

Department of Justice

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Seven Indicted in Florida in Mortgage Scheme

Seven individuals have been indicted in the Southern District of Florida for their alleged participation in a mortgage fraud scheme in the Miami area.

The charges were announced by Acting Assistant Attorney General David A. O'Neil of the Justice Department's Criminal Division, Inspector General David A. Montoya of the Department of Housing and Urban Development and Acting Inspector General Michael P. Stephens of the Federal Housing Finance Agency's Office of the Inspector General.

A 19-count indictment, returned on March 13, 2014, by a federal grand jury and unsealed today, charges Miami-Dade County residents Luis Mendez, Stavroula Mendez, Luis Michael Mendez, Lazaro Mendez, Marie Mendez, Wilkie Perez and Enrique Angulo with one count of conspiracy to commit wire and bank fraud. Some of those defendants have also been charged with bank fraud and wire fraud. Stavroula Mendez, Luis Michael Mendez, Lazaro Mendez and Marie Mendez were taken into custody today and made their initial appearances before United States Magistrate Judge Jonathan Goodman in Miami, while the other three defendants remain at large.

As alleged in the indictment, Luis Mendez, Stavroula Mendez, Luis Michael Mendez, Lazaro Mendez and Marie Mendez owned or controlled various real estate properties in the Miami area. They enlisted mortgage brokers and other individuals, including Perez and Angulo, to recruit straw buyers to act as qualifying mortgage applicants to fraudulently purchase condominiums in the properties. The defendants prepared and caused to be prepared loan documents containing false statements and representations relating to the buyers' income, assets and other information necessary to enable lenders to assess the buyers' qualifications to borrow money, which induced the lenders to make loans to finance the condominiums. Luis Michael Mendez and Marie Mendez are alleged to have submitted their own fraudulent loan applications for two condominiums, and they, as well as Luis Mendez and Stavroula Mendez, advanced the buyers cash to close the transactions.

After the loans were funded, the defendants allegedly caused fraudulent payments to be made from the loan proceeds to pay kickbacks through shell companies to the brokers, recruiters and straw buyers, as well as to pay the mortgages to conceal the conspiracy. Eventually, the

conspirators were unable to make mortgage payments, causing many of the condominium units to go into foreclosure and leading to losses by the lenders.

The charges contained in the indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

The case is being investigated by HUD-OIG and FHFA-OIG. 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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