

Press Release

Beverly Hills Man Arrested, Brentwood Man Charged in Separate Criminal Cases Linked to Fraud in Public Homelessness Funds

Thursday, October 16, 2025

For Immediate Release

U.S. Attorney's Office, Central District of California

LOS ANGELES – Federal law enforcement today announced the arrest of the former chief financial officer at a downtown Los Angeles-based developer of affordable housing and criminal charges against a Brentwood man who defrauded lenders to aid his property-flipping business, including a Cheviot Hills home that he sold to a homeless housing developer for more than double his original purchase price.

“Accountability for the misuse of billions of tax dollars intended to combat homeless starts today,” said Acting United States Attorney Bill Essayli, “The two criminal cases announced is only the tip of the iceberg and we intend to aggressively pursue all leads and hold anyone who broke any federal laws criminally liable.”

“In both of these cases, defendants took advantage of funds allocated to assist the homeless, some of the most vulnerable people in society and many of whom may be suffering from myriad conditions, including addiction,” said Akil Davis, the Assistant Director of the FBI's Los Angeles Field Office. “The FBI is committed to the Homelessness Fraud & Corruption Task Force to find perpetrators of this insidious fraud and build cases to hold the offenders accountable in court. It is my hope that the charges we’re announcing today send a message to others who may be contemplating similar criminal behavior.”

“IRS-CI is proud to be an inaugural member of the Homelessness Fraud and Corruption Task Force, which was formed to ensure that funds which were committed to aiding California’s homeless population were spent as intended,” said Special Agent in Charge Tyler Hatcher of IRS Criminal Investigation’s Los Angeles Field Office. “Today’s actions show our commitment to ensuring the public that we will investigate missing funds that were intended to benefit some of the most vulnerable Californians.”

“The Federal Housing Finance Agency Office of Inspector General (FHFA-OIG) thoroughly investigates allegations of fraud, waste, and abuse, said Special Agent in Charge Herminia Neblina of FHFA-OIG Western Region. “We will continue to hold those accountable who engage in fraud against the entities that FHFA regulates. This investigation reflects our commitment to coordinating investigations with our law enforcement partners.”

United States v. Holmes

Cody Holmes, 31, of Beverly Hills, was arrested this morning on a federal criminal complaint charging him with mail fraud, a felony offense that carries a statutory maximum sentence of 20 years in federal prison.

Holmes is expected to make his initial appearance this afternoon in United States District Court in downtown Los Angeles. No plea will be taken today.

According to an affidavit filed with the complaint, in October 2022, the California Department of Housing and Community Development (HCD), a state agency, paid approximately \$25.9 million in grant money – for a state homelessness project called “Homekey” – to Shangri-La Industries LLC, a downtown Los Angeles-based developer of affordable housing. The grant funds were sent with the provision that the money be used to purchase, construct, and operate homeless housing in Thousand Oaks.

These payments followed many millions of dollars HCD had already paid to Shangri-La to buy, build, and operate housing for the homeless in Redlands (in San Bernardino County) and King City (in Monterey County), among other California cities.

Holmes – as Shangri-La’s CFO – knowingly submitted fake bank records to HCD that purportedly showed approximately \$160 million supposedly controlled by Shangri-La and its affiliates to prove that Shangri-La had the capacity to fulfill the homeless housing projects for which it had coapplied for grants from HCD, including the Thousand Oaks project. In fact, the bank accounts Shangri-La and Holmes said contained these funds did not exist.

Holmes and Shangri-La also submitted to HCD balance sheets falsely representing that Shangri-La-affiliated entities held millions of dollars in cash that these entities did not actually have on deposit in the known accounts for those entities. Holmes and Shangri-La submitted these fake bank statements and false balance sheets with the intent that HCD should rely on them and release grant money to Shangri-La.

After these documents were submitted to HCD, HCD paid millions of dollars more in grant money to Shangri-La, including for the Thousand Oaks project.

Some of the Homekey money paid to Shangri-La for homeless housing was used to pay credit card bills for American Express accounts associated with Holmes. In November and December of 2022, more than \$2.2 million was transferred from a Shangri-La account to a Holmes-controlled account. Afterwards, from November 2022 to May 2023, more than \$2 million was paid towards American Express cards. The charges on those credit card

accounts included purchases at well-known luxury retailers. Law enforcement believes these payments were made at least in part for Holmes's benefit.

United States v. Taylor

Steven Taylor, 44, of Brentwood, is charged with seven counts of bank fraud, one count of aggravated identity theft, and one count of money laundering.

Taylor, who is free on a \$3.6 million bond, is expected to be arraigned on the superseding indictment in the coming weeks in United States District Court in downtown Los Angeles.

According to the indictment, from August 2019 to July 2025, Taylor used fake bank statements and false cash representations to obtain loans and lines of credit to operate his real estate business. Among other uses for the fraud proceeds, Taylor acquired or refinanced properties in the Los Angeles neighborhoods of Silver Lake, Los Feliz, Westlake, Del Rey, Pico-Union, and Cheviot Hills.

Taylor also is charged with lying to lenders about his intended use of the properties, including lying to the lender funding his purchase of the Cheviot Hills property, misleadingly telling the lender he intended to renovate and use the property himself. In fact, Taylor already had contracted to sell the property, which he originally acquired for \$11.2 million (obtained with a loan via fake bank statements) to a homeless housing developer purchasing it with public funds from the City of Los Angeles and the State of California for \$27.3 million in a double-escrow transaction hidden from the victim lender and others.

Taylor likewise obtained and kept open lines of credit using fake bank statements and false representations concerning cash deposits, including an unsecured line of credit of approximately \$3 million from one victim lender – identified in court documents as “Lender B” – and an additional unsecured line of credit of approximately \$1 million from another victim lender – identified in court documents as “Lender C.”

He is further alleged to have lied to Lender B in opening the \$3 million credit line with Lender B, falsely telling Lender B that he had closed his \$1 million unsecured line of credit with Lender C. He lied by fabricating and sending a document that purported to be an email from an employee of Lender C falsely confirming that the Lender C credit line was closed. In fact, Taylor continued to keep open and draw down on his line of credit with Lender C, even after he opened his \$3 million line of credit with Lender B, and the email from Lender C was forged.

The fake bank statements, false cash representations, and misrepresentations regarding liabilities were material to lenders in deciding whether to approve and to keep open the

loans and lines of credit Taylor sought and maintained. Taylor used the fraudulently obtained lines of credit to make down payments on real estate that he also obtained with the fraudulent loans.

If convicted, Taylor would face a statutory maximum sentence of 30 years in federal prison for each bank fraud count, up to 10 years in federal prison for the money laundering count, and a mandatory consecutive two-year prison sentence for the aggravated identity theft count.

Complaints and indictments contain allegations that a defendant has committed a crime. Every defendant is presumed to be innocent until and unless proven guilty beyond a reasonable doubt in court.

The FBI and IRS Criminal Investigation are investigating Holmes.

The FBI, IRS Criminal Investigation, and the Federal Housing Finance Agency Office of Inspector General are investigating Taylor.

Assistant United States Attorneys Monica E. Tait and Nisha Chandran of the Major Frauds Section and Sarah E. Spielberger of the Asset Forfeiture and Recovery Section are prosecuting Holmes. Assistant United States Attorneys Kerry L. Quinn of the Major Frauds Section, Juan M. Rodriguez of the Public Corruption and Civil Rights Section, and Sarah E. Spielberger of the Asset Forfeiture and Recovery Section are prosecuting Taylor.

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