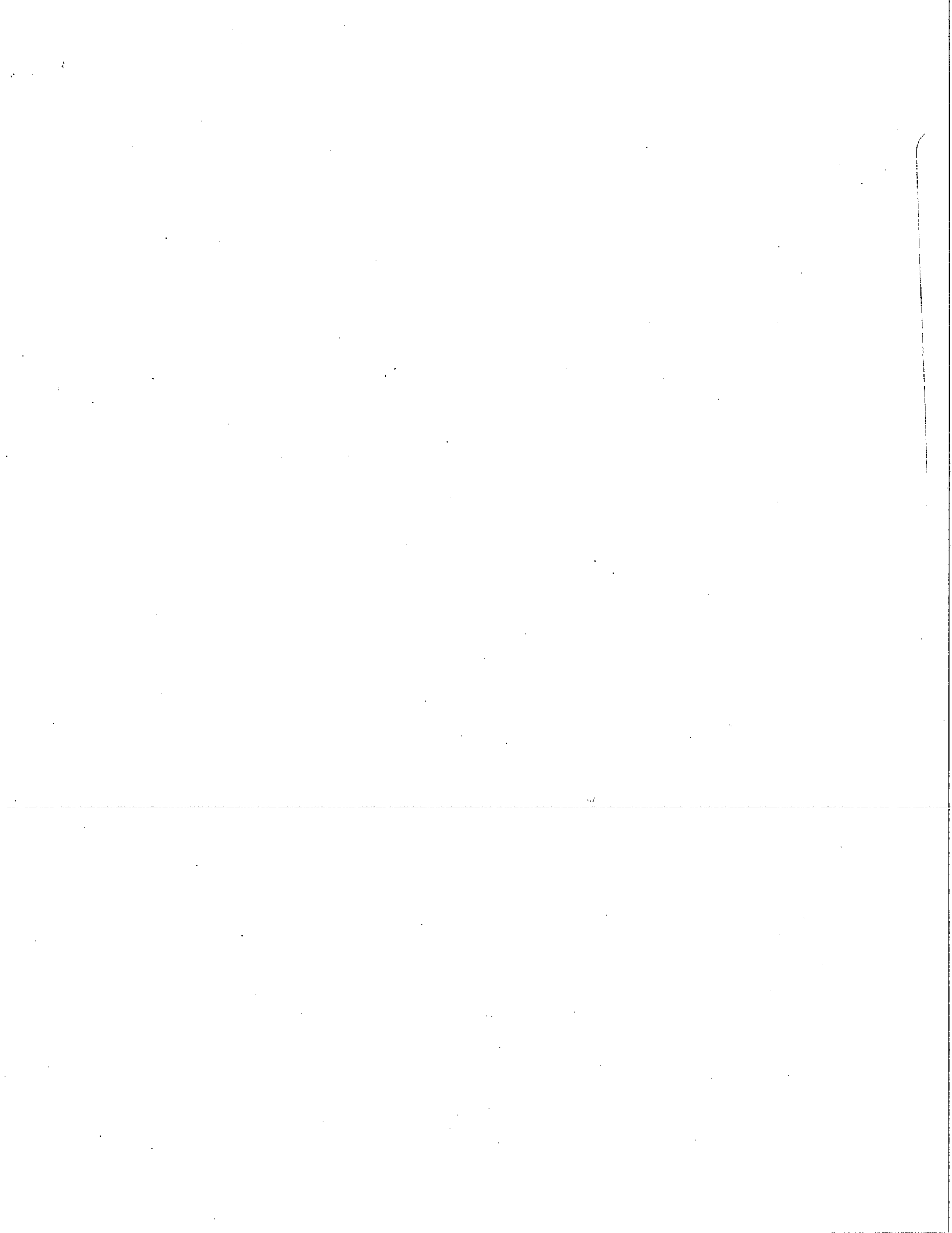
AND NOW THEREFORE, based upon the foregoing recitals, the Bureau, under the authority cited above, hereby imposes the following Order. Upon the effective date of this Order:

Erika Stanford, as a natural person or as a corporation or as any other form of organization of any kind whatsoever, is hereby prohibited from working in the mortgage loan business as regulated by the Mortgage Act as a licensee, employee, independent contractor, agent, representative, or in any other capacity of any kind whatsoever, in any way whatsoever.

IT IS SO ORDERED.

Date: April 1, 2009

\_\_\_\_\_  
Ryan M. Walsh, Administrator  
Department of Banking,  
Bureau of Compliance, Investigation and Licensing  
Market Square Plaza  
17 N. 2<sup>nd</sup> Street, Suite 1300  
Harrisburg, PA 17101



IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA            )     Criminal No.     08-52  
  )                     )  
  )     (18 U.S.C. §§ 1349 and  
v.                                        )     1957(a))  
  )                     )  
ERIKA STANFORD                        )

2008 JAN 31 PM 3:2  
U.S. DISTRICT COURT  
CLERK  
2008

INDICTMENT

The Grand Jury charges:

INTRODUCTION

1. At all material times to the indictment, the defendant, ERIKA STANFORD, worked in the mortgage business in various capacities, and for various businesses, including but not limited to as a loan officer for People's Home Mortgage, assisting individuals in obtaining financing to purchase real estate.

COUNT ONE

THE CONSPIRACY AND ITS OBJECTS

2. From in and around June 2004, and continuing thereafter until in and around February 2006, in the Western District of Pennsylvania and elsewhere, the defendant, ERIKA STANFORD, knowingly and willfully did conspire, combine, confederate and agree with other persons known to the Grand Jury, to commit an offense against the United States, that is, Wire Fraud, in violation of Title 18, United States Code, Section 1343.

MANNER AND MEANS OF THE CONSPIRACY

3. It was a part of the conspiracy that the defendant, ERIKA STANFORD, and other members of the conspiracy, submitted loan

applications that, as the defendant, ERIKA STANFORD, then well knew, contained material misrepresentations about the borrowers' financial condition.

4. It was further a part of the conspiracy that the defendant, ERIKA STANFORD, with the assistance of other members of the conspiracy, submitted false documents in connection with the loan applications, including but not limited to, appraisals that inflated the true value of the properties, appraisals that represented that they were prepared by licensed appraisers when they were really prepared by unlicensed appraisers, and employment and income verification documents that misrepresented the borrowers' employment status and overstated the borrowers' income.

5. It was further a part of the conspiracy that the defendant, ERIKA STANFORD, with the assistance of other members of the conspiracy, directed and caused payments associated with the loan transactions to be distributed contrary to the representations to the lender about how the loan proceeds would be distributed.

6. It was further a part of the conspiracy that the defendant, ERIKA STANFORD, obtained appraisals from an individual known to the grand jury as KC, who was an unlicensed appraiser, when the defendant, ERIKA STANFORD, then well know that the appraisals were fraudulent in that they overstated the true market value of the properties and represented that they were prepared by a licensed appraiser, when, in fact, they were prepared by KC.

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7. It was further a part of the conspiracy that members of the conspiracy submitted and caused the submission of fraudulent loan applications and other fraudulent documents through the use of the interstate wires, in furtherance of the Wire Fraud scheme.

8. It was further a part of the conspiracy that members of the conspiracy caused wire transfers from the accounts of the lending institutions, located outside the Commonwealth of Pennsylvania, to the accounts of the closing agents located in the Commonwealth of Pennsylvania, in furtherance of the Wire Fraud scheme.

All in violation of Title 18, United States Code, Section 1349.



COUNT TWO

9. The allegation set forth in Paragraph One of this Indictment is incorporated herein as if set forth in full.

10. On or about January 23, 2006, in the Western District of Pennsylvania, the defendant, ERIKA STANFORD, did knowingly engage in the a monetary transaction affecting interstate commerce, by, through, and to a financial institution, in criminally derived property of a value greater than \$10,000, such property having been knowingly derived from the identified specified unlawful activity OF Wire Fraud; namely, the defendant, ERIKA STANFORD, caused the deposit of a check number 2269, in the approximate amount of \$47,377, into the Pennsylvania State Employee's Credit Union account of an individual known to the grand jury as HK.

In violation of Title 18, United States Code, Section 1957(a).

COUNT THREE

11. The allegation set forth in Paragraph One of this Indictment is incorporated herein as if set forth in full.

12. On or about January 26, 2006, in the Western District of Pennsylvania, the defendant, ERIKA STANFORD, did knowingly engage in the a monetary transaction affecting interstate commerce, by, through, and to a financial institution, in criminally derived property of a value greater than \$10,000, such property having been knowingly derived from the identified specified unlawful activity OF Wire Fraud; namely, the defendant, ERIKA STANFORD, caused the withdrawal of approximately \$18,170.50 from the Pennsylvania State Employee's Credit Union account of an individual known to the grand jury as HK through the issuance of check number 3366 issued to Martin's Auto Sales.

In violation of Title 18, United States Code, Section 1957(a).

A True Bill,

FOREPERSON

MARY BETH BUCHANAN  
United States Attorney  
PA ID No. 50254

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA

v.

ERIKA STANFORD

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)  
)

Criminal No.

08-52

CERTIFICATION AND NOTICE FOR FILING PRETRIAL MOTIONS

I hereby certify that I have been notified by the United States Magistrate Judge that all pretrial motions must be filed within ten (10) days of Arraignment unless the Court extends the time upon written application made within said ten (10) day period.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Attorney for Defendant  
ERIKA STANFORD

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA

v.

ERIKA STANFORD

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)  
)  
)  
)

Criminal No.

08-52

ARRAIGNMENT PLEA

Defendant ERIKA STANFORD

being arraigned, pleads \_\_\_\_\_

in open Court this \_\_\_\_\_ day of

\_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Defendant's Signature)

\_\_\_\_\_  
(Attorney for Defendant)

CRIMINAL CASE INFORMATION SHEET

1538

Pittsburgh X Erie \_\_\_\_\_ Johnstown \_\_\_\_\_

Related to No. 07-217 Judge Joy Flowers Conti  
(All criminal prosecutions arising out of the same criminal transaction or series of transactions are deemed related).

- CATEGORY: 1. \_\_\_\_\_ Antitrust & Securities Fraud  
 2. \_\_\_\_\_ Tax  
 3. X General Criminal

08-52

Defendant's name: Erika Stanford

Is Indictment waived: \_\_\_\_\_ yes X no

Pretrial Diversion: \_\_\_\_\_ yes X no

Juvenile proceeding: \_\_\_\_\_ yes X no

Defendant is: \_\_\_\_\_ Male X Female

Superseding Indictment or Information: \_\_\_\_\_ yes X no

Previous case number: \_\_\_\_\_

If superseding, previous case was/will be:

- \_\_\_\_\_ Dismissed on defendant's motion  
 \_\_\_\_\_ Dismissed on government's motion  
 \_\_\_\_\_ After appellate action  
 \_\_\_\_\_ Other (explain)

County in which first offense cited occurred: Allegheny County

Previous proceedings before Magistrate Judge: \_\_\_\_\_

Case No.: \_\_\_\_\_

PLEASE INCORPORATE MAGISTRATE CASE WITH CRIMINAL CASE

Date arrested or date continuous U.S. custody began: \_\_\_\_\_

Defendant: \_\_\_\_\_ is in custody X is not in custody

Name of Institution: \_\_\_\_\_

Custody is on: \_\_\_\_\_ this charge \_\_\_\_\_ another charge  
 \_\_\_\_\_ another conviction

\_\_\_\_\_ State \_\_\_\_\_ Federal

Detainer filed: \_\_\_\_\_ yes      X   no  
Date detainer filed: \_\_\_\_\_  
Total defendants:              1    
Total counts:                  3    
Data below applies to  
defendant No.:                 1    
Defendant's name:              Erika Stanford  

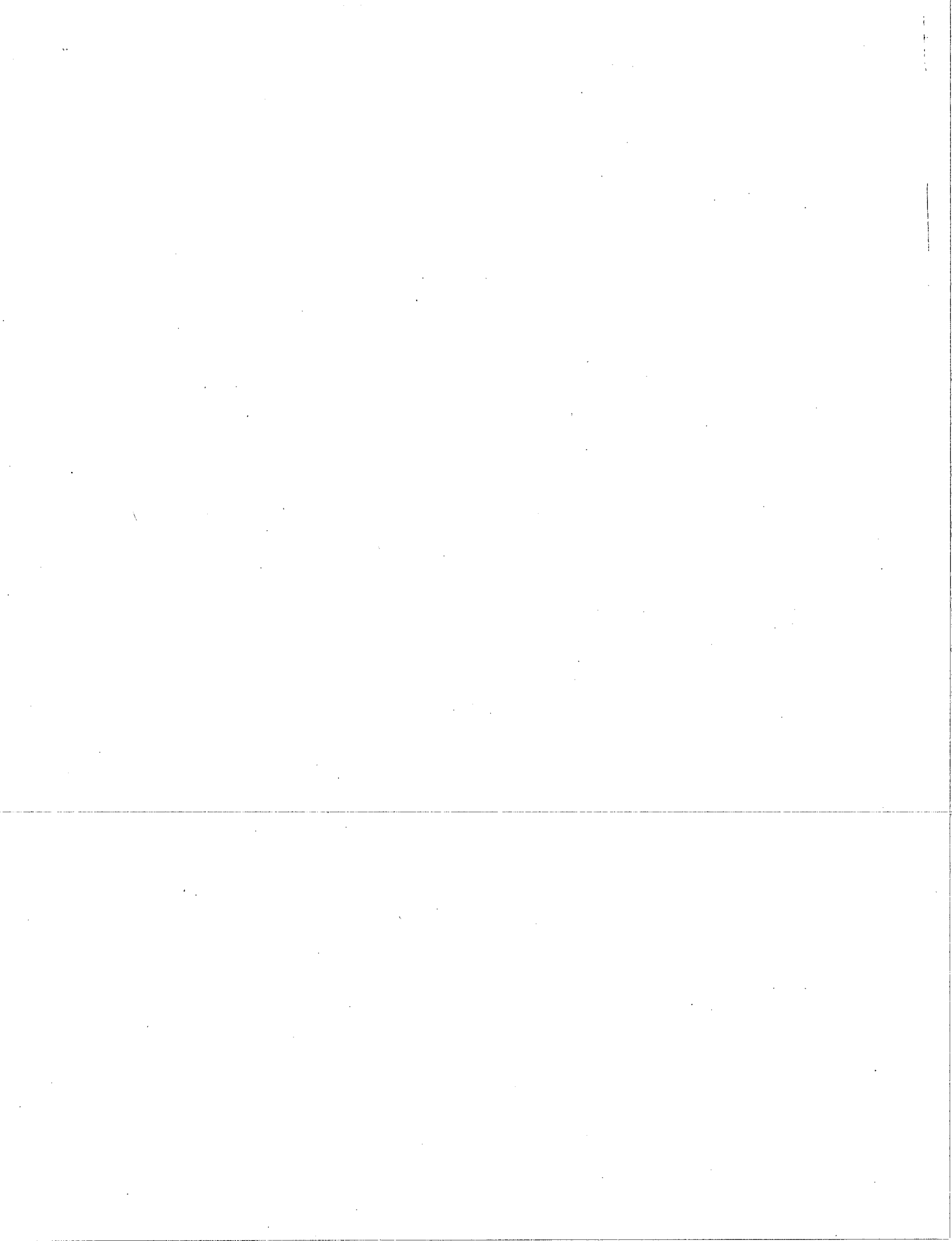
SUMMARY OF COUNTS

<u>COUNT NO.</u>	<u>U.S. CODE</u>	<u>OFFENSE</u>	<u>FELONY</u>	<u>MISDEMEANOR</u>
1	18 U.S.C. § 1349	Wire Fraud Conspiracy	X	
2-3	18 U.S.C. § 1957(a)	Money Laundering	X	

I certify that to the best of my knowledge the above entries are true and correct.

DATE:   JAN 30 2008  

\_\_\_\_\_  
BRENDAN T. CONWAY  
Assistant U.S. Attorney  
PA ID No. 78726



IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA,	)	
	)	
v.	)	
	)	Criminal No. 08-52
ERIKA STANFORD,	)	
	)	
Defendant.	)	

PLEA

AND NOW, the defendant,  
ERIKA STANFORD,  
in the above entitled case  
hereby withdraws her  
plea of NOT GUILTY,  
entered February 21, 2008,  
and now pleads GUILTY  
to counts one and two  
in open court this  
3rd day of April, 2008.

Defendant

Attorney

CERTIFIED FROM THE RECORD

Date FEB - 5 2009

ROBERT V. BARTH, JR., CLERK

By \_\_\_\_\_

Deputy Clerk



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

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DEPT OF BANKING

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **Order of Prohibition** upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code § 33.31:

**VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED  
AND FIRST CLASS MAIL**

Erika Stanford  
510 Lindsay Road  
Carnegie, PA 15106

Dated this 21st day of April, 2009

*Sevgie A. Bahl*  
Sevgie A. Bahl, Assistant Counsel  
Commonwealth of Pennsylvania  
Department of Banking  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101  
(717) 787-1471