

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

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For Immediate Release

JURY CONVICTS ORANGE COUNTY ATTORNEY AND CARLSBAD REAL ESTATE AGENT FOR \$8 MILLION MORTGAGE FRAUD SCHEME

NEWS RELEASE SUMMARY - April 18, 2012

United States Attorney Laura E. Duffy announced today that after a one-week trial, a federal jury in San Diego convicted Carlsbad real estate agent Aida Agusti Castro and her son, Orange County attorney Stephen Kenneth Chrysler, of multiple counts of wire fraud for their roles in an \$8 million mortgage fraud scheme involving 16 separate homes in Oceanside, Escondido, San Marcos, Lakeside, and Menifee. After the jury returned its verdict, United States District Court Judge Jeffrey T. Miller remanded both defendants into federal custody pending their sentencing, which is currently scheduled for July 30, 2012, at 9:00 a.m.

Stephen K. Chrysler, an attorney and loan broker licensed with the California State Bar and California Department of Real Estate, was the owner and CEO of SKC Real Estate in Carlsbad, California. His mother, Aida Agusti Castro, was a licensed salesperson with the California Department of Real Estate, an officer of

SKC Real Estate, and worked as a real estate agent for the company. Evidence at trial proved that between 2005 and 2007, the two defendants created 30 separate false loan applications, along with other fraudulent supporting documents, that they submitted to mortgage lenders in order to obtain over \$8 million in mortgages to unqualified borrowers, including:

- creating phony businesses and claiming that borrowers were the self-employed owners of those companies;
- inflating borrowers' monthly incomes;
- creating false rental histories and citing a sham management company as the landlord;
- fabricating rental agreements, with made-up tenants and lease terms, and forging borrowers' signatures on the agreements;
- altering borrowers' bank statements to show higher bank account balances; and
- purchasing false CPA letters that would support the borrowers' phony businesses.

Documents introduced into evidence proved that through SKC Real Estate, the defendants received approximately \$350,000 in loan fees and real estate commissions from these fraudulent transactions.

Evidence at trial also showed that the defendants targeted Spanish-speaking borrowers as clients, and concealed from borrowers the fraudulent information that the defendants inserted into their loan documents. Several borrowers testified that the defendants told them to simply sign the loan documents, and did not translate these documents into Spanish. As the borrowers were not financially qualified to obtain these loans, many of the mortgages went into default and the properties have been foreclosed upon.

United States Attorney Duffy commended the Federal Bureau of Investigation for their work in investigating this case.

DEFENDANTS

Criminal Case No. 10CR2242-JM

Stephen Kenneth Chrysler
Aida Agusti Castro

SUMMARY OF CHARGES

Counts 1-5: Title 18, United States Code, Section 1341 - Wire Fraud

Maximum penalties (for each count): 20 years imprisonment, \$250,000 fine or twice the gross pecuniary gain or twice the gross pecuniary loss (whichever is greatest), \$100 special assessment, 3 years of supervised release.

AGENCY

Federal Bureau of Investigation - North County Resident Agency