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REDDING MORTGAGE BROKER PLEADS GUILTY TO MORTGAGE FRAUD

SACRAMENTO, Calif. — United States Attorney Lawrence G. Brown and Federal Bureau of Investigation Special Agent-in-Charge Drew Parenti announced today that JOSHUA GERVOLSTAD, 31, of Redding, pleaded guilty today to one count of mail fraud in connection with a mortgage fraud scheme.

This case is the product of an extensive investigation by the FBI.

According to Assistant United States Attorney Matthew D. Segal, who prosecuted the case, GERVOLSTAD, who was a mortgage broker, submitted inflated appraisals and false lien documents for use in closing purchase transactions involving five different real properties located in Redding and in Lodi. The closing statement for each property contained fraudulent papers requiring the payoff of a lien to an entity called "TPG Investments." In each case, the lien did not exist. In reality, GERVOLSTAD controlled TPG Investments and used its bank account to divert mortgage loan funds to himself and other persons. His conduct caused \$1,798,888.91 in fraudulent payouts for liens that did not exist, affecting mortgages with a total value of \$5,441,562. At least three of the properties were foreclosed and were sold for a combined loss of at least \$1,170,000.

"The vigorous pursuit of real estate professionals who perpetrated mortgage fraud is a top priority for federal authorities in this region," stated U.S. Attorney Brown.

GERVOLSTAD is scheduled to be sentenced by United States District Judge William B. Shubb on December 14, 2009 at 8:30 a.m. The maximum statutory penalty for a violation of mail fraud is 20 years in prison, a \$250,000 fine, and restitution of the full amount of the loss. The actual sentence, however, will be determined at the discretion of the court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables and any applicable statutory sentencing factors.

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