



Four Indicted in Alleged Mortgage Fraud Scheme

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 11:56 AM June 4, 2012

The Federal Bureau of Investigation (FBI) on June 1, 2012 released the following:

“Defendants Allegedly Exploited Immigrant Straw Buyers to Defraud Multiple Banks

Four Seattle-area residents were arrested today on a 21-count indictment charging them with conspiracy, bank fraud, wire fraud, and mail fraud, announced U.S. Attorney Jenny A. Durkan. The mortgage fraud scheme ran from 2006 to 2008 and defrauded more than 10 banks, financial institutions, and mortgage lenders of more than \$8.6 million. More than 50 mortgages were involved on properties in a variety of communities around Puget Sound including Medina, Renton, South Seattle, Bellevue, Redmond, and Kirkland. Jonathan Mendoza Martinez, 34, of Bellevue, Washington; his sister, Jazmin Villalba Martinez, 30, of Seattle, Washington; Celia Perez Morales, 35, of Kirkland, Washington; and Jorge Castrejon Pichardo, 41, of Mountlake Terrace, Washington, made their initial appearances in U.S. District Court in Seattle today.

According to the indictment, three of the defendants worked at Emerald City Escrow and at Nationwide Home Mortgage and conspired to use straw buyers to defraud banks. The fourth defendant worked at a tax preparation business and provided some of the false

Justice Department to Monitor Elections in California, New Mexico, South Dakota and Wisconsin

(USDOJ: Justice News)

Submitted at 11:15 AM June 4, 2012

The Justice Department announced today that it will monitor elections on June 5, 2012, in the following jurisdictions to ensure compliance with the Voting Rights Act of 1965 and other federal voting rights statutes: Alameda, Fresno and Riverside Counties, Calif.; Cibola and Sandoval Counties, N.M.; Shannon County, S.D.; and the city of Milwaukee.

documentation submitted with the loan applications. The conspirators submitted false financial, employment, and tax information to apply for residential mortgage loans. They falsely inflated the sale price of the properties. After the lenders funded the loans, the conspirators kept the excess proceeds, and the straw buyers quickly defaulted on the mortgages. The victim banks included Washington Mutual (now JPM Chase), Bank of America, American Sterling Bank, ING Bank, IndyMac Bank, and Merrill Lynch & Co. Inc., among others. Documents in the scheme were submitted via mail and wire. In all, the defendants secured, or aided and abetted in securing, through unqualified buyers, at least 50 mortgage loans, representing approximately \$22,396,660 in loan proceeds, based on false and fraudulent representations, resulting in a loss to financial institutions and mortgage lenders totaling approximately \$8,672,330.

Each count in the indictment is punishable by up to 30 years in prison and a \$1 million fine.

The charges contained in the indictment are only allegations. A person is presumed innocent unless and until he or she is proven guilty beyond a reasonable doubt in a court of law.

The case is being investigated by the Internal Revenue Service Criminal Investigation (IRS-CI), the U.S. Postal Inspection Service (USPIS), and the Federal Bureau of Investigation (FBI). The case is being prosecuted by Assistant

Los Angeles Physician Assistant Found Guilty for Role in \$18.9 Million Medicare Fraud Scheme

(USDOJ: Justice News)

Submitted at 1:19 PM June 4, 2012

On June 1, 2012, after a two-week trial in federal court in Los Angeles, a jury found David James Garrison, 50, guilty of one count of conspiracy to commit health care fraud, six counts of health care fraud and one count of aggravated identity theft.

United States Attorneys Mike Lang and James Oesterle.”

Douglas McNabb – McNabb Associates, P.C.’s

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The author of this blog is Douglas C. McNabb. Please feel free to contact him directly at mcnabb@mcnabbassociates.com or at one of the offices listed above.

Arecibo, Puerto Rico, to Upgrade Sewer System to Resolve Clean Water Act Violations

(USDOJ: Justice News)

Submitted at 2:07 PM June 4, 2012

A settlement between the United States and the municipality of Arecibo, Puerto Rico, will resolve violations of the Clean Water Act and specifically violations of its Small Municipal Separate Storm Sewer System General Permit.



Edwards Verdict Shows Clemens Need Not Fear Taint Of Reputation

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 8:29 AM June 4, 2012

Bloomberg on June 3, 2012 released the following:

“By David Glovin

Jurors tend to look past a criminal defendant's reputation, no matter how odious, to render verdicts based on fact and law, lawyers said after former presidential candidate John Edwards won an acquittal and mistrial last week.

Federal jurors in Greensboro, North Carolina, on May 31 acquitted Edwards of one charge of using illegal campaign contributions to hide an extramarital affair and couldn't decide about five other counts. They did so after hearing evidence that Edwards cheated on his dying wife and lied to the public about fathering a child with his paramour.

The verdict sends an encouraging signal to Roger Clemens, the former Major League Baseball pitcher now on trial in Washington for lying to Congress about his use of steroids, said Douglas Godfrey, a professor who teaches criminal law at Chicago-Kent College of Law.

“While we would all acknowledge that Edwards and Clemens are not nice guys and they behaved in very bad ways, that's not the same as violating the law,”

Godfrey said in a telephone interview.

“Just because you're an arrogant SOB or philanderer, that's not the same as committing a crime.”

Edwards's acquittal and mistrial came 11 months after a Florida jury acquitted Casey Anthony, an Orlando mother accused of killing her 2-year-old daughter, and 22 years after a New York City jury rendered a not guilty verdict in the racketeering case of Imelda Marcos, the former Philippines first lady ridiculed for owning more than 1,000 pair of shoes. In those cases and others, public opinion had turned so harshly against the defendants that a conviction seemed almost an afterthought.

Then the jury weighed in.

Jury Speaks

“It's a great affirmation of our jury system that people like Casey Anthony and John Edwards, who are personally unlikable and in many ways despicable, can still sit in front of a jury of 12 people and have those 12 people judge them based on the evidence,” said Marc Mukasey, a former federal prosecutor who is now in private practice at Bracewell & Giuliani LLP.

Edwards, a former Democratic U.S. senator from North Carolina and presidential contender in 2008, was

accused of violating campaign finance laws by accepting almost \$1 million from multimillionaire heiress Rachel “Bunny” Mellon and Fred Baron, a now-deceased trial attorney, to conceal an affair. The case marked the first time the government prosecuted someone for campaign violations when money was paid to a third party.

Jurors deliberated for nine days before reaching their partial verdict. They couldn't agree on counts that included a claim that Edwards conspired to protect his candidacy by secretly soliciting and accepting the funds and causing his campaign to file false reports with the Federal Election Commission.

He's unlikely to be retried, a person familiar with the matter said last week.

Adultery, Arrogance

Except for the defendants' notoriety — Edwards for adultery and Clemens for arrogance — the two cases have few similarities, said Stefan Passantino, who heads the political law team at McKenna Long & Aldridge in Washington. Lying to Congress, which Clemens is accused of, is a far more established crime than the conduct for which Edwards was on trial, he said.

Still, both defendants have had to confront the prospect that jurors would convict because of their reputations. The Edwards jury didn't, in part because defense lawyers shifted the focus to ex-campaign aide Andrew Young, who acted as a go-between on transactions involving Mellon and Baron and used some of their money to build his own \$1.5 million home.

Defense attorney Abbe Lowell also addressed the character issue head-on.

‘Moral Wrongs’

“John Edwards may have committed many moral wrongs but he did not commit a legal one,” Lowell told jurors during his closing argument. “He was a bad husband and lied to his family but there is not a remote chance that he violated campaign finance laws or committed a felony.”

Marcellus McRae, a former federal prosecutor who is now at Gibson Dunn & Crutcher LLP in Los Angeles, said jurors were attentive enough to the case's nuances to see past Edwards's reputation. “Perceptions about personalities don't govern verdicts,” he said. “In Edwards, personality didn't rule.”

While Clemens is a seven-time Cy Young Award winner as the best pitcher in his league, he also ranks 14th in Major League Baseball for hitting 159 batters with pitches during his career.

Hurled Bat

Lawyers for Clemens, whose reputation for abrasiveness grew after he hurled a bat at an opposing player and because of his performance before Congress, have been taking a page from Edwards's book. The ex-pitcher's defense has been focused on tearing down the credibility of the government's only eyewitness, Brian McNamee, Clemens's former trainer.

McNamee testified he gave Clemens injections of steroids and human-growth hormone.

Clemens's lawyer, Rusty Hardin, got McNamee to admit he'd lied to federal investigators and accused him of alcohol abuse and engaging in a fraudulent scheme to obtain diet pills.

“The facts are very different, the personalities are different,” Robert Mintz, a former federal prosecutor who's now a partner with McCarter & English LLP in Newark, New Jersey, said of the Clemens and Edwards cases.

‘Positive Message’

“But if there's any positive message that Clemens can draw out of the Edwards verdict, it's that jurors will look beyond whatever antipathy they may feel regarding their personal conduct and do their best to make a decision based solely on the facts and law presented to them at the trial,” Mintz said in a telephone interview.

Jacob Frenkel, a former Securities and Exchange Commission lawyer who is now with Shulman Rogers Gandal Pordy & Ecker PA in Potomac, Maryland, said it's proven lying, and not reputation, that puts many celebrity defendants behind bars. He pointed to Martha Stewart, who was sentenced to six months in prison in 2004 for obstructing justice by lying to prosecutors, and baseball player Barry Bonds, the career home-run record-holder who was convicted last year of obstructing justice for deceiving a grand jury.

Clemens is accused of obstructing justice and perjury.

“It is the acts of lying or obstruction that often are the downfall,” Frankel said in a telephone interview.

It's not only Clemens who may take comfort in the Edwards verdict, said Michael Kendall, a partner at McDermott Will & Emery in Boston and a former federal prosecutor. In New York, Rajat Gupta, who was once a director of Goldman Sachs Group Inc. (GS) and who ran McKinsey & Co. from 1994 to 2003, is defending against charges that he leaked



Deputies sold weapons that ended up with criminals, prosecutors say

McNabb Associates, P.C. (Federal Criminal Defense Lawyers)

Submitted at 10:37 AM June 4, 2012

Los Angeles Times on June 1, 2012 released the following: "Two Sacramento County sheriff's deputies were charged Friday by federal prosecutors with illegally selling dozens of weapons, some of which allegedly fell into the hands of criminals.

Deputies Ryan McGowan, 31, and Thomas Lu, 42, both of Elk Grove, face charges of trafficking in handguns that cannot be legally purchased in California, Fox40 in Sacramento reported.

Also charged were firearms dealer Robert Snellings, 61, of Rancho Murieta and Ulysses Simpson Grant Early IV, 36, who is accused of buying guns. Both are from Sacramento.

U.S. Atty. Benjamin Wagoner said the deputies were charged with serving as straw buyers by purchasing the restricted handguns, which peace officers are permitted to buy. They then sold the guns at a profit to unqualified buyers through licensed dealers, prosecutors said.

Gun buyers in California can only buy firearms off an "approved roster," according to state law. However, peace officers are allowed to purchase certain

EDWARDS

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inside information to hedge fund co-founder Raj Rajaratnam.

Public Hostility

If Edwards could win an acquittal, so might Gupta, even amid public hostility to bankers and Wall Street in the wake of the 2007 financial crisis, he said.

"There are a thousand ways to derail a prosecution," Kendall said in a telephone interview. "There's an incredible common sense in collective good judgment in the jury system."

The Edwards case is U.S. v. Edwards, 11-cr-161, U.S. District Court, Middle District of North Carolina (Greensboro). The Clemens case is U.S. v. Clemens, 10-cr-223, U.S. District Court, District of Columbia (Washington). The Gupta case is U.S. v. Gupta, 11-cr-907, U.S. District Court, Southern District of New York (Manhattan)."

Douglas McNabb – McNabb Associates, P.C.'s

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weapons known as "off-roster" firearms, which are usually high-capacity.

Members of law enforcement can privately sell these "off-roster" guns, as long as the sale is approved by a federal firearms licensee. It's illegal if their goal is to make money off the sale of these guns through continuous purchase and sale.

The deputies are accused of using their peace officer exemption to buy dozens of weapons over more than a year then selling them to others for a profit.

Investigators said at least two weapons eventually reached criminals, though there is no evidence the deputies had that intent, the Associated Press reported.

Two other police officers, one in Sacramento and the other in nearby Roseville, were implicated in the investigation but have not been charged. Both have since lost their jobs.

The two deputies worked at the department's Rio Consumes Correction Center in Elk Grove. One deputy resigned and the other is on administrative leave, said Deputy Jason Ramos, a spokesman for the sheriff's office."

Douglas McNabb – McNabb Associates,

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Daphne Hearn Named Special Agent in Charge of San Diego Division

fbi (Current)

Submitted at 6:00 AM June 4, 2012

— Washington, D.C.