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For Immediate Release

**“TYCOON” OWNER SENTENCED TO PRISON FOR  
DEFRAUDING LENDERS AND IRS**

*Scheme Allowed Investment Company Owner and Wife to Live For Free in Multimillion Dollar  
Oceanfront Maui Home Without Paying Taxes*

NEWS RELEASE SUMMARY – February 9, 2015

SAN DIEGO - Grant McCollough, a real estate investor and owner of Tycoon Investments, along with his wife Marisa McCollough, a former Wells Fargo Bank employee, were sentenced today by U.S. District Judge Michael M. Anello for participating in a mortgage fraud conspiracy involving dozens of properties in Colorado and Maui, Hawaii.

Grant McCollough was sentenced to 10 months in custody; Marisa McCollough was sentenced to four months. The court also ordered the couple to pay \$25,746 in restitution to the IRS.

The McColloughs pleaded guilty on September 30, 2014, and admitted that as part of their conspiracy they recruited investors to act as “straw” buyers in real estate transactions. The defendants then arranged for false information to be submitted to mortgage lenders in support of the straw buyers’ loan applications. The McColloughs also fraudulently inflated the value of the homes and disguised the source of the down payments, in order to skim funds from the fraudulent transfer of property among their co-conspirators. They then hid their skimmed profits from the Internal Revenue Service.

Nearly all of the fraudulent mortgages were arranged by coconspirator Donald Totten, a mortgage loan officer and broker operating from Rancho Santa Fe. Totten was sentenced in October 2014 to 30 months in prison for his role in the scheme, which included mortgage fraud causing more than \$20 million in losses to mortgage lenders, bankruptcy fraud, and filing a false tax return that failed to report more than \$3 million in taxable income. Totten operated the businesses “Money World” and “Integrated Home Loans,” and specialized in brokering a particularly toxic stated-income, stated-asset “negative amortization” loan product, which allowed borrowers to make monthly payments less than the interest charged over the same period and without paying down the principle balance, so that the monthly payments were low but the outstanding balance of the loan increased over time.

Grant McCollough was not the only principal of Tycoon Investments involved in the conspiracy. McCollough's business partner, Jason Kent, was also charged in the scheme. On July 21, 2014, Kent pleaded guilty to wire fraud, and admitted assisting Totten, Grant McCollough, Marisa McCollough, and others with carrying out this mortgage and "kickback" scheme. Kent's case was transferred to the District of Hawaii and he is scheduled to be sentenced on February 26, 2015, before United States District Judge Leslie E. Kobayashi.

With Totten's help, Marisa McCollough bought a \$3.4 million oceanfront home in Lahaina, Hawaii. In order to qualify, she falsely claimed that she earned \$90,000 per month, had close to \$700,000 in savings, and made a down payment of \$630,000. This was all false, and in fact Ms. McCollough did not contribute any of her own funds to the purchase. The McColloughs lived in the home for several years, but never made the mortgage payments they owed.

According to court documents, many of the fraudulently-obtained mortgage loans subsequently defaulted, causing mortgage lenders and secondary purchasers, including Fannie Mae and Freddie Mac, to suffer significant losses as a result of the conspiracy. Fannie Mae and Freddie Mac are government-sponsored enterprises with a mission to provide liquidity, stability, and affordability to the U.S. housing market. Both enterprises assist mortgage lenders by purchasing the loans they originate, enabling the lenders to replenish their funds to finance additional mortgage loans for American homebuyers. The statements borrowers make in loan applications are an important factor in Fannie Mae's and Freddie Mac's determination whether to purchase a mortgage loan.

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**DEFENDANTS****Case Number: 14CR2787-MMA**

Grant McCollough	Age: 38	Kearney, Nebraska
Marisa McCollough	Age: 36	Kearney, Nebraska

**CHARGES**

Conspiracy to commit wire fraud and defraud the United States, in violation of 18 U.S.C. § 371.  
Maximum Penalties: 5 years' imprisonment, \$250,000 fine or twice the pecuniary gain or loss resulting from the offense, \$100 special assessment, restitution.

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**DEFENDANT****Case Number: 13CR2941-MMA**

Donald Totten	Age: 58	Oakland, California
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**CHARGES**

Conspiracy to commit wire fraud, in violation of 18 U.S.C. § 1349.  
Maximum Penalties: 30 years' imprisonment, \$1,000,000 fine or twice the gain or loss resulting from the offense, \$100 special assessment, restitution.  
Filing a false tax return, in violation of 26 U.S.C. § 7206(1)  
Maximum Penalties: 3 years' imprisonment, \$250,000 fine, \$100 special assessment, restitution.  
Bankruptcy fraud, in violation of 18 U.S.C. § 152  
Maximum Penalties: 5 years' imprisonment, \$250,000 fine or twice the gain or loss resulting from the offense, \$100 special assessment, restitution.

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**DEFENDANT**

Jason Kent

**Case Number: 14CR1667-MMA**

Age: 37 Lahaina, HI

**CHARGES**

Wire fraud affecting a financial institution, in violation of 18 U.S.C. § 1343.

Maximum Penalties: 30 years' imprisonment, \$1,000,000 fine or twice the gain or loss resulting from the offense, \$100 special assessment, restitution.

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**DEFENDANT**

Shellie Lockard

**Case Number: 13CR2772-MMA**

Age: 44 Ventura, CA

**CHARGES**

Conspiracy to commit wire fraud, in violation of 18 U.S.C. § 1349

Maximum Penalties: 30 years' imprisonment, \$1,000,000 fine or twice the gain or loss resulting from the offense, \$100 special assessment, restitution.

**INVESTIGATING AGENCIES**

Federal Bureau of Investigation

Federal Housing Finance Agency – Office of Inspector General

Internal Revenue Service, Criminal Investigation

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