



Department of Justice

Office of the United States Attorney
Eastern District of California
U.S. Attorney McGregor W. Scott

FOR IMMEDIATE RELEASE
Monday, June 18, 2018
www.justice.gov/edca
Docket #: 1:15-cr-160-LJO

CONTACT: LAUREN HORWOOD
PHONE: 916-554-2706
usacae.edcapress@usdoj.gov

MODESTO REAL ESTATE ATTORNEY SENTENCED TO TWO YEARS IN PRISON FOR FRAUDULENT SHORT-SALE SCHEME

FRESNO, Calif. — Robert Farrace, 54, of Modesto, was sentenced today to two years in prison for a fraudulent short-sale scheme, U.S. Attorney McGregor W. Scott announced.

On November 14, 2017, a jury found Farrace guilty of three counts of wire fraud in connection with the scheme. According to court documents, Farrace, an attorney specializing in real estate law and the former president of the Stanislaus County Bar Association, owned two properties in Modesto with substantial mortgage loans. By early 2010, Farrace was in default and received foreclosure notices for the two properties. In order to keep the properties and avoid foreclosure, Farrace formed an entity called “Dignitas LLC” to purchase the properties.

According to evidence presented at trial, Farrace controlled Dignitas, but listed a friend’s name on the paperwork as a nominal manager because he knew the bank would not sell the property to a related party. Farrace then submitted short sale offers to the bank that serviced the loans on both properties, listing Dignitas and the nominee manager as the purchaser. Farrace misrepresented his relationship to Dignitas to induce the bank to approve the short sale. Because the servicing bank did not know of the true relationship, it went forward and completed one of the short sales. The short sale on the second property was stopped after law enforcement informed the bank of Farrace’s scheme.

This case was the product of an investigation by the Federal Housing Finance Agency—Office of Inspector General, the Federal Bureau of Investigation, and the Stanislaus County District Attorney’s Office. Assistant U.S. Attorneys Michael G. Tierney and Shelley D. Weger prosecuted the case.

####