



# Department of Justice

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Eastern District of California  
United States Attorney Benjamin B. Wagner

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## SEVEN INDICTED FOR MORTGAGE FRAUD CONSPIRACY

### *\$3 Million Scheme Involved 25 Properties from Modesto to Sacramento*

FRESNO, Calif. — A federal grand jury returned a 15-count indictment on Thursday against seven individuals, charging them with conspiracy to commit mail fraud and bank fraud, mail fraud and aiding and abetting, and making false statements to a bank in a mortgage fraud scheme, United States Attorney Benjamin B. Wagner announced.

Jyoteshna Karan, 43, and Praveen Singh, 36, were arrested this morning at their home in Modesto. Mahendra Prasad, 53, was arrested this morning at his home in Fremont. The remaining defendants each received a summons to appear for arraignment: Phul Singh, 79; and Sunita Singh, 60, both of Modesto, Nani Isaac, 69, of Ceres, and Martin Bahrami, 42, of Turlock.

According to court documents, the defendants conspired to defraud mortgage lending companies and financial institutions by making false statements on loan applications and short-sale applications in order to obtain properties under their names and the names of others. The false statements included statements relating to the defendants' employment, their familial relationship, income, and their intent to occupy the home as their primary residence.

According to the indictment, the conspiracy encompassed at least 25 properties from Sacramento to Modesto. As a result of the scheme, lenders lost in excess of \$3 million.

"The Federal Deposit Insurance Corporation Office of Inspector General is pleased to join the United States Attorney for the Eastern District of California and our law enforcement colleagues in announcing these indictments" said Wade Walters, Special Agent in Charge for the FDIC's Office of Inspector General. "We are

committed to our partnerships with others in federal, state, and local law enforcement organizations as we address mortgage fraud cases throughout the country. The American people need to be assured that their government is working to ensure integrity in the financial services and housing industries and that those involved in criminal misconduct that undermines that integrity will be held accountable.”

“The partnership between the Stanislaus County District Attorney’s Office, federal agencies and the U.S. Attorney’s Office allows us to investigate the most complex real estate fraud cases at the local level and yet prosecute at the federal level to ensure full accountability. This is a true benefit to the community,” said Stanislaus County District Attorney Birgit Fladager.

“The short sale process is intended to assist legitimately distressed homeowners,” said Leslie DeMarco, Special Agent in Charge, Federal Housing Finance Agency Office of Inspector General. “Our investigation disclosed that Karan and others allegedly manipulated the process for their personal gain. FHFA-OIG is committed to ensuring that real estate professionals maintain the highest ethical standards, which in turn will protect taxpayers.”

“Early this morning, SIGTARP agents and our law enforcement partners arrested or served summons on seven individuals who stand charged with operating a fraud scheme that cost financial institutions, including multiple TARP banks, millions of dollars in losses,” said Christy Romero, Special Inspector General for TARP. “The seven allegedly conspired to falsify information on mortgage loan and short-sale applications submitted to multiple financial institutions in order to obtain properties across Eastern California. SIGTARP and our law enforcement partners will aggressively investigate allegations of fraud perpetrated at the expense of taxpayers’ TARP bank investments and bring accountability to those who engage in these schemes.”

This case is the product of an investigation by the Stanislaus County District Attorney’s Office, the Federal Bureau of Investigation, the Federal Housing Finance Agency Office of Inspector General, the Federal Deposit Insurance Corporation Office of Inspector General, and the Office of the Special Inspector General for the Troubled Asset Relief Program. Assistant United States Attorneys Mark E. Cullers and Patrick Delahunty are prosecuting the case.

Jyoteshna Karan and Praveen Singh are scheduled to appear for arraignment in U.S. District Court in Fresno, on Friday, June 26, 2015, at 1:30 p.m. before U.S. Magistrate Judge Gary Austin. Phul Singh, Sunita Singh, Nani Isaac and Martin Bahrami are scheduled to appear for arraignment in U.S. District Court in Fresno, on

Wednesday, July 1, 2015, at 1:30 p.m. before U.S. Magistrate Judge Gary Austin. Mahendra Prasad is scheduled to appear in U.S. District Court in San Jose on June 26, 2015, for arraignment.

If convicted, each defendant faces a maximum statutory penalty of 30 years in prison and a \$1 million fine per count. Any sentence, however, would be determined at the discretion of the court after consideration of any applicable statutory factors and the Federal Sentencing Guidelines, which take into account a number of variables. The charges are only allegations; the defendants are presumed innocent until and unless proven guilty beyond a reasonable doubt.

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