

# ***NEWS RELEASE***

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

*San Diego, California*

*United States Attorney  
Laura E. Duffy*

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

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*For Immediate Release*

## **MANAGER OF MULTI-MILLION DOLLAR MORTGAGE FRAUD CONSPIRACY PLEADS GUILTY**

**DEFENDANT'S SCHEME CAUSED LOSSES OF OVER \$6 MILLION**

**NEWS RELEASE SUMMARY** – January 16, 2014

SAN DIEGO, CA - United States Attorney Laura E. Duffy announced that Kathryn Sylvester of San Diego pleaded guilty today to participating in a mortgage fraud conspiracy in which she and several co-conspirators caused over \$6 million in losses associated with various properties in San Diego County and elsewhere. Sylvester entered her guilty plea to one count of wire fraud and one count of conspiracy to commit wire fraud before Magistrate Judge William V. Gallo, and is scheduled to appear before U.S. District Court Judge Cathy Ann Bencivengo on April 1, 2014 for sentencing.

As defendant admitted in today's hearing and in court documents, between June 2005 and May 2008, she recruited "straw buyers" to submit falsified mortgage loan applications to purchase properties and obtain home equity loans. Sylvester herself provided false documents to support the straw buyers' misrepresentations regarding their income and employment, and added straw buyers to unrelated bank accounts so they could inflate the value of their assets on loan applications. Sylvester helped convince lending institutions to fund loans for which Sylvester and the straw buyers would not otherwise qualify. 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. The straw buyers included Claudia Montes, Tad Lent, and Roderick Michener, all residents of San Diego.

Montes, a former notary public, notarized the signatures of other straw buyers on the loan applications. On April 12, 2013, Montes pleaded guilty to a 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 U.S. District Court Judge Janis L. Sammartino on February 14, 2014.

Michener pleaded 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 Court Judge Cathy A. Bencivengo on March 14, 2014.

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 Court Judge M. James Lorenz, and is scheduled to be sentenced on January 21, 2014.

United States Attorney Duffy added, "As our economy slowly improves, it is important for us to address criminal conduct that helped spawn the financial crisis. These mortgage fraud cases are further evidence of our dedication to investigating and prosecuting the fraud that plagued the mortgage loan processes for too long."

**DEFENDANT**                      **Case Number:**                      **13CR1355-CAB**

Kathryn Sylvester                      Age: 44

**SUMMARY OF CHARGES**

Count 1:                      Title 18, United States Code, Section 1349 (conspiracy to commit wire fraud and bank fraud)  
Maximum penalty: 30 years of custody; \$1,000,000 fine

Count 5:                      Title 18, United States Code, Section 1343 (wire fraud)  
Maximum penalty: 20 years of custody; \$250,000 Fine

**AGENCY**

Federal Bureau of Investigation