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FORTY-ONE DEFENDANTS CHARGED IN FIVE NEW AREA MORTGAGE FRAUD CASES; TWO SCHEMES INVOLVE EXPENSIVE CONDOS AND SUBURBAN HOMES

CHICAGO — Forty-one defendants are facing federal charges relating to various mortgage fraud schemes in five separate cases made public today by federal law enforcement officials. In some of the schemes, the defendants were charged with falsely inflating the values of dilapidated homes in urban areas. Other schemes feature a twist where defendants were charged with deals involving million-dollar condominiums in a Chicago high-rise and sprawling homes in affluent suburbs. A total of 37 individuals and four businesses, including a title company that closed on allegedly fraudulent loans, are facing new federal charges relating to mortgage fraud in five separate cases in Chicago, federal law enforcement officials announced today. The defendants include a vice president of the title company, mortgage brokers, loan officers, real estate investors, appraisers and an attorney. Together the cases involve more than \$48 million in fraudulently-obtained mortgages issued by various lenders and secured by scores of residential properties in the Chicago area, including two in the suburbs of Wheaton and Glenview. As a result, the various lending companies suffered millions of dollars in losses after the loans went into default and the properties were foreclosed upon.

Among the cases announced today are:

- ▶ nineteen defendants, including LaSalle Title Company and three other businesses, who allegedly schemed to fraudulently obtain loans totaling more than \$10 million on 70 residential properties in Chicago, including many blighted homes on the city's south side, resulting in losses totaling approximately \$5.8 million to various mortgage lenders;
- ▶ 10 defendants accused of scheming to fraudulently obtain loans totaling more than \$17.2 million on various multi-million-dollar condominiums and penthouses at 33 West Ontario St., known as Millennium Centre;
- ▶ six defendants accused of fraud and using stolen or fictitious identities to fraudulently obtain approximately \$3 million in home loans from various lenders by submitting false applications for loans; and
- ▶ the chief executive of a Burr Ridge mortgage lender who allegedly defrauded GMAC Bank out of approximately \$15 million in funding more than 450 fictitious residential loans.

“Mortgage fraud is a serious issue that affects not just financial institutions but ordinary citizens who may have invested in such financial institutions or who hope to purchase, sell or refinance a home by honestly setting forth their finances. Today's charges also show that the mortgage fraud issue affects suburbs as well as cities,” said Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois

Mr. Fitzgerald announced the charges with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, and Barry McLaughlin, Special Agent-in-Charge of the U.S. Department of Housing and Urban Development Office of Inspector General in Chicago.

Just a year ago, 67 defendants were charged in a dozen mortgage fraud-related cases in Chicago, and another two dozen defendants were charged in multiple cases this past March stemming from an undercover investigation in which law enforcement agents posed as straw buyers of houses. In addition, scores of other defendants have been prosecuted in dozens of routine cases in the last

couple of years, signifying the high priority that federal law enforcement officials give mortgage fraud in an effort to deter others from engaging in crimes relating to residential and commercial real estate.

All of the charges announced today are felonies and carry various maximum penalties, including 30 years in prison and a \$1 million fine on each count of mail and wire fraud if a financial institution was affected, or 20 years in prison and \$250,000 fine if there was no financial institution impact. As an alternative, the court may impose a maximum fine totaling twice the gain to any defendant or twice the loss to any victim, whichever is greater. If convicted, the four business entities charged each face a maximum penalty of five years probation and a \$500,000 fine. If convicted, the Court would determine the appropriate sentence to be imposed under the advisory United States Sentencing Guidelines.

The public is reminded that indictments contain only charges and are not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

Details of the cases announced today follow:

United States v. Lisnek, et al.

In one of the most comprehensive mortgage fraud schemes ever charged in Chicago, a Buffalo Grove couple, acting through two real estate investment companies they controlled, allegedly directed a scheme in which 15 individual defendants and four businesses purchased distressed properties, including from the U.S. Department of Housing and Urban Development, and then resold them for fraudulently inflated prices approximately two to three times the purchase price. Between 2002 and 2007, the defendants allegedly fraudulently obtained mortgage loans in excess of \$10 million on approximately 70 residential properties throughout Chicago, including many on the city's south side in and around the Englewood neighborhood. As part of the alleged scheme certain defendants paid other defendants to make homes "camera ready," by making them appear as though they had been rehabilitated.

Richard Lisnek, 56, a licensed mortgage broker and president of **K&L Real Estate, Inc.**, and American Eagle Mortgage, Inc., and his wife, **Judy Kien**, 50, an attorney and president of **D&J Properties II, Inc.**, both of Buffalo Grove and who had offices in Arlington Heights, together with

13 other individuals and two other businesses, were charged with various counts of mail fraud and wire fraud in a 22-count indictment that was returned today by a federal grand jury. Other defendants include another mortgage broker, three real estate appraisers, a title company and one of its vice presidents. Lisnek and Kien allegedly provided funds to buyers, which they falsely represented to lenders were the buyer's own funds for down payments. Various other defendants allegedly made false representations concerning the buyer's employment, financial condition, contribution towards the purchase price and intention to occupy the home, and the sales price, condition and value of the property. After fraudulently obtaining the loans, the victim lenders incurred losses totaling approximately \$5.8 million because they were unpaid, causing the residences to be foreclosed upon and resold for amounts less than the outstanding mortgage loan balance. The indictment seeks forfeiture of the alleged loss amount.

According to the indictment, Lisnek solicited individuals with good credit to buy distressed properties from K&L Real Estate and D&J Properties by promising that they would not have to invest any of their own money and promising to repair the property and make the mortgage payments until the home was restored or provide funds to rehabilitate the property and assist in obtaining tenants under HUD's Section 8 subsidized housing program.

Lisnek recruited **Alfredo Hilado**, 50, of Bloomington, Ill., and **Mark Vargo**, 53, of Elmhurst, to recruit other buyers, knowing the transactions would be financed by making false statement to mortgage lenders. Lisnek paid Vargo and others to make the distressed properties appear what Lisnek called "camera ready" or "picture ready" by making cosmetic repairs to front and rear exteriors so the homes would look fully restored or better than their actual condition.

Three licensed real estate appraisers, **James Heiland**, 63, of Barrington Hills; **Brandon Bradford**, 37, of Chicago; and **Vlad Ostromogilsky**, 38, of Glenview, allegedly prepared inflated appraisals, falsely representing that those properties were fully rehabilitated, knowing that they would be used to support fraudulent loan applications.

Lisnek and licensed mortgage broker **Alex Bulmash**, 32, of Lincolnwood, president of **Investment Group, Inc.**, which operated as Investment Mortgage Group (IMG) in Lincolnwood and Skokie, allegedly caused employees of IMG including Bulmash's brothers, **Michael Bulmash**, 29, of Norridge, and **Allen Bulmash**, 29, of Chicago, and **Anthony Navickas**, 28, of Chicago, to prepare and submit false loan applications and supporting documents, such as verifications of deposit and rent and property leases, on behalf of buyers of distressed properties from K&L and D&J.

Lynn Liskiewicz, 48, of Chicago, a vice president and regional manager of **LaSalle Title Company**, located at 100 North LaSalle St., Chicago, allegedly caused LaSalle Title to close sales by K&L, D&J and Lisnek by creating false closing documents concealing that the down payments represented as the buyer's funds were actually provided by the sellers, that the purchase price was inflated, and that lenders were being deceived into financing all or a greater portion of the sale than portrayed for buyers with little or no equity in the property being purchased. The fraudulent closings included Kien signing settlement statements, known as HUD-1s, on behalf of sellers falsely representing the source of the buyer's funds.

Hilado, Vargo, and additional defendants **Joanne Ruiz**, 47, of Elmhurst; **Kenneth Turner**, 32, of Woodridge; and **Antoinette Laws**, 47, of Chicago, purchased property from K&L and D&J knowing that they and others signed false loan applications to fraudulently obtain mortgages.

The indictment seeks forfeiture of \$5.8 million from the defendants. All 19 defendants will be ordered to appear for arraignment in U.S. District Court.

The Government is being represented by Assistant U.S. Attorneys Brian Netols and Steven Block.

United States v. Askar, et al., (08 CR 0036)

Ten defendants were charged with one or more counts of wire fraud in a 23-count indictment returned June 16 and unsealed later last week after several defendants were arrested in connection with an alleged mortgage fraud scheme involving seven condominiums and two penthouses at “Millennium Centre,” located at 33 West Ontario, Chicago. The developer of the 59-story building containing some 350 luxury residences offered units ranging in price from approximately \$618,500 to \$2.1 million.

Mhde Askar, 23, of Chicago, and **Mahmoud Saleh**, 35, of Hinsdale, operated M&M Millennium Management Company and participated in an incentive program offered by Millennium Centre’s developer, through which M&M received from the developer at the time of purchase a rebate equal to up to three years of mortgage payments, without being required to return any of the rebated money if M&M sold the unit within the three-year period.

Between July 2004 and December 2006, Askar, Saleh and their co-defendants allegedly fraudulently obtained more than \$17.2 million in loans to purchase the nine Millennium Centre units. Askar and Saleh purchased the units in Askar’s name or the name of nominee buyers to obtain a rapid and high financial return through the rebated mortgage payments, and then resold the units at increased prices to nominee buyers through fraudulently obtained mortgages, retaining both the rebated mortgage payments and the resale profits.

Askar, Saleh, **Advar Shaltapour**, also known as “Eddie Shaltapour,” 39, of Chicago; **Manuel Aguilar**, 48, of Chicago; **Catherine Kirk**, 43, of Chicago; **Warren McKeithen**, 48; **Nancy S. Praseuth**, 32, of Huntley; **Margarita Garcia**, 34, of Elk Grove; and **David Ibarra**, 43, of Chicago, either recruited others or served as nominee buyers by promising or being promised that they would not have to provide any of their own money, they would received cash back at closing, others would make mortgage payments on their behalf, and the property would be in their name for only approximately a year before it was sold.

Askar, Saleh, Aguilar, Kirk and McKeithen submitted and caused others to submit false mortgage loan applications concerning nominee buyer’s employment, income, assets and intention to occupy the residence being purchased, including to **Ahmad Karkukly**, 33, of Palatine, who was a loan officer at Countrywide Home Loans, Inc. Karkukly allegedly used his position to obtain approval of fraudulent loan applications on behalf of Askar, Praseuth, and Garcia, among others.

Askar, Shaltapour and Karkukly were released on bond after being arrested on these charges. Saleh remains in federal custody pending a detention hearing. Arrest warrants are outstanding for Aguilar and Ibarra, while Kirk, McKeithen, Praseuth and Garcia will be ordered to appear for arraignment at a later date in U.S. District Court.

The indictment seeks forfeiture of \$17,203,221 from the defendants.

The Government is being represented by Assistant U.S. Attorney Diane MacArthur.

United States v. Okulaja, et al., (08 CR 0179)

Six defendants were charged with one or more counts of wire fraud in a three-count indictment returned June 16 and unsealed later last week after several defendants were arrested in connection with an alleged mortgage fraud scheme involving the purchase of two multi-million-dollar single-family residences in suburban Wheaton and Glenview. Between February and September 2007, the defendants allegedly fraudulently obtained loan proceeds totaling \$3,393,435 from Countrywide Home Loans and Washington Mutual Bank FA (WAMU).

Regarding the Wheaton residence, the indictment alleges that in February 2007, **Lilya Domnenko**, 43, of Wheaton, agreed to purchase 919 Arbor Lane, which her husband, **Viktor Domnenko**, 48, of Wheaton, had built through his construction company, Creative Builders. Lilya Domnenko submitted loan applications to WAMU for \$990,000 and \$241,000, falsely stating that she was an employee of Creative Builders and earned \$37,500 a month. Viktor Domnenko allegedly received approximately \$80,000 of the fraudulently obtained loan proceeds after the sale.

In June 2007, **Olanrewaju J. Okulaja**, 29, of Chicago, asked **Festus Segbawu**, 49, of Oak Park, to recruit a nominee buyer to purchase 919 Arbor Lane from Lilya Domnenko. Segbawu and **Al Holman**, 39, of Berwyn, recruited an individual to use a stolen identity and introduced this individual to Okulaja, who allegedly paid another individual to obtain false employment information to support the bogus nominee purchaser's loan application.

Okulaja and **Mhde Askar**, 23, of Chicago, allegedly helped prepare and submitted to Countrywide a fraudulent loan application for \$1.15 million, falsely stating that the nominee purchaser was employed, had substantial monthly income, savings and funds for the down payment, which, in fact, were provided by Askar, according to the indictment.

At the closing on June 25, 2007, Lilya Domnenko endorsed a check for her sale proceeds of \$129,490 and gave the funds to Okulaja and Askar, knowing that they had no disclosed connection to sale of 919 Arbor Lane, the indictment alleges. Approximately two months later, Viktor Domnenko gave Okulaja and Holman checks for \$10,000 and \$30,000, respectively, as additional payment for recruiting the nominee buyer of the residence.

Regarding the Glenview residence, in 2007 Okulaja and others allegedly recruited a nominee buyer to purchase a residence at 1619 Sunset Ridge. Again, Okulaja and Askar allegedly helped prepare and submitted to WAMU a fraudulent loan application for \$2.3 million, falsely stating that the nominee purchaser was employed, had substantial monthly income, savings and funds for the

down payment, which, in fact, Okulaja and Askar knew were provided by another individual who expected to receive an eight percent profit on the short term use of the funds.

At the closing on Sept. 21, 2007, Okulaja and Askar caused the title company to issue two checks — one for \$674,830 payable to a company that Okulaja had created to make his receipt of loan proceeds appear legitimate and which he shared with Askar and another individual, the indictment alleges, and a check for \$730,000 payable to a company controlled by the individual who had provided the funds that were used by the nominee buyer.

Lilya and Viktor Domnenko, and Askar are free on bond following their arrests in this case. Okulaja remains detained in federal custody, while an arrest warrant is outstanding for Segbawu. Holman is scheduled to be arraigned along with Okulaja and Askar on June 26 in U.S. District Court.

The indictment seeks forfeiture of \$3,393,435 from the defendants.

The Government is being represented by Assistant U.S. Attorney Diane MacArthur.

United States v. Lockett

Lawrence A. Lockett, formerly chief executive officer and 25 percent owner of the former Home Mortgage, Inc., in Burr Ridge, was charged with bank fraud in a criminal information filed today. Lockett, 52, of Chicago, and formerly of Lemont, will be ordered to appear for arraignment at a later date in U.S. District Court.

According to the charges, Home Mortgage funded loans it made by borrowing money from other lenders. After issuing a mortgage, Home Mortgage sold the loan to a third party, typically a financial institution that invested in mortgages, and used the proceeds from the sale of the loan to repay its lender. Between August 2007 and March 2008, Lockett and an employee he directed allegedly submitted requests to GMAC Bank and an affiliated lender for more than 450 fictitious residential mortgage loans, causing GMAC a loss in excess of \$15 million.

As part of the scheme, Lockett and his employee allegedly fabricated and submitted to GMAC documents relating to borrowers, biographical and property information for non-existent loans purportedly to be made by Home Mortgage. Instead of using the money advanced by GMAC to fund loans, Lockett allegedly used the money to continue operations of Home Mortgage and to pay various personal expenses.

The charges also seek forfeiture of \$15 million. If convicted, bank fraud carries a maximum penalty of 30 years in prison and a \$1 million fine.

The Government is being represented by Assistant U.S. Attorney David Glockner.

United States v. Beck, et al.

Six defendants were charged with one or more counts of wire fraud in a nine-count indictment returned today for allegedly engaging in a \$3 million mortgage fraud scheme in the Chicago area. The indictment alleges that between February and December 2006, **Alshawntus Beck**, 35, of Plainfield, operated three companies — Compass Investments and Development Corp., 3834 West Maypole Inc., and West Horizon Construction, which purported to be in the business of buying, repairing and reselling real estate.

Assisted by **Michelle Parker**, 41, of Chicago, a loan officer at an area mortgage broker, Beck allegedly brought three nominee buyers to the brokerage to apply for loans to purchase from him three condominium units located at 3834 West Maypole in Chicago. **Steven Corbett**, 41, allegedly fraudulently applied for loans using the fictitious identity “Al Spann;” while **Kevin Keller**, 43, and **Jimmie D. Johnson**, 38, all of Chicago, allegedly fraudulently applied for loans using stolen identities. Beck also allegedly recruited **Otis Robinson III**, 29, of Chicago, to create false real estate appraisals inflating the value of properties that Beck bought for himself and through nominees.

According to the indictment, Parker obtained false verifications of rent for Corbett and Buyer A. Similarly, Beck obtained forged documents falsely stating that Corbett was an employee of West Horizon Construction, and that Buyer A was an employee of Compass Investment and Development Corp., and Parker submitted the false documents to a lender to fraudulently obtain the loans. Parker also submitted to a lender a forged document provided by Beck that falsely stated that Keller had approximately \$8,000 in a bank account that did not exist.

As part of the scheme, Parker also processed false loan applications for Keller, using a stolen identity, to purchase properties 3817 West Maypole and 6828 South Indiana in Chicago. The loan application for the Maypole residence was supported by a forged document that Beck provided, which falsely stated that Keller was an employee of West Horizon Construction, the indictment alleges. The loan application for the Indiana Avenue residence was supported by a falsely inflated appraisal, allegedly created by Robinson using the name of a real estate appraiser whose identity Robinson had stolen.

The indictment also alleges that Beck purchased two properties in his own name: 3849-51 West Maypole and 2023 North Bingham in Chicago. The application for the loan to purchase the Maypole property was supported by a false verification of rent provided by Parker, and both loan applications were supported by falsely inflated appraisals provided by Robinson. Four months after buying 2023 North Bingham, Beck sold the property to Buyer B for a price that was 56 percent higher than Beck had paid by using another falsely inflated appraisal provided by Robinson, the charges allege.

The indictment seeks forfeiture of \$3 million from the defendants. Arrest warrants were issued for all six, who will also be ordered to appear for arraignment at a later date.

The Government is being represented by Assistant U.S. Attorney Clifford Histed.

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