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Public Affairs
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REAL ESTATE INVESTOR CONVICTED ON 19 COUNTS FOR HIS INVOLVEMENT IN A MORTGAGE FRAUD CONSPIRACY

PHOENIX – Mario Bernadel, 51, of Phoenix, was convicted yesterday on 19 Counts of Conspiracy to Commit Mail, Wire and Bank Fraud; Mail Fraud; Wire Fraud; Bank Fraud and Transactional Money Laundering as a result of his involvement in a cash back mortgage fraud scheme. Sentencing is set before U.S. District Judge Stephen M. McNamee on November 30, 2009.

Bernadel played a leadership role in the underlying conspiracy which involved at least 32 residential properties in the greater Phoenix area. The objective of the conspiracy was to recruit unqualified borrowers as straw buyers, submit fraudulent loan applications on their behalf, obtain mortgage loans in excess of the selling price of the property and then take the excess amount of the loans out through escrow in what is known as a “cash back” scheme. The defendant recruited and/or trained mortgage brokers, straw buyers and an escrow officer in the scheme to defraud and then benefitted from their involvement in the scheme.

Following the funding of the loans, Bernadel received cash back that he used to live a lavish lifestyle and further perpetuate the scheme. All of the homes purchased through the conspiracy have been foreclosed or sold at a loss to the lending institutions. Seven other co-conspirators were also charged and have pleaded guilty for their involvement in the conspiracy. They will be all sentenced over the next few months. The conspiracy resulted in approximately \$20,000,000 in loans obtained by fraud and a loss to lending institutions of more than \$2,000,000.

A conviction for Conspiracy to Commit Wire, Bank and Mail Fraud carries a maximum penalty of 30 years in federal prison, a \$1,000,000 fine or both. In determining an actual sentence, Judge McNamee will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

Bernadel’s conviction is part of initiative called “Operation Cash Back” in which 40 defendants were indicted and arrested, including many real estate professionals in June 2008. Bernadel is the 20th defendant to date who has been convicted through “Operation Cash Back.”

This investigation in this case was conducted by the Federal Bureau of Investigation. The prosecution was handled by Kevin M. Rapp and Charles W. Galbraith, Assistant U.S. Attorneys, District of Arizona, Phoenix.

CASE NUMBER: CR-08-256-PHX-SMM
RELEASE NUMBER: 2009-288(Bernadel et al)

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