

# **Litman Ordered To Prison For Two-Year Sentence For Conspiracy To Commit Bank Fraud**

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PEORIA, Ill. – David Litman, 41, of the village of Foosland, Ill., has been ordered to report to federal prison on May 18, 2021, to begin serving a two-year sentence for conspiracy to commit bank fraud and bank fraud in connection with a real estate short-sale scheme. Following the March 10, 2021, sentencing, U.S. District Judge James E. Shadid further ordered Litman to pay \$279,900 in restitution and to serve two years on supervised release upon completion of his prison term.

On Dec. 17, 2019, Litman pleaded guilty to conspiring with others, between 2008 and 2010, to defraud lending institutions in a series of short-sale transactions. Specifically, Litman caused false broker price opinions undervaluing residential properties to be submitted to financial institutions holding the mortgages of the properties, which he intended to purchase via a short sale. Litman submitted additional false documents to the financial institutions to induce them to approve requested short sales, including

falsified listing agreements and proof-of-funds letters. The financial institutions, relying on the false broker price opinions, false real estate commission expenses, false listing agreements, and other false documentation, approved short sales of properties to Litman for payments that were less than they otherwise would have been likely to receive.

In addition, Litman caused the recording of false expenses, including false real estate commissions, on HUD-1 settlement statements documenting the short sales into which he entered. Litman also attempted to conceal certain of these false real estate commission expenses through the late issuance of commission checks.

“The defendant’s repeated acts of fraud over several years caused lending institutions to lose a significant amount of money,” stated Acting U.S. Attorney Doug Quivey. “The defendant’s participation in the scheme thwarted the lenders’ ability to accurately value the homes involved and prevented them from recouping a greater portion of their losses on the homeowners’ mortgages. Fraud in any part of the mortgage industry ultimately costs both lenders and borrowers and can’t be tolerated.”

Assistant U.S. Attorneys Katherine V. Boyle and Eugene L. Miller represented the government in the prosecution. The charges were investigated by the Department of Housing and Urban Development’s Office of the Inspector General and the Federal Bureau of Investigation.