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FORMER MODESTO REAL ESTATE BROKER SENTENCED TO 10 YEARS IN PRISON FOR MORTGAGE FRAUD SCAM

FRESNO, Calif. – James Lee Lankford, 74, formerly a Modesto-based real estate broker, was sentenced today by Senior U.S. District Judge Anthony W. Ishii to 10 years in prison for orchestrating an 11-year mortgage fraud scam that looted elderly homeowners and lending institutions of close to \$10 million dollars, United States Attorney Benjamin B. Wagner announced.

Lankford's co-defendant, Jon Vance McDade, 49, formerly of Modesto, was sentenced to one year of home detention to be followed by a five-year term of supervised release, in connection with the same mortgage fraud scam. (McDade and Lankford have married and McDade is now known as Jon Vance Lankford.) The two were ordered to forfeit their interests in various properties and to pay \$1,443,826 in restitution to the victims of the fraud scheme.

According to court documents, Lankford, who operated Century 21-Apollo Realty as a real estate agent and broker, fraudulently induced elderly property owners to sell their homes to him and to provide the financing for the purchase. In return, Lankford agreed to make interest-only payments and to pay the principal at a future date. Lankford fraudulently induced the elderly sellers into believing that their financing was secured by the property itself by filing deeds with the county recorder's office. Unbeknownst to the elderly sellers, Lankford also obtained mortgages from lending institutions to finance the purchase of the same properties. In order to obtain the mortgages, Lankford would not inform the lending institutions that he had obtained seller-backed financing. Lankford and co-defendant McDade also made other material misrepresentations on the loan applications and in some instances, submitted falsified documents regarding monthly income to ensure approval for the loans.

In many instances, Lankford then refinanced the properties with another lending institution after filing fraudulent deeds purportedly showing that the elderly property owners had been paid in full. After eliminating the seller's lien on the property, Lankford would then obtain refinancing and draw out any equity that had accumulated in the property. Lankford, having refinanced the property, and in some instances having obtained additional financing by reselling the property to co-defendant McDade, would then allow the property to go into foreclosure, or would sell it as a short sale.

“James Lankford preyed on elderly homeowners in the course of his scheme,” U.S. Attorney Wagner said. “The sentence imposed in this case appropriately reflects the cruelty of Lankford’s conduct.”

“James Lee Lankford participated in a fraudulent scheme that preyed on elderly victims and the banking industry causing millions of dollars in losses to those individuals and to Fannie Mae,” said Michael P. Stephens, Acting Inspector General for the Federal Housing Finance Agency’s Office of Inspector General (FHFA-OIG). “We will continue to work with our law enforcement partners to dismantle such schemes and hold all involved accountable, just as Lankford was held accountable.”

“Lankford’s elaborate scheme was damaging not only to individual victims but also to lenders and the local economy,” said Special Agent in Charge Monica M Miller of the Sacramento division of the FBI. “He used vulnerable, elderly citizens as mere pawns in his elaborate scheme, carelessly and irreparably damaging their financial wellbeing while defrauding lenders to elevate his own lifestyle, lining his pockets with ill-gotten gains. This case exemplifies the importance of partnership among federal and local law enforcement agencies for successful investigation and pursuit of justice for victims of financial crime.”

This case was the product of an investigation by the FBI, the FHFA-OIG, and the Stanislaus County District Attorney’s Office. Assistant U.S. Attorneys Christopher Baker and Michael Tierney prosecuted the case.

This case was done in connection with the President’s Financial Fraud Enforcement Task Force. The task force was established to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys’ offices and state and local partners, it’s the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed nearly 10,000 financial fraud cases against nearly 15,000 defendants including more than 2,900 mortgage fraud defendants. For more information on the task force, please visit www.StopFraud.gov.

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