



Department of Justice

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FINAL DEFENDANT SENTENCED IN MORTGAGE FRAUD CASE

Hewitt Prepared and Submitted False Loan Documents in Furtherance of Scheme

ALBANY, NEW YORK – Richard S. Hartunian, United States Attorney for the Northern District of New York, Rene Febles, Special Agent in Charge of the Office of Inspector General, U.S. Department of Housing and Urban Development in New York, Clifford C. Holly, Special Agent in Charge of the Albany Division of the Federal Bureau of Investigation, and Lt. John D. Durling of the New York State Police Special Investigations Unit announced the sentencing of the fourth and final defendant by United States District Judge Thomas J. McAvoy in Albany in the bank fraud scheme involving Michael Cassadei and others.

Karen Hewitt, age 53, of Altamont, was sentenced yesterday afternoon to four months home detention and three years probation for her role in the scheme in which Cassadei and others used fraudulent loan applications, appraisals, settlement statements, and other false statements and documents to induce the former First Union National Bank of Delaware to finance the sale of Capital Region residential properties that they did not own yet to third parties in amounts well in excess of their actual value, with the participants in the scheme using the proceeds from the loans to purchase the properties in much lower amounts and retaining the bulk of the funds for themselves. Hewitt had admitted when she pled guilty that she engaged in various acts in furtherance of this scheme while working at Affirmative Title and Abstract Company in Albany, including submitting documents purporting to issue title insurance on the properties when, at a minimum, the chains of title were not clear, and preparing and submitting to the financial institution false HUD-1 statements that failed

to disclose the true nature of the transactions, in that the bank was unaware that the loan proceeds were actually being used to purchase the properties at issue and for other purposes besides the stated sale of the properties to the end buyers.

On December 29, 2010, defendant Michael Cassadei was sentenced to twenty-seven (27) months in prison, to be followed by three years supervised release, for his role as organizer of the mortgage fraud scheme. Cassadei also was required to make full restitution, due immediately, in the total amount of \$135,148.45. Appraiser Elmer J. "Joe" McIndoo and Mary Fox Ianniello both also pled guilty and were sentenced to non-incarceration sentences for their roles in the scheme.

The investigation in this matter was conducted by the Office of the Inspector General of the United States Department of Housing and Urban Development, the Albany Division of the Federal Bureau of Investigation and the New York State Police Special Investigations Unit, with the assistance of the Internal Revenue Service, Criminal Investigation Division, the United States Postal Inspection Service, and the New York State Banking Commission. The case was prosecuted by the United States Attorney's Office for the Northern District of New York.

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