

MortgageDaily.com

[home](#) | [subscribe](#) | [advertise](#) | [reprints](#) | [login](#) | [e-mail](#) | [make home page](#) | [help](#) | [RSS](#) | [about us](#) | [site map](#)

HOT Topics: [foreclosures](#) | [servicing](#) | [graphs](#) | [legal](#) | [execs](#) | [M&A](#) | [appraisals](#) | [compliance](#) | [FHA](#)

[news by subject](#)

[purchase subscription](#)

[mortgage advertising](#)

[mortgage news reprints](#)

[mortgage newsletter](#)

[mortgage feed](#) **RSS**

search news

[mortgage news headlines](#)

[news archives](#)

[press releases](#)

[mortgage statistics](#)

[mortgage graphs](#)

[mortgage graveyard](#)

[mortgage directories](#)

[consumer mortgage news](#)

[origination news](#)

[mortgage fraud](#)

[FHA news](#)

[mortgage employment](#)

[corporate](#)

[modification news](#)

[mortgage politics](#)

[j u m b o news](#)

[GSE news](#)

[appraisal news](#)

[mortgage compliance](#)

[net branch](#)

[secondary marketing](#)

[mortgage servicing](#)

[foreclosure news](#)

[subprime news](#)

[reverse mortgage news](#)

[mortgage conferences](#)

[conference news](#)

[mortgage brokers](#)

[mortgage rates](#)

[wholesale lenders](#)

[mortgage insurance](#)

[regulatory news](#)

[mbs news](#)

[credit news](#)

[public relations](#)


[commercial mortgage news](#)

[Mortgage Fraud News](#) | [Fraud Statistics](#) | [Fraud Index](#) | [Fraud Blog](#)

Mortgage broker, originator and banker criminal cases. Real estate flipping and appraisal fraud. Mortgage fraud prevention, studies and analysis.

[Mortgage Fraud News](#) | [Fraud Statistics](#) | [Fraud Index](#) | [Fraud Blog](#)

Mortgage broker, originator and banker criminal cases. Real estate flipping and appraisal fraud. Mortgage fraud prevention, studies and analysis.

PayPal lets you accept payments by phone, fax, or mail
DID YOU KNOW...
 [LEARN MORE](#)

DC FHA 203k EXPERT

Save Thousands - Avoid Pitfalls Hundreds of Satisfied Customers
[www.dc203k.com](#)

Obama Help Foreclosure

We Can with Foreclosure and Modify your Loan
[www.ObamaHelpForeclosure.com](#)

Yacht Sold in Case Where Ginnie Suffered Single Biggest Loss

James Edward McLean Jr, wife & another couple convicted

November 24, 2003

By **PATRICK CROWLEY**

The luxury yacht that helped sink a \$30 million fraudulent mortgage scheme in North Carolina has been sold by federal authorities over the Internet.

The 1997 58-foot Sea Ray Yacht dubbed "Jamm" was sold over the Internet auction site Bid4Assets for \$428,000 through a U.S. Marshal's Service Forfeited Property Auction.

According to a posting the site the yacht was purchased by Kenneth L. Mims. Twenty-one bids were submitted with a required minimum bid of \$323,200.

The posh two-engine boat has two bedrooms, a bathroom, living room and kitchenette, three televisions and a microwave.

No address was given for Mims and he could not be located. But he did pick up the yacht, which authorities valued at \$850,000, for about half its original cost.

It was the purchase of the yacht by its former owner that helped the feds bust a mortgage scam that has been described by federal prosecutors as "the largest single financial loss in the history of ... Ginnie Mae."

James Edward McLean Jr., the owner of First Beneficial Mortgage Corp. in Charlotte, N.C., was already on the radar screen of federal authorities when in 1998 he bought the yacht for \$802,000 in cash.

Investigators thought the purchase might be tied to a drug-smuggling operation, according to local published reports.

But what was eventually exposed was a sophisticated mortgage scheme uncovered, prosecuted and shut down after a two-year investigation in which agents sifted through 400 boxes of evidence and interviewed more than 200 witnesses.

McLean, 36, was one of four people convicted last year in a mortgage fraud scheme that entailed the creation and sale of fake mortgages, prosecutors said in a statement.

Also convicted was McLean's wife, Macy McLean, 33, and Paul Zimmerman, 44, and his wife, Debbie Zimmerman, 42. The charges included conspiracy, wire fraud, bank fraud, making false statements and entries and money laundering, according to a statement from the office of the United States Attorney for the Western District of North Carolina.

McLean was convicted of all 66 counts in an indictment brought against him and was ordered to forfeit \$8 million in property, including the yacht.

The verdict sent "a message that those who steal from programs designed to make home ownership for low and moderate income American families possible will be punished," U.S. Attorney Bob

[mortgage licenses](#)
[mortgage technology](#)
[mortgage leads](#)
[news by state](#)
[mortgage Webinars](#)
[predatory lending](#)
[mortgage sales](#)
[originator tools](#)
[mortgage books](#)
[mortgage education](#)
[mortgage associations](#)
[mortgage market index](#)
[b a n k news](#)
[c r e d i t unions](#)
[advertising news](#)
[podcasts](#)
[archives](#)

Conrad said in a statement.

Federal authorities said McLean ran the scheme from January of 1998 to September of 2000. Through his business McLean created fake mortgages and then sold them to [Fannie Mae](#), obtaining over \$5 million from the company.

When Fannie discovered the notes were false and demanded that McLean's First Beneficial company repurchase the bogus notes, McLean and his wife sold the same false notes to Ginnie Mae in order to repay Fannie, prosecutors said.

The McLeans "pooled the false mortgages and sold them in the form of mortgage-backed securities ... guaranteed by [Ginnie Mae](#)," prosecutors said.

All told the defendants obtained more than \$30 million during the course of the scheme -- \$7 million from Fannie Mae and more than \$21 million from Ginnie as well as another \$2 million from a bank, Branch Banking & Trust Company.

"The evidence demonstrated catastrophic loss, the largest single financial loss in the history of the Ginnie Mae program," Conrad said.

[Patrick Crowley](#) is a political reporter and [columnist](#) and former business writer for *The Cincinnati Enquirer*. Email Patrick at: pcrowley@enquirer.com

SUBSCRIBERS ONLY:

[mortgage regulations](#)
[wholesaler directory](#)
[net branch directory](#)
[commercial lender directory](#)
[ARM index table](#)
[FHA resources](#)
[foreclosure resources](#)
[REIT directory](#)
[licensing by state](#)
[production by company](#)
[servicing portfolios by company](#)

[edit subscription](#)
[login](#)
[edit account](#)
[subscription help](#)
or call Carmen at 214.521.1300

[contact us](#)
[sales blog](#)
[mortgage fraud blog](#)
[free mortgage news](#)
[mortgage news for PDAs, Blackberrys & wireless phones](#)
[real estate services](#)
[mortgage](#)

Ads by Google

Net Branches Mortgage
Not Your Typical Net Branch! Get PRMI Info Fast. 888-365-1029 www.branchpartner.com

[CloseNow.com](#)
[CloserBlog.com](#)
[FraudBlogger.com](#)
[fMobilefMortgagefNews.com](#)

[fMortgageChronicle.com](#)

[subscribe](#) | [mortgage ads](#) | [reprints](#) | [newsletter](#) | [mortgage news feed](#) | [contact](#) | [about](#) | [privacy](#) | [archives](#) | [site map](#)

[fMortgageDaily.com](#)
Copyright © 1999 - 2011