

Descriptions of Various Mortgage Fraud Schemes Charged in EDCA * 2006 – 2010

United States v. James Berguis

Number of defendants: 1

2:10-cr-00377-WBS

Berghuis operated Berghuis National Lending Inc., a Sacramento mortgage and lending company. Berghuis offered short-term bridge loans for clients funded by private investors. Berghuis would identify clients in need of bridge loans and act as the intermediary between the clients and investors. In April 2005, Berghuis began making material false representations to investors and using investor funds to pay off other investors, pay business expenses, and pay his personal expenses.

United States v. Akbar Bhamani

Number of defendants: 8

2:10-cr-327-MCE

HIHC, a family-run real estate development company in Sacramento, promised to use investor money to acquire residential property to renovate and resell and to develop properties with a 12 – 15 % annual return. They acquired the properties with 100% financing from private lenders. HIHC failed to actually place the investor on the deed as promised or on those occasions when HIHC did put an investor's name on the deed, the property frequently had multiple investor names and was leveraged by as much 300 to 400%. HIHC operated like a Ponzi scheme, and the defendants would stall investors by intentionally failing to sign the check or telling the investor that the check had been lost in the mail.

United States v. Richard Earl Norton Jr.

Number of defendants: 1

1:10-cr-267-LJO

From August 2006 to May 2007, Norton defrauded the HUD HOME program, the CALHOME program, and the City of Fresno Home Improvement Program by obtaining funds based on false and fraudulent statements. He applied for and received funds from the Fresno Home Improvement Program claiming that his total annual income was \$13,171. He failed to disclose the proceeds of his alleged criminal activity relating to the interstate transportation of stolen goods. The Fresno Home Improvement Program paid \$25,312 for repairs to his residence, consisting of HUD HOME grant funds and a CALHOME 30-year interest-free loan with no payments due until the end of the 30-year term.

United States v. Albert Lewis Ellis

Number of defendants: 3

1:10-cr-00266-LJO

Ellis, Hanna, and Burge are charged with conspiring to fraudulently obtain money from mortgage companies to buy properties for eventual resale or refinancing using a stolen social security number. Burge would establish a credit report in a co-defendant's name but with the victim's social security number listed. They submitted false loan applications to seven different lenders, defrauding them of more than \$2 million. Ellis and Hanna used a stolen social security number to attempt to sell a Fresno property to Hanna who also used a stolen social security number. The title company discovered an outstanding tax lien on the property and the sale was put on hold. Ellis deeded the property to a third party who sold the property to Hanna, who again provided another person's social security number when acquiring mortgage loans totalling \$760,000. Seven revolving accounts were established in Hanna's name using a social security number belonging to another, 16 mortgage loans and four revolving accounts totalling \$3,093,932.

*The descriptions of these various schemes are derived from the factual allegations contained in publicly filed indictments. Some of these cases have not yet been resolved and those defendants are presumed innocent unless and until proven guilty beyond a reasonable doubt.

United States v. Eric Ray Hernandez

1:10-cr-00249-AWI

Number of defendants: 3

In brokering loans for the purchase or refinance of homes, primarily in the Bakersfield area, the defendants submitted loan applications to lenders containing false information, and caused lenders to fund mortgage loans based on such fraudulent applications. The indictment further alleges that the defendants caused false statements to be submitted to lenders concerning buyers' income, assets, and liabilities, buyers' employment status, and buyers' intent to occupy the properties as their personal residences. Additionally, the defendants are alleged to have submitted false supporting documentation in support of mortgage loan applications, including false pay stubs, false letters purporting to be from the buyers' tax accountant, false customer letters purporting to support the buyers' self-employment status, and false verifications of the buyers' bank funds on deposit. The indictment alleges that the defendants defrauded lenders of in excess of \$2.5 million through this scheme.

United States v. Hoda Samuel

2:10-cr-223-JAM

Number of defendants: 10

Hoda Samuel, a licensed real estate broker, was the head of two Elk Grove companies engaged in residential real estate transactions: Liberty Real Estate and Investment Company and Liberty Mortgage Company. From April 2006 through February 2007, Liberty was involved in approximately 30 residential real estate transactions in which the mortgage lenders were given false information as to the income of the purchasers and/or the value of the homes being purchased. At least 28 of the properties have since gone into foreclosure, resulting in a loss to lenders of over 5.5 million dollars.

United States v. Anthony Symmes

2:10-cr-200-EJG

Number of defendants: 1

From 2006 through 2008, Symmes, a homebuilder, sold 62 homes to straw buyers recruited by Garret G. Gililand III, and others. The purchase price on each home was inflated by up to \$60,000. One day after the close of escrow on each property, Symmes would write a check back to the front companies controlled by Gililand and others. The rebates on the purchase price were not disclosed to the lenders who financed the properties for the straw buyers. Altogether, Symmes admitted to writing checks totalling over \$2.5 million in undisclosed kickbacks to buyers and their agents.

United States v. Lawrence Davis

2:10-cr-00193-EJG

Number of defendants: 3

Lawrence Davis, Joel Clark, and Eric Mortenson were charged conspiracy to commit wire fraud and wire fraud in connection with an alleged property-flipping scheme operated in the Sacramento County area.

United States v. Jeremiah Martin

2:10-cr-00191-JAM

Number of defendants: 4

Jeremiah Andrew Martin, Darrin Arthur Johnston, Todd Allen Smith, and Cheryl Ann Hitomi Peterson were indicted for a mortgage fraud conspiracy. The indictment charges four defendants with conspiracy to commit mail fraud, mail fraud, and money laundering in connection with an alleged fraudulent foreclosure rescue scheme.

United States v. Eric Clawson

2:10-cr-180-MCE

Number of defendants: 1

In 2007, Clawson assisted Gililand with finding renters and collecting rent in Gililand's scheme to acquire control of many homes in Chico through the use of straw buyers. Clawson helped Gililand buy two homes by fabricating an employment history and income for himself in order to qualify for a loan.

United States v. Jake Weathers
2:10-cr-178-MCE

Number of defendants: 5

This mortgage fraud scheme involved the defendants changing their names to Muslim names in order to obtain new credit and to conceal poor credit histories and other liabilities in their birth names. Glenn Watkins legally changed his name to “Rasheed Khaleb” to fraudulently purchase two homes. Once those homes fell into foreclosure, he legally changed his name to “Jason Johnson.” Likewise, the indictment alleges that Kevin Watkins changed his name to “Jamal Ali” then to “Calvin Carter.” Their uncle, Frederick Davis, allegedly changed his name to “Ammar Rashad,” to purchase a home, then to “Corey Green” once that home fell into foreclosure. Paul Yearby Jr. legally changed his name to “Malcom Ali.” Jake Weathers, an unlicensed mortgage broker, devised the scheme to defraud in order to obtain loan brokerage commissions and other cash payments from sellers made outside of escrow (i.e., they were not disclosed to the title company or to lenders). Weathers also is charged with knowingly providing to lenders false documents such as W-2 tax forms, wage earning statements, bank statements, and other documents, to support loan applications that stated borrowers earned significant income through employment with a company owned by Weathers, “C Auto Brokers.” Losses are estimated at over \$1 million.

United States v. Nathaniel Blanton
2:10-cr-177-JAM

Number of defendants: 1

He is charged with making false statements to financial institutions in connection with four mortgage loan applications on two residential properties in Roseville and Lincoln. The indictment alleges that Blanton submitted loan applications that falsely inflated his income and cash assets by tens of thousands of dollars.

United States v. Anthony B. Ghio
2:10-cr-00144-EJG

Number of defendants: 1

Ghio admitted in his guilty plea that he conspired with a group of real estate speculators who agreed not to bid against each other at certain public real estate foreclosure auctions in San Joaquin County. The primary purpose of the conspiracy was to suppress and restrain competition and obtain selected real estate offered at San Joaquin County public foreclosure auctions at noncompetitive prices. After the conspirators’ designated bidder bought a property at a public auction, they would hold a second private auction. Each participating conspirator would submit bids in the private auction above the public auction price. The conspirator who bid the highest amount at the end of the private auction won the property. The difference between the noncompetitive price at the public auction and the winning bid at the second auction was the group’s illicit profit, and it was divided among the conspirators in payoffs. He is charged with bid rigging, a violation of the Sherman Act

United States v. Sluga
1:10-cr-00001-OWW; 1:10-cr-00002-OWW
United States v. Megan Balod
1:10-cr-00016-OWW

Number of defendants: 3

These defendants and others executed a scheme to defraud mortgage loan companies working with Crisp and Cole Real Estate and Tower Lending. They purchased approximately three properties with a value of \$2.5 million by submitting fraudulent loan applications in order to qualify for the loans.

United States v. Dickson Wing Kei Hung
2:09-cr-00438-EJG

Number of defendants: 5

Defendants committed mortgage fraud between March and October 2006 in order to purchase 26 residences in Stockton that were to used to grow marijuana were being converted or were awaiting conversion for indoor marijuana cultivation. As a result of the mortgage fraud scheme, various financial institutions and mortgage lenders issued approximately \$15,000,000 in residential home loans with a resulting multimillion dollar loss.

United States v. Jerald Allen Teixeira
1:09-cr-00375-OWW

Number of defendants: 1

Between October 2004 and January 2007, Teixeira along with others at Crisp & Cole and Tower Lending, executed a scheme to defraud mortgage lending institutions, by submitting false statements in mortgage loan applications and related documents to obtain loans from the lenders for borrowers' purchases of real property. Teixeira obtained loans to finance the purchase of approximately 11 real properties with a total purchase value at the time of approximately \$4.4 million, and refinanced the mortgage on one of the properties. A number of the properties purchased with the loan proceeds were subsequently foreclosed upon after loan payments were not made when due.

United States v. Pierce Dandridge
2:09-cr-00196-GEB

Number of defendants: 2

Dandridge purchased five properties using Michael Leon Williams as his loan officer on each transaction. They collaborated to overstate Dandridge's monthly income on the applications. All five properties have gone into foreclosure causing approximately \$875,000 in losses.

United States v. Dameene Dedrick
2:09-cr-00209-MCE

Number of defendants: 2

In February 2006, Dedrick purchased three homes in Elk Grove for a total of approximately \$1.1 million. At the time, Dedrick was a licensed real estate agent. In two of the purchases, Roy Rice, then a loan broker, processed the loan applications. In all three transactions, Dedrick fraudulently inflated his earnings and represented that each home was to be his primary residence. He further created fictitious W-2 Wage and Tax Statements and earning statements for 2003–2005. Rice was aware of the false statements but nevertheless processed the applications, thereby receiving his commission. All three homes were later foreclosed on, resulting in losses in excess of \$500,000.

United States v. Dennis Aaron Moore
2:09-cr-0066-GEB

Number of defendants: 5

Between June 2005 and April 2007, the defendants conspired to defraud Washington Mutual Bank, doing business as Long Beach Mortgage, Countrywide Bank, FSB, and other lenders through a "cash-back-to-buyer" mortgage fraud scheme. Moore purchased five separate properties in South Lake Tahoe and Nevada City, each of which was funded with large primary loans or first mortgages from various lending institutions. As part of the purchase agreement, he insisted that the seller pay "commission" up to 20 percent to real estate agent Fan. In order to induce the seller to agree to such a commission, Moore often offered to purchase the properties at prices above the respective list prices. He and his co-conspirators submitted to the lending institutions home mortgage loan applications that contained various false statements with respect to his income, employment, liquid assets, and compliance with tax obligations, creating a bogus Web site and letters to substantiate the false statements. \$1 million in losses.

United States v. Christopher Warren
2:09-cr-121-FCD

Number of defendants: 2

A 44-count indictment charged Christopher Jared Warren and Scott Edward Cavell with wire fraud, money laundering, passport fraud, and aggravated identity theft, related to the theft of more than \$7 million from a mortgage lender and the purchase of millions of dollars of gold that Warren took to Lebanon. At their mortgage brokerage, they approved mortgages and then kept the money for themselves. Altogether, they stole more than \$7 million from 28 wire transfers. They redirected millions of dollars to gold bullion dealers, rare coin dealers, a Swedish bank account, a jewelry company, and others. They are also charged with stealing the identities of two men and getting passports in the names of the victims.

United States v. Ralondria Stafford

2:09-cr-00037-MCE

Number of defendants: 2

Between July 2005 and August 2006, the defendants used straw buyers to purchase properties that they owned in Vallejo. The buyers were offered \$5,000 for the use of their name and financial information. They told the buyers that the purchase would be in name only and that Stafford would purchase the properties back from six to 12 months. The defendants prepared application forms in the straw buyers' names containing material false statements and on one occasion attached to the application falsified Internal Revenue Service form W-2s and a lease agreement.

United States v. Derek Davis

2:08-cr-474-EJG

Number of defendants: 3

Davis recruited straw and nominal purchasers, to buy 16 properties. The indictment charges that the transactions involved fraudulent or false representations to obtain 100% mortgage financing, including misstatements about the purchasers' monthly income, intent to occupy the property, and existing liabilities. In addition, the indictment charges that in each transaction the purchase price was above the true market price of the property. An amount approximately equal to the difference between the purchase price and the true market price was then diverted as "cash back" at the close of each escrow to the bank account of a Nevada Corporation called Calorneva Land Company.

United States v. Garret Gililand III

2:08-cr-376-EJG

Number of defendants: 10

The second superseding indictment now charges Chico-area homebuilder William E. Baker with inflating sales prices on homes and routing sales proceeds back to Gililand and other buyers of his homes. The defendants engaged in approximately 62 fraudulent home sales involving aggregate loans of \$21 million and losses to lenders of approximately \$5 million. Developer Symmes admitted that he sold homes at artificially inflated prices to buyers recruited by Gililand and others. He then rebated significant monies back to the buyers and their recruiters, knowing that the rebates would not be disclosed to the lenders financing the purchases. This was a builder-bailout scheme. Gililand and his associates acted as the mortgage broker and real estate agent in connection with the transactions. They assisted in obtaining residential loans for the transactions causing materially false loan applications to be prepared on behalf of the purchasers.

United States v. Joy Johnson

2: 08-cr-318-LKK

Number of defendants: 11

The scheme involved purchasing properties at prices substantially higher than the list price without the lenders' knowledge. They were entirely financed with so called "80/20" loans. The difference between the list price and the inflated sales price was then credited at the close of escrow to fictitious businesses controlled by the defendants and others. They then used the credited funds mainly to make mortgage payments on the properties and for their own living expenses. In addition, the loan applications contained false information about income, personal assets, and intent to occupy the property as a primary residence. Most of the loans that were secured by the properties have either been foreclosed upon or are in default.

United States v. Robert Martinson

2:08-cr-294-EJG

Number of defendants: 5

The defendants schemed to defraud mortgage lenders by submitting fraudulent loan applications for straw buyers and other investors. Hayden was licensed as a real estate salesperson. She and Martinson operated a branch of MAC Real Estate Services and owned and controlled “Sheryl’s LLC.” Beginning in 2003, Martinson and Hayden purchased dozens of homes throughout the Sacramento area. In 2005, Martinson and Hayden wanted to unload properties from Sheryl’s LLC as the housing market began to slow, so they recruited straw buyers and others to purchase the homes. Rick and Melissa Villegas, who were loan processors, helped Martinson create fraudulent loan applications to ensure that the deals would close. They also assisted Martinson and Hayden in paying substantial kickbacks to at least one straw buyer. Delapp was a loan processor for MAC Real Estate Services, and was an account executive for Aegis Mortgage. Delapp used her position to forge signatures and to knowingly forward at least one false loan application in order to ensure the transactions were processed

United States v. William T. Bridge

2:08-cr-00275-WBS-KJM

Number of defendants: 2

Bridge pleaded guilty to filing a false tax return and paying illegal kickbacks to a loan coordinator at Long Beach Mortgage between 2003 and 2006. Bridge, a loan broker, admitted that in each of those tax years, he derived money from criminal activity involving fraudulent loans. The total tax loss to the United States for those tax years exceeded \$1 million. He paid a loan coordinator working for Long Beach Mortgage more than \$120,000 between July 2003 and March 2007, in exchange for the loan coordinator using his position at Long Beach Mortgage to process fraudulent loan applications submitted by Bridge. Paul Bridge, William’s brother, who is also a loan broker, was charged with paying kickbacks.

United States v. Joel Blanford

2:08-cr-00269-WBS

Number of defendants: 1

While working as a sales representative for Long Beach Mortgage, Blanford participated in a scheme to defraud that company. He paid a Long Beach Mortgage loan coordinator in cash and checks to falsify documents, provide false verification of borrowers’ employment or professional licensing status, and to turn a blind eye to fraudulent representations contained in loan applications and other documents submitted to Long Beach Mortgage. In each of the years 2003, 2004, and 2005, the indictment alleges that Blanford received, before taxes and payroll deductions, more than \$1 million in commissions and other compensation. Between April 2003 and October 2005, he conspired with others to engage in money laundering in order to conduct financial transactions to promote the carrying on of the fraud scheme and to conceal and disguise the nature and source of the payments to the loan coordinator.

United States v. Maria Santa

2:08-cr-00468-MCE

Number of defendants: 5

Prepared and submitted loan applications containing false statements as to employment and monthly income, and other false information, of a straw purchaser in order to purchase houses in the name of the straw purchaser. The complaint further alleged that Maria Santa and co-worker Sava committed identity theft by using a victim’s identity to purchase property.

United States v. Charles Head

2:08-cr-93-FCD; 2:08-cr-116-LKK

Number of defendants: 19

Head was the leader of a nationwide “foreclosure rescue” scam, netting approximately \$6.7 million in fraudulently obtained funds taken from 47 homeowners, nearly all of whom were located in California. They used straw buyers to replace victim homeowners on the titles of properties without the homeowners’ knowledge. Once the straw buyer had title to the home, they applied for a mortgage to extract the maximum available equity from the home. Ultimately, the victim homeowners were left without their home, equity, and with damaged credit ratings. A second indictment in the Head case was charged at the same time against seven defendants, including four not charged in the first indictment. “Head Two” involved an “equity stripping” scheme, netting approximately \$5.9 million in stolen equity from 68 homeowners in states across the nation. This time Charles Head allegedly altered the scheme by recruiting strangers via the Internet to act as straw buyers. Under this scheme, he would receive approximately 97 percent of the stolen equity. His “sales agents” and employees, and the other defendants, would receive the remaining 3% of equity.

United States v. Sennett H. Swift

2:08-cr-00001-LKK

Number of defendants: 1

Swift defrauded two homeowners and the corresponding lenders by fraudulently refinancing two homes, in order to receive substantial commissions. He lied to the two homeowners that they would receive loans with favorable terms, such as a low adjustable rate that would not increase above a certain rate cap and that their prepayment penalties on their existing mortgages would be rebated. Additionally, in one of the cases, Swift submitted a forged loan application and forged documents to the lender. Further, the loan application contained false information such as inflated wages.

United States v. John Ngo

2:07-cr-00545-WBS-KJM

Number of defendants: 1

He worked as a Senior Loan Coordinator at Long Beach Mortgage and was responsible for validating and verifying loan application information, including employment information, submitted by loan applicants. In September 2007, Ngo testified under oath before a federal grand jury investigating a mortgage fraud scheme in the San Joaquin County area. He was asked whether a mortgage broker had given Ngo any money. Ngo falsely testified that the broker had not given him any money. In fact, records later obtained from Bank of America showed that between July 2003 and March 2007, Ngo received in excess of \$100,000 in checks and bank transfers from the mortgage broker. Ngo admitted pleading guilty to perjury that most of the payments were to ensure that fraudulent loan applications were processed and funded. Ngo also admitted he received payments from Long Beach Mortgage sales representatives to push applications through the funding process. He knew many of these applications were fraudulent, and he and others took steps to “fix” applications by creating false documents or adding false information to the applications or the loan file.

United States v. Iftikhar Ahmad

2:07-cr-386-WBS

Number of defendants: 3

Between 2003 and 2005, the defendants engaged in a scheme to defraud in connection with residential real property purchases primarily in the Stockton area. Ahmad, through I & R Investment Properties, fraudulently sold 10 houses to straw buyers, obtaining in excess of \$1.5 million. Ahmad pleaded guilty on April 28, 2008 to mail fraud and money laundering. A second defendant who recruited straw buyers pleaded guilty on April 17, 2008, to mail fraud. A recurrent straw buyer pleaded guilty on March 31, 2008, to mail fraud.

United States v. James Roy Martin

2:07-cr-00432-EJG

Number of defendants: 4

The defendants engaged in a mortgage fraud scheme by asking people to act as straw purchasers of single family homes on behalf of others with bad credit who wished to purchase homes. Those solicited were told they would benefit financially from the transactions. They defrauded lenders such by submitting fraudulent loan applications, representing straw purchasers of homes as actual purchasers of homes. The indictment further charges that the defendants submitted fraudulent loan applications on behalf of these straw purchasers, which falsely inflated the buyers' income, falsely stated that a buyer was employed at a specific job, and falsely stated that the properties would be owner-occupied. The indictment alleges that the purpose of the scheme was to ensure that the home purchase transactions closed, so that defendants would receive substantial loan broker commissions and illegal kickbacks from real estate sales commissions.

United States v. Andy Lieng

1:07-cr-0316-LJO

Number of defendants: 6

Six Fresno area and S.F. Bay Area residents with fraudulently obtaining over \$2.1 million in residential home loans for the purpose of converting those homes into indoor marijuana cultivation operations. The investigation began as a result of a fire caused by the diversion of electricity at one of the houses on Villa Avenue in southeast Fresno. While Fresno firefighters were containing the fire, they discovered a sophisticated marijuana operation within the residence and contacted the Fresno County Sheriff's.

United States v. Christopher Craig

2:06-cr-00200-MCE

Number of defendants: 3

Craig approached homeowners who were on the verge of having their homes foreclosed on by their mortgage lenders. Craig promised to loan them money but instead created documents deeding away their residential properties to co-defendants who acted as "straws" and then applied for home equity loans from Washington Mutual Bank claiming falsely that they were the true owners of the properties and that there were no pending mortgages on the properties. In total, Washington Mutual disbursed \$1.2 million, which ended up in Craig's bank accounts; Craig paid back one of the loans before indictment, but still owed the bank \$975,000. The homes Craig used to perpetuate this scheme were located in Auburn, Lincoln, Stockton, Elk Grove, Sacramento and Manteca.