

# ***NEWS RELEASE***

---



## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA***

*San Diego, California*

*United States Attorney  
Laura E. Duffy*

---

---

*For Further Information, Contact: Assistant U. S. Attorney Christopher P. Tenorio (619) 546-8413*

---

---

*For Immediate Release*

### **REAL ESTATE AGENT INDICTED FOR ORCHESTRATING \$5 MILLION MORTGAGE FRAUD CONSPIRACY**

#### **NEWS RELEASE SUMMARY - April 26, 2013**

United States Attorney Laura E. Duffy announced that an indictment was unsealed today charging Kathryn Sylvester on charges arising from a mortgage fraud conspiracy to submit fraudulent loan applications for various properties in San Diego County, and elsewhere. Sylvester was arrested earlier today by Federal Bureau of Investigation agents. The indictment was unsealed and Sylvester was arraigned today before Magistrate Judge William V. Gallo.

According to the indictment, beginning in 2005 and continuing up through 2008, Sylvester recruited others as "straw buyers" who would purchase properties by submitting mortgage loan application that misrepresented, among other things, their income and employment. Although Sylvester promised some straw buyers that she would "flip" a number of the properties for a profit, she systematically drained equity from the properties for her own benefit.

According to the indictment, in carrying out this fraud, Sylvester added straw buyers to unrelated bank accounts so they could inflate their supposed cash assets to the lenders. In this manner, Sylvester convinced lending institutions to fund loans for which Sylvester and the straw buyers would not otherwise qualify. The straw buyers included Claudia Montes, Tad Lent, and Roderick Michener, all residents of San Diego.

As a result of her actions in the conspiracy, Sylvester is alleged to have played a role in the receipt of fraud proceeds from approximately 80 loans – loans that eventually went into default and resulted in the foreclosure of approximately 28 properties and losses of over \$5 million to lenders.

Montes, a former notary public, notarized the signatures of other straw buyers on the loan applications. On April 12, 2013, Montes pled guilty to two-count information (13CR1313-JLS) before Magistrate Judge William McCurine, Jr. She admitted conspiring with Sylvester to submit false loan applications to lenders to obtain the properties, and transferring proceeds to Sylvester. She is scheduled to be sentenced before District Judge Janis L. Sammartino on June 28, 2013.

Michener pled guilty before Magistrate Judge Barbara L. Major on April 4, 2013, to conspiring with Sylvester to commit bank fraud (13CR1130-CAB). Michener admitted that he permitted co-conspirators to claim an ownership interest in his bank account in order to include the account as an asset on their respective mortgage loan applications. He also admitted transferring fraud proceeds to Sylvester. Michener is scheduled to be sentenced before District Judge Cathy A. Bencivengo on June 28, 2013.

Lent pled guilty to conspiring with Sylvester to submit falsified loan applications to mortgage lenders by misrepresenting the amount of his assets (12CR3744-L). Lent entered his guilty plea on January 28, 2013, before District Judge M. James Lorenz. Lent is scheduled to be sentenced on September 16, 2013.

Sylvester is scheduled to appear next in court before United States District Judge Janis L. Sammartino on May 31, 2013, for a motion hearing.

**An indictment itself is not evidence that the defendant committed the crimes charged. The defendant is presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.**

**DEFENDANT**

**Case Number: 13CR1355-JLS**

Kathryn Sylvester

**SUMMARY OF CHARGES**

Count 1	Title 18, United States Code, Section 1349 (conspiracy to commit wire fraud and bank fraud); Maximum penalty: 20-30 years of custody; \$150,000-\$250,000 Fine
Counts 2-11	Title 18, United States Code, Section 1343 (wire fraud); Maximum penalty: 20 years of custody; \$250,000 Fine
Counts 12-13	Title 18, United States Code, Section 1344 (bank fraud); Maximum penalty: 30 years of custody; \$150,000 Fine

**INVESTIGATING AGENCY**

Federal Bureau of Investigation