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## **SIX MIAMI-AREA RESIDENTS PLEAD GUILTY TO MORTGAGE FRAUD SCHEME INVOLVING FOUR CONDOMINIUM DEVELOPMENTS**

WASHINGTON – Six Miami-area residents, including three former loan officers, pleaded guilty in the Southern District of Florida this week to participating in a fraudulent scheme designed to enrich real estate developers by selling condominium units to straw buyers.

Acting Assistant Attorney General David A. O’Neil of the Justice Department’s Criminal Division, Special Agent in Charge Phyllis Robinson of the Department of Housing and Urban Development’s Office of the Inspector General (HUD-OIG) in Miami and Acting Inspector General Michael P. Stephens of the Federal Housing Finance Agency (FHFA-OIG) made the announcement.

Today, Leidy Masvidal, 42, of Miami, pleaded guilty before U.S. District Court Judge Marcia G. Cooke to conspiring to commit bank fraud. Sentencing is scheduled for Sept. 24, 2014. Alfredo Jesus Chacon, 48, of Orange Park, Florida, and Francisco Martos, 63, and Dorian Wong Magarino, 49, both of Miami, also pleaded guilty today to conspiring to commit wire fraud and mail fraud before U.S. District Court Judge Ursula Ungaro. Sentencing is scheduled for Aug. 1, 2014.

On May 14, 2014, Tania Masvidal, 49, and Douglas Ponce, 40, both of Miami, each pleaded guilty before Judge Cooke to conspiring to commit bank fraud. Sentencing is scheduled for July 30, 2014.

According to the defendants’ plea agreements and other court documents, the defendants participated in a scheme to pay straw buyers to submit false loan applications to lending institutions to purchase condominiums owned by co-conspirators. Leidy Masvidal and Tania Masvidal used a mortgage brokerage they owned, EZY Mortgage Inc., to arrange financing for the purchases. Because the straw buyers were not credit-worthy, the Masvidals secured loans in their names by submitting to lending institutions loan applications and other fraudulent documents containing false statements about the buyers’ income, employment and assets, and falsely stating that the buyers intended to reside in the properties. Additionally, the Masvidals enabled their co-conspirators to secretly fund the buyers’ obligations to pay money at closing (known as “cash to close” obligations) by establishing shell corporations, which the co-conspirators used to funnel cash from conspirators to the escrow account used at closing, as well as paying the straw buyers. The co-conspirators compensated the Masvidals for their role in the

scheme by sending kickback payments taken from the loan proceeds to the Masvidals' shell corporations for every straw buyer identified.

According to admissions in court records, Martos was a former loan officer at a mortgage company known as State Lending who helped secure financing for straw buyers in exchange for kickbacks by procuring false employment documents and by including false information in buyers' loan applications. Chacon and Ponce recruited straw buyers to purchase properties owned by co-conspirators in exchange for kickbacks paid from the sales proceeds. Chacon also allowed a company that he controlled to be used as a false employer for the straw buyers. Magarino accepted payments to act as one of Chacon's straw buyers and recruited other straw buyers into the scheme. For the properties in which Magarino acted as the straw buyer, he represented to the lender that he personally met his cash-to-close obligations when in fact he knowingly paid these costs with funds supplied by conspirators.

Many of the straw buyers defaulted on their loans after the conspirators stopped making their mortgage payments on their behalf, causing millions of dollars in losses to lenders.

On March 31, 2014, Luis Mendez, Stavroula Mendez, Luis Michael Mendez, Lazaro Mendez, Marie Mendez, Wilkie Perez and Enrique Angulo were indicted in the Southern District of Florida for their alleged participation in this scheme. They have pleaded not guilty and trial is currently set for Sept. 8, 2014. The charges in the indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

The case is being investigated by HUD-OIG and FHFA-OIG. The case is being prosecuted by Trial Attorneys Gary A. Winters and Brian Young of the Criminal Division's Fraud Section.

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