

NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
Laura E. Duffy***

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For Immediate Release

“STRAW BUYER” ADMITS INVOLVEMENT IN \$5 MILLION SAN DIEGO-BASED MORTGAGE FRAUD

NEWS RELEASE SUMMARY - May 8, 2013

United States Attorney Laura E. Duffy announced today that Timothy E. Shannahan pled guilty to conspiring to commit mortgage fraud by acting as a “straw buyer” in a \$5 million mortgage fraud scheme.

In pleading guilty before Magistrate Judge Nita L. Stormes, Shannahan became the fourth person to admit conspiring with Kathryn Sylvester, the former CEO of Sylvester Financial, Inc. According to court records, Sylvester was responsible for recruiting straw buyers – who she directed to submit false mortgage loan applications in order to purchase properties throughout Southern California between 2005 and 2008.

In entering his plea, Shannahan admitted conspiring with Sylvester between January 2007 and May 9, 2008, to fraudulently induce lenders to fund mortgage loans. Among other things, Shannahan falsely claimed on a mortgage loan application that he earned \$50,000 per month as the Vice President and Director of Marketing for Real Realty Solutions, in order to obtain mortgages for a residence located on Nautilus Street in La Jolla. In total, Shannahan admitted that the loans obtained in his name resulted in losses of \$400,000 to \$1 million. For her part, Sylvester – according to her indictment – is alleged to have played a role in approximately 80 fraudulent loans on 28 foreclosed properties resulting in losses in excess of \$5 million. Her case is pending.

Other straw buyers who have entered guilty pleas to date include Claudia Montes, Roderick Michener and Tad Lent. Montes, a former notary public, pled guilty on April 12, 2013, to a two-count information charging her with conspiring with Sylvester to submit false loan applications and transferring proceeds from the fraudulent loans to Sylvester.

Michener pled guilty on April 4, 2013, to conspiring with Sylvester to commit bank fraud. In doing so, Michener allowed his co-conspirators to claim an ownership interest in his bank account in order to falsely inflate their assets on fraudulent mortgage loan applications. Michener also admitted transferring fraud proceeds to Sylvester. He is scheduled to be sentenced before District Court Judge Cathy A. Bencivengo on June 28, 2013.

Lent pled guilty on January 28, 2013 to conspiring with Sylvester to submit falsified loan applications to mortgage lenders by misrepresenting the amount of his assets. He is

scheduled to be sentenced on September 16, 2013 before District Court Judge M. James Lorenz.

United States Attorney Duffy added, "The tireless efforts of our partners in the FBI has continued to result in successful prosecutions of persons who have tried to game the system by manipulating the mortgage loan industry. We will continue our joint efforts to deter further mortgage fraud crimes by pursuing such prosecutions with all available resources."

Shannahan is scheduled to appear before District Judge Lorenz on July 29, 2013 for sentencing.

DEFENDANT

Case Number: 13CR1650-L

Timothy E. Shannahan

SUMMARY OF CHARGE

Title 18, United States Code, Section 1349 (conspiracy to commit wire fraud)
Maximum penalty: 20 years of custody; \$250,000 Fine

DEFENDANT

Case Number: 13CR1355-JLS

Kathryn Sylvester

Age: 43

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

DEFENDANT

Case Number: 13CR1313-JLS

Claudia Montes

Age: 41

SUMMARY OF CHARGES

Count 1 Title 18, United States Code, Section 1349 (conspiracy to commit wire fraud)
Maximum penalty: 20 years of custody; \$250,000 Fine

Count 2 Title 18, United States Code, Section 1343 (wire fraud)
Maximum penalty: 20 years of custody; \$250,000 Fine

DEFENDANT

Case Number: 13CR1130-CAB

Roderick Michener

Age: 51

SUMMARY OF CHARGES

Count 1 Title 18, United States Code, Section 1349 (conspiracy to commit wire fraud)
Maximum penalty: 20 years of custody; \$250,000 Fine

Count 2 Title 18, United States Code, Section 1343 (wire fraud)
Maximum penalty: 20 years of custody; \$250,000 Fine

DEFENDANT

Case Number: 12CR3744-L

Tad A. Lent

Age: 46

SUMMARY OF CHARGE

Title 18, United States Code, Section 1349 (conspiracy to commit wire fraud)
Maximum penalty: 20 years of custody; \$250,000 Fine

AGENCY

Federal Bureau of Investigation

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