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Real Estate Developer and Mortgage Broker Plead Guilty to Mortgage Fraud Scheme

FOR IMMEDIATE RELEASE

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Two Miami, Florida, residents pleaded guilty this week to participating in a mortgage fraud scheme involving the sale of condominium units in the Miami area.

U.S. Attorney Wifredo A. Ferrer of the Southern District of Florida, Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division, Special Agent in Charge Nadine Gurley of the Department of Housing and Urban Development's Office of the Inspector General in Miami (HUD-OIG) and Acting Inspector General Michael P. Stephens of the Federal Housing Finance Administration (FHFA) made the announcement.

Luis Michael Mendez, 44, and **Wilkie Perez**, 39, each pleaded guilty to one count of conspiracy to commit bank fraud and wire fraud before U.S. District Court Judge Darrin P. Gayles in the Southern District of Florida. In their pleas, both defendants admitted that they participated in a scheme to place straw buyers in condominium units owned by real estate developers who are members of Mendez's immediate family in return for a share of the profits.

As part of Mendez's plea agreement, he admitted participating in a scheme to sell condominium units in developments controlled by members of his immediate family to straw buyers who would neither own nor be financially responsible for the properties. Mendez conspired with two Florida mortgage brokers to finance the fraudulent transactions with loans obtained by submitting false loan applications and supporting documentation. Mendez also admitted submitting false loan applications in his own name to purchase a number of properties. Following the purchase of the units, the seller funneled a portion of the sale proceeds to shell corporations controlled by Mendez. In total, Mendez admitted that his conduct caused a loss of over \$3 million.

According to court papers, Perez was a licensed mortgage broker who owned Kinetic Mortgage Group, Inc., a mortgage brokerage company in Miami, Florida. Perez admitted that he and Luis Mendez, one of Mendez's immediate family members who owned and controlled the real estate developments, entered into an agreement in which Perez arranged for straw buyers to obtain financing to purchase units controlled by Luis Mendez by, among other things, submitting to financial institutions loan applications and supporting documents containing false information about buyers' employment, income, and assets. Luis Mendez paid kickbacks to Perez out of the loan proceeds following the closings on the properties. Perez, in turn, used a portion of the kickback

payments to compensate straw buyers for the use of their identities and credit information. In total, Perez admitted to obtaining more than \$2.5 million in fraudulent loans.

Mendez and Perez were indicted by a federal grand jury on March 31, 2014, with Luis Mendez, Stavroula Mendez, Marie Mendez, and Enrique Angulo, who have entered pleas of not guilty and are scheduled for trial beginning Sept. 8, 2014. The charges contained in an indictment are merely accusations, and a defendant is presumed innocent unless and until proven guilty.

The case is being investigated by HUD-OIG and FHFA. The case is being prosecuted by Trial Attorneys Gary A. Winters and Brian Young of the Criminal Division's Fraud Section.

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