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FBI Probes Va. Company's Workers in House Swindle

Lawsuits Outline Scheme to Forge Deeds to Steal Vacant Properties

By Allan Lengel
Washington Post Staff Writer
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The [FBI](#) is investigating whether employees of a now-defunct [Northern Virginia](#) mortgage company were involved in what several lawsuits allege was a scheme to steal vacant houses by forging deeds, according to people familiar with the probe.

The people under investigation worked for 1st American Mortgage of [Vienna](#), which boasted that it delivered "honest expert advice." The company, which operated about half a dozen satellite offices in the Washington area, went out of business last fall after eight years. The former chief executive's \$2 million house in a gated community in [McLean](#) has been foreclosed upon.

As federal investigators step up efforts to crack down on irregularities in the real estate industry, the lawsuits and FBI probe provide a glimpse into some of the practices that flourished before the housing boom dissolved.

Some of the allegations of fraud are outlined in filings in [D.C. Superior Court](#) and in [U.S. Bankruptcy Court](#) in [Alexandria](#) by those who claim to be victims, including two District property owners and the pension fund of a Northern Virginia company.

The property owners have alleged in separate lawsuits that people, unbeknownst to them, illegally took possession of their vacant property by forging the deeds, and then attempted to sell the property. Loans in both situations were arranged by a 1st American employee. Late last year, judges found that the deeds were invalid and ordered the properties returned to their rightful owners.

Southern Management Corp., the region's largest owner of apartment buildings, is claiming that its pension fund, which covers 1,200 workers, was victimized. In legal filings, it says that the fund, as an investment, financed a total of \$2 million in loans for the two stolen properties.

Southern Management has filed suit in D.C. Superior Court and made a claim in bankruptcy court alleging that a title company, a notary and a real estate investor, Steve Hetrick, were involved in fraud. It is working to recoup about \$2 million it put into those loans.

One of the properties involved is a vacant seven-bedroom townhouse on California Street NW in the District's Kalorama neighborhood. The other is a townhouse on 10th Street NW in the Shaw area.

On Nov. 22, 2004, Hetrick, owner of the now-defunct Lion Real Estate Development & Management of Northern Virginia, obtained the vacant California Street property with a deed purportedly signed by the owners, three brothers from the [Middle East](#), according to the lawsuits.



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The stated purchase price on the deed was \$60,000, a fraction of the house's value, and none of that money went to the brothers, the lawsuit says.

Afterward, Hetrick and his wife, Svetlana, secured a \$1.5 million loan from 1st American Mortgage for the house, according to the lawsuit. Southern Management's pension fund purchased the loan in January 2005 from 1st American Mortgage as an investment.

The Hetricks, who never occupied the house and made no significant improvements or alterations, then listed it for sale with a real estate agent, according to the Southern Management lawsuit.

In 2005, Salime El-Yacoubi, whose deceased father was one of the three owners of record, discovered something peculiar: Letters addressed to strangers started arriving at the house, according to his attorney.

In June of that year, he filed a lawsuit to reverse the transaction, alleging that the signatures of the three elderly brothers on the deed were forgeries.

In fact, the lawsuit said one of the brothers, his uncle, Salim-Hasan El Yacoubi, had died eight years earlier in Jordan; his own father was terminally ill at the time and the remaining brother was in [Dubai](#).

In September 2006, as the legal battle dragged on, Hetrick and his wife filed for bankruptcy protection in Alexandria. Six months later, the case went into Chapter 7 bankruptcy.

Justin Reiner, the attorney who represented the Hetricks in bankruptcy court, said he defended them against fraud allegations in those proceedings, but deferred to the civil case attorney for further comment. That lawyer, Michael Pritchard, declined comment.

In October 2007, a bankruptcy judge found that the California Street property rightfully belonged to El-Yacoubi and ordered the Hetricks to pay \$678,000 in damages.

El-Yacoubi has yet to collect any of that money, and he is still in the midst of getting all the legal paperwork on the house in order, said David Masselli, his attorney.

"He had to get lawyers," Masselli said. "He had to be deposed. We had to get documents from the Middle East. He went through 2 1/2 years of litigation."

The loan on that property was just one of several in which Southern Management's pension fund had invested, according to David Hillman, Southern Management's chief executive. He alleged in an interview that his former son-in-law, Ray Romanick, who was employed at 1st American Mortgage, arranged for those investments, including more than \$6 million in bad loans.

The pension fund also invested in a \$500,000 mortgage on the house of 1st American's chief executive, John J. Romano. Southern recently foreclosed on that loan and has demanded that Romano vacate the house, but he hasn't moved, yet, according to Hillman.

Romano and his attorney, Jonathan D. Frieden, did not return several phone calls seeking comment.

Romanick said he had done nothing wrong. He said he arranged for loans for the two District houses the FBI is investigating after reviewing the deeds and had no idea anything improper had taken place.

"There was never anything fraudulent," he said.

He said Hetrick was a client of 1st American.

David J. Oliverio, the president of 1st American, said he was aware that the FBI had been looking into

the theft of the properties but was not aware of anything other than that.

"Bottom line, we've never been contacted by the FBI on any issue, let alone that issue," he said. He said the employees cited in the lawsuits left the company long before it closed.

The company "had no idea that anything like this was going on," he said. "If we had any inkling of that, it would not have happened."

He said if any improprieties occurred, it was when the deeds were signed, not when the loans were issued.

Oliverio said that 1st American folded because it expanded too quickly, then bumped up against a troubled mortgage market. He said the closing had "zero to do" with the investigation.

Adam Lee, head of the local FBI squad that oversees mortgage fraud investigations, declined to comment on the investigation.

A second vacant property under FBI scrutiny is on 10th Street NW, according to a lawsuit filed in D.C. Superior Court by the original owner, Eugene Tucker of [Virginia](#).

In that case, two people claiming to be Tucker and his wife presented fake Virginia licenses to a notary at a title company during a sales closing, according to the suit. They then signed papers to sell the property to Hetrick's company, Lion Real Estate Development and Management.

Tucker's lawsuit refers to the people with the fake licenses as "unknown" and "Impostors."

Lion Real Estate allegedly paid \$120,000 for the property, but more than 90 percent went "back into the bank accounts of Hetrick and one of his business partners," according to the Tucker lawsuit.

A \$37,500 check was made out to the Tuckers. But it was never given to them, according to the lawsuit. "In other words, Hetrick did not actually buy the property, he stole it," the suit said.

Three months later, Hetrick sold the property to David Swain, a 1st American Mortgage employee, for \$810,000.

"Swain had no money" and "sought to flip the property" for \$1 million, the Tucker lawsuit alleged.

So Swain borrowed money, including \$500,000 in a loan arranged by Romanick of 1st American Mortgage and financed by Southern Management, according to the lawsuits.

On May 19, 2005, Hetrick made \$636,198 from the sale. Days later, he wired \$460,000 to a Russian bank account under his wife's maiden name, Svetlana Nikiforova, Hetrick confirmed during questioning in a deposition in the his bankruptcy case.

A month later, in June 2005, the Tuckers "discovered the fraudulent conveyance when a neighbor spotted a real estate agent on the property," according to their suit.

Last June, D.C. Superior Court Judge Lynn Leibovitz issued an order saying that the signatures on the deeds were forgeries and that the property belonged to Tucker, not Swain.

Now, Tucker is trying to recoup six-figure legal fees from the title company and the notary who authorized the signatures, claiming negligence. A bankruptcy judge has ordered Hetrick to pay Tucker more than \$200,000 in damages.

Swain's attorney, Maura Molloy Grant, declined comment. Court documents filed on Swain's behalf in

the Tucker lawsuit claimed that he was a victim of fraud, not involved in one.

Staff researcher Eddy Palanzo contributed to this report.

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