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Examples of Significant Mortgage Fraud Cases 2001-2010

United States: District Court: District of Nevada

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District of Nevada
Examples of Significant Mortgage Fraud Cases 2001-2010

USA v. Lloyd Gardley et al.

Case No. 2:10-cr-00236-GMN-LRL

On May 26, 2010, Lloyd Gardley, Candis Gardley, Suzanne McAllister, Arcell Mitchell, Jr., and Sharon Wagner were indicted by the federal grand jury on mortgage fraud charges. From about 2005 to April 2007, the defendants are accused of devising a mortgage fraud scheme involving straw buyers and the submission of false information to financial institutions in order to obtain mortgage loans. Between August 25, 2005, and April 18, 2007, the defendants are alleged to have been involved in 28 fraudulent real property sales transactions involving 21 homes sold in Las Vegas. Seven of the homes were "flipped" or sold twice within short periods of time. The majority of the homes sold for more than \$700,000, and the total value of the mortgages for the 28 transactions was \$18.9 million. The defendants are pending trial.

USA v. Michael Capodici, et al.

Case No. 2:10-cr-00281-KJD-PAL

On June 16, 2010, Michael Capodici, Linda Marie Kot, Jeffrey Palladino, and Michael Blair were indicted by the federal grand jury on mortgage fraud charges. From about August 2005 to May 2006, the defendants are accused of devising a mortgage fraud scheme involving straw buyers and the submission of false information to financial institutions in order to obtain mortgage loans. The defendants are alleged to have been involved in 12 fraudulent real property sales transactions involving nine homes sold in Las Vegas. The homes were either flipped - sold twice within a short period of time - or were the subject of foreclosure. The majority of the homes sold for more than \$600,000, and the approximate value of the mortgages for the 12 transactions was \$8 million. The defendants are pending trial.

USA v. Brett Depue et al.

Case No. 2:10-cr-00121-RLH-RJJ

On March 10, 2010, Brett Depue, owner/operator of numerous now-defunct Nevada investment companies, and two of his former employees, Brian Barney and Maria Ornelas were indicted by the federal grand jury on mortgage fraud charges. From about February 1, 2005, to May 31, 2007, in Nevada and elsewhere, the defendants allegedly participated in a mortgage fraud conspiracy in which they used "third party disbursements" and "double escrow" methods to fraudulently obtain monies from the financial institutions. The Indictment specifically discusses 17 homes in Las Vegas and Henderson which were purchased fraudulently between April 2005 and April 2007. The defendants are pending trial.

USA v. Calway Cauley et al.

Case No. 2:08-cr-00288-PMP-RJJ

On February 19, 2010, following a four-day jury trial, Calway Cauley was convicted of conspiracy to commit mail fraud; mail fraud; conspiracy to commit wire and bank fraud; and two counts of bank fraud. Cauley used straw buyers to obtain mortgages to purchase houses in Nevada and California, causing lenders to lose between \$200,000 and \$400,000. Four co-defendants also charged in the scheme pleaded guilty: William Ervin, Ladon McClellan, Joyce Wiltturner, and Truemetra Warner.

USA v. Steven Grimm et al.

2:08-cr-00064-RLH-GWF

Eve Mazzarella, a Las Vegas real estate broker, her husband, Steven Grimm, and four others, Melissa R. Beecroft, Christina R. Thompson, Amy R. Ortiz, and Jyothi Panikkar, all loan officers and mortgage brokers in Las Vegas are charged with defrauding federally-insured financial institutions of millions of dollars through a scheme that involved inflated housing values, straw purchasers and limited liability companies. The cases are pending trial. Five other defendants, Daicy Vargas, Benjamin Labee, Shauna Labee, Craig Christians, and Robert Samora, have pleaded guilty. Grimm and Mazzarella allegedly engaged in approximately 432 straw buyer transactions involving approximately 227 properties with a total purchase price of over \$107 million. Grimm and Mazzarella defaulted on mortgage payments on many of the loans which caused the properties to go into foreclosure. At least 143 of the approximately 227 properties purchased by the defendants are in default causing losses to the banks estimated at more than \$17 million..

USA v. John Kenney

2:08-CR-287-KJD-PAL

John Kenny was sentenced on September 1, 2009, to 18 months in prison, three years of supervised release, and ordered to pay restitution of \$245,000 for his guilty plea to conspiracy to commit mail fraud and bank fraud. Kenny used straw buyers to obtain mortgages to purchase houses in Nevada and California.

USA v. Kenneth Mickens

2:07-cr-00304-RCJ-PAL

On February 9, 2009, Mickens was sentenced to four months in prison, three years of supervised release and ordered to pay restitution of \$38,000 for his guilty plea to making a false statement in loan procurement and aiding and abetting. Mickens operated a Las Vegas company which assisted persons in procuring loans from various financial institutions. Between July and August 2003, Mickens made and caused his employees to make false statements in the loan applications of clients concerning their income and employment status.

USA v. Mark Young

2:03-cr-00549-RLH-LRL

Young was sentenced on March 10, 2006, to 78 months in prison, three years of supervised release, and ordered to pay \$457,740 in restitution to HUD. Young was convicted by a jury in September 2005 of conspiracy (to make false statements) and 32 separate counts of making false statements. During the period May 2000 through June 2002, Young created false loan packets for low-income borrowers in the Las Vegas, Nevada area to enable them to obtain mortgages and purchase homes beyond their means. The loans were issued by borrowers insured by HUD. The false loan packets included false pay stubs, W-2 forms, verifications of employment, credit references, gift letters, and other false information concerning the borrowers' employment, income, assets, alien status, and credit history. Young's conviction was upheld on appeal.

USA v. Stefan Crosby et al.

2:05-cr-00357-RLH-RJJ

On June 30, 2006, Stefan Crosby was sentenced to 21 months in prison, three years of supervised release, and ordered to pay \$302,365 in restitution for his guilty plea to conspiracy and HUD fraud. His brother Lionel Crosby was sentenced on September 8, 2006, to one year and one day in prison, one year of supervised release, and ordered to pay \$92,761 in restitution for his guilty plea to HUD fraud. From 2001 to 2003, Stefan and Lionel Crosby conspired to make false statements for the purpose of obtaining HUD insured home loans. The defendants recruited “straw buyers” to apply for the loans to purchase residences in the Las Vegas area, knowing that the straw buyers did not qualify for the loans. The defendants then created fraudulent documents, such as loan applications and verifications of employment, rent, and identification, and placed false information in them to support the loan applications for themselves and the straw buyers. HUD foreclosed on all of the properties and reported losses of over \$300,000.

USA v. John Everett

2:04-cr-00376-JCM-GWF

On August 10, 2005, John Everett was sentenced to 27 months imprisonment for his guilty plea to Money Laundering. Everett and co-conspirators operated several businesses in the Las Vegas, Nevada area which purchased residential real estate properties and renovated them as halfway homes for recovering alcoholics. Everett and his co-conspirators used straw buyers to apply for mortgage loans. In most of the applications, the straw buyers used fictitious identities and fraudulent documents, such as loan applications, copies of drivers licenses, pay stubs, employment verifications, credit references, bank information, etc. In addition to the mortgage loan, Everett and his co-conspirators requested additional sums of money, ranging from \$25,000 to \$50,000 to renovate the homes as halfway houses. Everett and his co-conspirators used these additional sums of money for their own benefit, including to fund further fraudulent loans.

USA v. Beth Lanza et al.

2:01-cr-00137-LRH-PAL

On May 17, 2004, three former mortgage company employees who processed fraudulent Federal Housing Authority (FHA) home loans in the Las Vegas area from approximately 1997 to 1999 were sentenced. Beth Lanza, a former regional manager and loan officer with Mortgage Capital Resources and National City Mortgage in Las Vegas, was sentenced to 27 months in prison and ordered to pay \$333,375 in restitution for her guilty plea to one count of Wire Fraud; Gary Stephens, also a former loan officer at Mortgage Capital Resources, was sentenced to 10 months in prison and ordered to pay \$148,249 in restitution for his guilty pleas to making a false statement to HUD; and Zina Sagona, of Las Vegas, also a former loan officer at Mortgage Capital Resources, was sentenced to two years probation and ordered to pay \$197,594 in restitution for her guilty pleas to conspiracy and making a false statement to HUD. Two other co-defendants, Michael Cartron and Horace Smith, both former loan officers with Mortgage Capital Resources and National City Mortgage, also pleaded guilty and have been sentenced. Cartron was sentenced on May 5, 2004, to 21 months in prison, and Smith was sentenced on October 21, 2003, to 37 months in prison.