



# Department of Justice

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## **SECOND-IN-COMMAND IN MASSIVE PHILLIP HILL MORTGAGE FRAUD SCHEME SENTENCED TO FEDERAL PRISON**

### *Leslie Rector Ordered to Serve 7 years in \$112 Million Fraud Case*

Atlanta, GA - LESLIE RECTOR, 35, of Atlanta, Georgia, was sentenced to federal prison today by United States District Judge Thomas W. Thrash, Jr. for his participation in a massive mortgage fraud scheme that targeted the Atlanta metro housing and condo market from 2000 through part of 2003.

"The mortgage fraud scheme in which this defendant participated resulted in multi-million dollar losses to lenders and had an even more devastating impact on individual homeowners and many whole neighborhoods," said United States Attorney David E. Nahmias. "This sentence, along with the other sentences imposed in this case, as substantial as they are, cannot compensate the many persons hurt by the corrupt actions of these fraudsters. But we hope that this sentence again demonstrates to those who might consider participating in mortgage fraud that such crimes may lead them straight to many years in a federal prison."

Rebecca A. Sparkman, Special Agent In Charge, Internal Revenue Service Criminal Investigation said of the case, "The financial impact of mortgage fraud has been a very real and frequent threat to the asset most important to the taxpayers of the Atlanta metropolitan area - our homes. Mortgage fraud is a serious offense and today's sentencing sends a clear message that the punishment will be as serious as the crime."

Based upon convictions for conspiracy, loan fraud, mail and wire fraud, and money laundering, RECTOR was sentenced to 7 years in prison to be followed by 3 years of supervised release, and ordered to pay restitution in the amount of \$40.226 million. RECTOR was convicted on March 14, 2007, following an eight week trial.

Co-defendants who went to trial with RECTOR and were also found guilty of multiple felony charges include: PHILLIP E. HILL, 51, of Sumatra, Florida, convicted of conspiracy, loan fraud, mail and wire fraud, and money laundering; MARCUS ALCINDOR, a/k/a "Christopher Alcindor," 42, of St. Lucia, convicted of conspiracy,

loan fraud, mail and wire fraud, and money laundering; BARBARA BROWN, f/k/a “Barbara Eubanks,” 34, of Marietta, Georgia, convicted of conspiracy, loan fraud, mail and wire fraud, and money laundering; FRED FARMER, 59, of Roswell, Georgia, convicted of conspiracy, loan fraud, mail and wire fraud, and money laundering; CHRISTINE LAUDERMILL, 40, convicted of conspiracy, loan fraud, wire fraud, and money laundering; ROBERT POWERS, 45, of Cumming, Georgia, convicted of conspiracy, loan fraud, mail and wire fraud, and money laundering; DAVID THOMAS, 46, of Hammond, Louisiana, convicted of conspiracy, loan fraud, and money laundering; DEAN THOMAS, 42, of Atlanta, Georgia, convicted of conspiracy, and money laundering and DAVID VAN MERSBERGEN, 46, of Atlanta, Georgia, convicted of conspiracy, loan fraud, and money laundering.

In addition to the defendants found guilty at trial, several other individuals pleaded guilty to mortgage fraud charges related to the same scheme before trial. These defendants include: WILLIAM CHAVIS, 45, of Atlanta, Georgia; MICHAEL FLAKE, 31, of Stone Mountain, Georgia; WESLEY GOLDEN, 57, of Atlanta, Georgia; CHRISTOPHER HALCOMB, 45, of Cumming, Georgia; CORTNEY JACKSON, 49, of Detroit, Michigan; WAYNE JENKINS, 49, of Atlanta, Georgia; RASHID MUHAMMAD, 36, of Syracuse, New York; JULIAN PEREZ, a/k/a Tony Perez, 49, of Roswell, Georgia; BRANT PETREE, 23, of Marietta, Georgia; THEODORE TAGALAKIS, 36, of Atlanta, Georgia; and ANDREW WOLF, 45 of Alpharetta, Georgia.

According to United States Attorney Nahmias and the information presented in court: LESLIE RECTOR was PHILLIP HILL’S right-hand-man when it came to running HILL’S many corporations and orchestrating the massive mortgage fraud scheme that targeted the Atlanta area from 2000 through 2003. RECTOR helped HILL oversee the other participants in the conspiracy, loan fraud, wire and mail fraud and money laundering activity related to mortgages obtained in the sale of over 50 homes and over 250 condominiums in eight Atlanta-area condominium complexes. Each property was sold at an inflated price to a “straw purchaser” who applied for a mortgage loan based upon the inflated price. Such a fraudulent transaction is called a mortgage “flip.” The straw purchasers who participated in these mortgage flips were paid a kickback out of the excess loan proceeds for the use of their name and credit. The victim-lenders granted the loans based upon numerous false representations and documents regarding the credit qualifications of the straw purchaser as well as false representations that the straw purchaser had paid a down payment, would reside in the home, and would be responsible for the loan payment. In addition, the lenders were induced to make the loans based on fraudulently inflated appraisals. Some of the properties were “flipped” more than one time. After HILL ran out of funds at the end of the conspiracy, RECTOR started to advance money to HILL and others to facilitate more property flips.

This case was investigated by Special Agents of the Internal Revenue Service, Criminal Investigation.

Assistant United States Attorney Barbara Nelan and Special Assistant United States Attorney Richard Reed prosecuted the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is [www.usdoj.gov/usao/gan](http://www.usdoj.gov/usao/gan).