



Department of Justice

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Southern District of Iowa

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Five Indicted in Des Moines Property Flipping Investigation

DES MOINES, IA – United States Attorney Nicholas A. Klinefeldt announced the indictment of five people for bank fraud based on their participation in a fraudulent property flipping scheme. The defendants are Nathan Smith, Patrick Steven, Jason Springer, Rick Makohoniuk, and Jerod Hogan.

The indictment alleges that the defendants engaged in a scheme to defraud financial institutions from approximately March 2009 to March 2011, in a scheme involving approximately eighteen homes in and around Des Moines, Iowa, and a loss of approximately \$400,000.

According to the indictment, Smith and Steven were property flippers who negotiated short sales with lenders on behalf of homeowners. The indictment alleges that, without the lenders' knowledge, Smith and Steven also purchased the homes in the short sales, and that they and the other defendants deceived the lenders into believing that the price Smith and Steven paid in the short sale was the fair market value. In fact, according to the indictment, without the lenders' knowledge, Smith and Steven immediately resold the homes for a profit. Springer, a Des Moines attorney, is alleged to have furthered the scheme by conducting the fraudulent real estate closings and collecting a commission for his work. Makohoniuk, a realtor, is alleged to have submitted false documents to a lender with respect to one of the homes involved in the scheme, and Hogan, a mortgage broker, is alleged to have provided Smith and Steven with false documents that were used to deceive lenders.

Steven, Springer, Makohoniuk, and Hogan were arraigned today in federal court, and the trial has been scheduled for September 29, 2014. Smith's arraignment is scheduled for August 29, 2014.

The investigation was conducted by the Department of Housing and Urban Development – Office of Inspector General and Federal Bureau of Investigation.

In accordance with the Iowa Rules of Professional Conduct, the public is reminded that an indictment is merely accusations, and that the defendants are presumed innocent until and unless proven guilty. Additionally, because this matter is pending in the United States District Court, the United States Attorney's Office does not anticipate making any further comment or statement at this time.

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