



Department of Justice

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Eastern District of California

FOR IMMEDIATE RELEASE
Wednesday, January 22, 2014
www.justice.gov/usao/cae
Docket #: 1:13-cr-0438 AWI

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BAY-AREA REAL ESTATE AGENT ARRESTED FOR ORCHESTRATING FRAUDULENT SHORT SALE IN STANISLAUS COUNTY

FRESNO, Calif. — Minerva Sanchez, 47, was arrested at her home in Fremont today for conspiring to commit bank fraud in connection with a fraudulent short-sale scheme, United States Attorney Benjamin B. Wagner announced.

The indictment, unsealed today, was returned by a federal grand jury in Fresno on December 19, 2013. Sanchez was arraigned today in San Jose federal district court and pleaded not guilty to the charges. She is scheduled to appear in Fresno before U.S. Magistrate Judge Barbara A. McAuliffe on February 10, 2014.

According to court documents, in March 2010, Sanchez, a licensed real estate agent, represented Agustin Simon, 52, of Gustine, in the sale of his home in Patterson. Sanchez recommended that he undertake a short-sale of his home using her son as a straw buyer. Simon submitted to Tri Counties Bank and Freddie Mac fraudulent short-sale applications that caused them to approve the charge-off of funds for the short-sale of his home. Sanchez and Simon falsely claimed that the transaction was "arm's length," and the made false statements about Simon's assets and ownership of other real estate. Sanchez wrote a "hardship letter" for Simon to include with the short-sale application that misrepresented his inability to make his monthly mortgage payments. They made other false statements in order to conceal their agreement that Simon would provide Sanchez's son with the money for the short-sale but ultimately would regain ownership of his home following the short-sale.

With Sanchez's knowledge, Simon provided her son with \$355,000, the purchase price of the home. In addition to her commission as the listing agent, Sanchez received 75 percent of the commission paid to her son's real estate agent. As a result of her conduct, Tri Counties Bank suffered a loss of \$247,000 and Freddie Mac lost \$107,348.

On June 10, 2013, Simon, pleaded guilty to conspiring to commit bank fraud in connection with this scheme. He is scheduled to be sentenced on October 6, 2014, before U.S. District Judge Lawrence J. O'Neill.

"The alleged actions of Minerva Sanchez were harmful to Freddie Mac and the taxpayers," said Michael P. Stephens, Acting Inspector General, Federal Housing Finance

Agency (FHFA). "Every fraud causes harm or loss and we will work with our law enforcement partners to stop any and all criminal activity."

This case is the product of an investigation by the FHFA Office of Inspector General and the Internal Revenue Service, Criminal Investigation. Assistant United States Attorney Christopher Baker is prosecuting the case.

If convicted, Sanchez faces a maximum statutory penalty of 30 years in prison and a \$1 million fine. 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 defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

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