



Department of Justice



Office of the United States Attorney Western District of Wisconsin

FOR IMMEDIATE RELEASE

JUNE 17, 2010

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FINANCIAL FRAUD ENFORCEMENT TASK FORCE **ANNOUNCES RESULTS OF "OPERATION STOLEN DREAMS"** **TARGETING MORTGAGE FRAUD**

Madison, Wis. - Attorney General Eric Holder announced today in Washington, D.C., the national results of Operation Stolen Dreams, which targeted mortgage fraud throughout the country, and is the largest collective enforcement effort ever brought to bear in confronting mortgage fraud. Stephen P. Sinnott, United States Attorney for the Western District of Wisconsin, stated that to date, 10 individuals have been charged in the Western District as part of this national initiative.

The sweep was organized by President Obama's interagency Financial Fraud Enforcement Task Force, which was established to lead an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. Starting on March 1, to date Operation Stolen Dreams has involved 1,215 criminal defendants nationwide, including 485 arrests, who are allegedly responsible for more than \$2.3 billion in losses. Additionally, to date the operation has resulted in 191 civil enforcement actions which have resulted in the recovery of more than \$147 million.

"Mortgage fraud ruins lives, destroys families and devastates whole communities, so attacking the problem from every possible direction is vital," said Attorney General Holder. "We will use every tool available to investigate, prosecute, and prevent mortgage fraud, and we will not rest until anyone preying on vulnerable American homeowners is brought to justice."

Unlike previous mortgage fraud sweeps, Operation Stolen Dreams focused not only on federal criminal cases, but also on civil enforcement, recovering money for victims and increasing cooperation with state and local partners.

The President's Financial Fraud Enforcement Task Force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve

efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit StopFraud.gov.

In the Western District of Wisconsin, the investigative partners include the Wisconsin Department of Agricultural, Trade and Consumer Protection, Federal Bureau of Investigation, and Internal Revenue Service.

Operation Stolen Dreams cases in the Western District of Wisconsin include:

U.S. v. Brian Bowling et al.

Brian Bowling, 44, Sun Prairie, Wis.; Jason Khodadad, 29, Madison, Wis.; Joseph Bowman, 59, Black Earth, Wis.; Joshua Hughes, 28, Madison; and Richard Hurkman, 62, Oshkosh, Wis., have been charged with defrauding banks and mortgage lenders by submitting loan applications for home loans that, among other things, inflated the borrowers' income amounts, exaggerated assets and understated liabilities, falsified employment information, misrepresented the source of downpayment funds, and omitted secondary financing information.

Bowling, Khodadad, Bowman and Hughes have pleaded guilty to these charges, and will be sentenced August 12, July 30, July 22, and July 29, respectively. Hurkman has a plea hearing scheduled for June 25 before U.S. District Judge Barbara B. Crabb.

U.S. v. Gail Mendez et al.

Gail L. Mendez, 44, Sun Prairie, and Amy B. Strait, 42, McFarland, Wis., are charged in a 47-count indictment with bank fraud, making false statements in connection with loan applications, and conspiracy to obstruct justice. Mendez was employed as a tax preparer and Strait was employed as a loan officer at Park Bank in Madison. Three other individuals, Carlos R. Solis, 33, Morrisonville, Wis., a real estate agent, and Marty G. Mendez, 26, Sun Prairie, and David H. Knickmeier, 45, Madison, two men formerly employed by Gail Mendez, were also charged for their roles in this scheme. The indictment alleges that in connection with approximately 50 mortgage loans totaling more than \$8 million, Mendez, Strait, and their co-conspirators fabricated and presented to Park Bank fake tax returns that falsely inflated borrowers' income and had not been filed with the IRS. Mendez is also charged with filing false tax returns, assisting others in the filing of false returns, and obstruction of an Internal Revenue Service investigation. The indictment alleges that after she learned of the investigation into the bank fraud scheme and the IRS investigation, Mendez instructed her

employees to alter or destroy files. Solis, Marty Mendez and Knickmeier have pleaded guilty to their roles in this scheme, and are scheduled to be sentenced on October 26. Gail Mendez and Strait are scheduled to go to trial on October 26.

You are advised that a charge is merely an accusation and that a defendant is presumed innocent until and unless proven guilty.

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