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District of Arizona

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## **MORTGAGE FRAUD LEADER SENTENCED TO NEARLY 17 YEARS IN PRISON**

*Mortgage fraud scheme in Phoenix resulted in \$9.5 million loss*

PHOENIX – Mario G. Bernadel, 51, a citizen of Haiti, was sentenced today to nearly 17 years in prison for his conviction on multiple counts for leading a mortgage fraud scheme in Phoenix that cost banks over \$9 million.

Bernadel was found guilty by a jury in September 2009 on 19 counts related to mortgage fraud, including Mail, Wire and Bank Fraud, and Transactional Money Laundering. Bernadel led a two-year conspiracy involving the purchase of thirty-seven properties using fraudulent loan documents and receiving cash back at closing. Seven co-conspirators were also charged and have pleaded guilty for their involvement in the conspiracy and many will be sentenced in the next few months.

Dennis K. Burke, U.S. Attorney for the District of Arizona, highlighted the significance of this sentence. “Mortgage fraud is a top priority for the U.S. Justice Department in the District of Arizona, where it has destroyed property values, lending institutions, and entire neighborhoods in our community. No question, complex fraud schemes -- a prime example, here -- played a role in crashing our real estate market. Culprits like these defendants will be tracked down, prosecuted and convicted. I congratulate the FBI for their thorough investigation that led to this significant sentence.”

The case against Bernadel and seven others was based on an investigation by the Federal Bureau of Investigation, which revealed that from December 2005 through March 2007 they conspired to commit mortgage fraud in Phoenix. Bernadel and others fraudulently submitted mortgage loan applications, on behalf of straw buyers, under false pretenses, obtaining and disbursing the proceeds of fraudulently obtained loans, including directing portions of the proceeds to bank accounts in Bernadel’s and other defendants’ control. Bernadel prepared or directed others to prepare fraudulent loan applications misrepresenting salary, assets and liabilities. Bernadel used the proceeds from the fraud to live a lavish lifestyle including purchasing several expensive homes and luxury vehicles. Evidence presented at his sentencing demonstrated that he continued to engage in mortgage fraud while in custody after his conviction. The conspiracy resulted in a loss to lending institutions of approximately \$9,500,000.

Nathan T. Gray, FBI Special Agent in Charge of the Phoenix Division, said: “Today’s sentence signifies the continued efforts of the U.S. Attorney’s Office and the FBI’s Mortgage Fraud Task Force to investigate and prosecute those who commit mortgage fraud. We want to send a message that when individuals knowingly defraud the public during the course of mortgage transactions, the FBI and our law enforcement partners are committed to holding them accountable in accordance with the law.”

Following the completion of his sentence, Bernadel, who has legal residence in the U.S., will be deported by the Department of Homeland Security to his home country of Haiti. Bernadel's prosecution is one result of "Operation Cash Back", an initiative in which over fifty defendants were indicted and arrested, including many real estate professionals in 2007 and 2008. Bernadel is the forty-eighth defendant to date who has been convicted through "Operation Cash Back."

The investigation in this case was conducted by the FBI. The prosecution is being handled by Kevin M. Rapp, and Charles W. Galbraith Assistant U.S. Attorneys, District of Arizona, Phoenix.

Mortgage fraud is a key focus of the Financial Fraud Enforcement Task Force's efforts. 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.

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