

FILED

APR 12 2017

**Clerk, U.S. District & Bankruptcy
Courts for the District of Columbia**

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA	:	Criminal No. 16-139 (KBJ)
	:	
v.	:	
	:	
DAVID T. JOHNSON,	:	
	:	
Defendant.	:	

STATEMENT OF THE OFFENSE

Pursuant to Fed. R. Cr. P. 11, defendant DAVID T. JOHNSON agrees and stipulates as follows:

SunTrust Mortgage, Inc. (“SunTrust Mortgage”) was a mortgage lending business in that it financed debt secured by an interest in real estate, whose activities affected interstate and foreign commerce; as such, it was a financial institution pursuant to Title 18, United State Code, Section 20(10). In addition, SunTrust Mortgage was a wholly-owned subsidiary of SunTrust Bank, which was a financial institution with deposits insured by the Federal Deposit Insurance Corporation. SunTrust Mortgage was in the business, among other things, of loaning money to individuals (“borrowers”) to purchase residential real estate.

If the borrower qualified for a mortgage loan, then the lending bank agreed to loan the money to use to buy the house on the condition that the individual pledge as security the purchased real estate. The property served as collateral so that if the individual failed to pay the loan, the lending bank could foreclose on the mortgage and take title to the real estate to resell and recoup its losses.

In order to preserve its option to foreclose on the mortgage loan, lending banks required the borrower to sign a Note and Deed of Trust, both of which would be filed in the public land records in the jurisdiction where the real estate was located, to serve as public notice that the lending bank

held a “lien” on the property. The Note was the borrower’s promise to repay the loan to the lending bank, and the Deed of Trust was the public notice of the debt and the grant of authority to the lending bank to sell the property if the borrower failed to timely pay on the Note.

The Note and Deed of Trust remained on the public land records unless and until the borrower repaid the mortgage loan in full.

If the borrower repaid the loan, the lending bank would file a “Certificate of Satisfaction” in the public land records declaring that the borrower had repaid the loan and henceforth owned the property “free and clear” of any debt from the lending bank. The Certificate of Satisfaction was signed by an individual authorized to speak for the lending bank, and the signature would be notarized.

If the property were resold before the borrower paid the mortgage loan, the borrower’s sales proceeds would be reduced by the amount the lending bank was owed as of the day of settlement. The new buyer’s lending bank required the existing mortgage to be paid in full before agreeing to loan money to the new buyer so that there would be no other liens which could take precedence over the new lender’s lien.

A “settlement” was a meeting where the buyer and the seller signed various loan documents (such as the Note and Deed of Trust) and legal documents transferring the property from the seller to the buyer (such as the Deed). Settlements were conducted by a title and escrow company, whose job was to prepare the settlement documents as requested by the new buyer’s mortgage lender, and to ensure that no other lien took precedence over the Deed of Trust signed by the new buyer for the mortgage loan. Title and escrow companies (either themselves or through a title abstractor)

researched the public land records filed regarding the property for liens to determine, among other things, whether the property was pledged as collateral for any loan.

If the property were owned “free and clear” and a Certificate of Satisfaction were filed in the land records, then there would be no pre-existing mortgage to pay off, and the seller would receive the sales proceeds without being reduced by any loans.

District of Columbia’s Recorder of Deeds

If the property were located in the District of Columbia, then the lending bank’s Note and Deed of Trust, and the Certificate of Satisfaction if the mortgage loan were repaid, would all be filed with the District of Columbia’s Recorder of Deeds, the public land records for the District of Columbia.

The Recorder of Deeds was housed in a building located at 1101 4th Street, SW, Washington, DC. Members of the public were allowed to file documents with the Recorder of Deeds during business hours, after signing a log with security at the front desk. When signing the log, members of the public presented valid photo identifications, such as a driver’s license, which were noted on the log.

Some documents filed with the Recorder of Deeds, such as Deeds, Notes, Deeds of Trust, and Certificates of Satisfaction, included an address to which the Recorder of Deeds staff was supposed to mail the original after recording, filing, and stamping the document.

Title companies and title abstractors relied upon the filings with the Recorder of Deeds to determine whether a property was encumbered by a mortgage loan.

123 57th Street, SE, Washington, DC

Veronica Washington, a close friend of the defendant DAVID T. JOHNSON, had purchased residential real estate located at 123 57th Street, SE, Washington, DC, (“123 57th Street, SE”) on or about February 20, 2008. To buy the property, she obtained two mortgage loans for approximately \$470,000 in total from SunTrust Mortgage.

By 2009, Veronica Washington had failed to maintain timely mortgage payments. On approximately May 7, 2010, a Notice of Foreclosure was filed with the Recorder of Deeds. In April 2013, SunTrust Mortgage began the process of foreclosing on the mortgage and taking possession of the property at 123 57th Street, SE, for Veronica Washington’s failure to make good and timely payments on the mortgage loans.

Sometime before October 2, 2013, the defendant DAVID T. JOHNSON caused the creation of two phony Certificates of Satisfaction which falsely represented that the two SunTrust Mortgage loans on 123 57th Street, SE, had been paid and that Veronica Washington owned the property “free and clear.”

On or about October 2, 2013, in the District of Columbia, the defendant DAVID T. JOHNSON filed these two phony “Certificates of Satisfaction,” with the Recorder of Deeds.

These fake Certificates of Satisfaction contained the forged signatures of someone purporting to be an individual authorized to sign for SunTrust Mortgage; in addition the Certificates of Satisfaction listed an address, to which the defendant DAVID T. JOHNSON had access, as the location for the Recorder of Deeds to mail the originals after recordation.

In or about December 2013, after the fake Certificates of Satisfaction allowed Veronica Washington to sell 123 57th Street, SE, without paying the outstanding mortgages, the defendant


DAVID T. JOHNSON and Washington caused the title and escrow company to wire the sales proceeds of \$337,105.06, of which approximately \$170,688 was obtained by the defendant DAVID T. JOHNSON. On or about December 16, 2013, the defendant DAVID T. JOHNSON deposited the \$170,688 cashier's check into his bank account at Bank of America. Thus, DAVID T. JOHNSON executed and aided and abetted in a scheme to defraud SunTrust Mortgage by using a false Certificate of Satisfaction, a material misrepresentation, to obtain from the sale of 123 57th Street, SE, money which neither Veronica Washington nor the defendant DAVID T. JOHNSON was entitled to receive.

In addition, in 2015, the defendant DAVID T. JOHNSON made a materially false statement on his Financial Disclosure Form, submitted to his government agency employer from the District of Columbia, when he failed to disclose loans and gifts in excess of \$10,000, from Veronica Washington, knowing that the statement and representation was false because he knew he had received \$170,688 from Veronica Washington, as a loan ~~and gift.~~ VC

Respectfully submitted,

CHANNING D. PHILLIPS
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for the District of Columbia

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DEFENDANT'S ACCEPTANCE

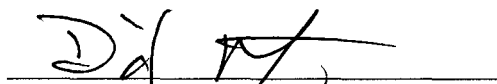
I have read every word of this Statement of Offense. Pursuant to Fed. R. Cr. P. 11, after consulting with my attorney, I agree and stipulate to this Statement of Offense, and declare under penalty of perjury that it is true and correct.

Date: 4/12/17


David T. Johnson
Defendant

I have discussed this Statement of Offense with my client. I concur with his decision to stipulate to this Statement of Offense.

Date: 4/12/17


David Benowitz, Esq.
Attorney for the Defendant