



Trio Indicted in an Alleged \$12 Million Mortgage Fraud Scheme

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The Federal Bureau of Investigation (FBI) on September 23, 2011 released the following:

“DENVER— Waunita Weingart, age 59, of Denver, Colorado; John Phillip Gallegos, age 29, of Seattle, Washington; and Alois Craig Weingart, age 58, of Denver, Colorado, were indicted by a federal grand jury in Denver on August 31, 2011, on charges of wire fraud and money laundering, United States Attorney John F. Walsh, FBI Special Agent in Charge James Yacone, and IRS Criminal Investigation Special Agent in Charge Sean Sowards announced. Waunita Weingart, John Phillip Gallegos, and Alois Craig Weingart were all arrested without incident on September 2, 2011. All three defendants have been advised of their rights, and the charges pending against them. They have also been arraigned.

According to the indictment, Waunita Weingart, John Phillip Gallegos (aka John Gallegos), and Alois Craig Weingart (aka Alois Weingart) repeatedly obtained mortgage loans for the properties located at 7786 Saxeborough Drive, Castle Rock, Colorado (Saxeborough) and/or 141 Lost Angel Road, Boulder, Colorado (Lost Angel), pledging the same properties again and again as collateral to each successive lenders without paying off the prior loans. For each new loan, Weingart, Gallegos, and/or Weingart made it appear as though the lender would obtain a first priority security interest in the subject property, knowing that the lender would not. Waunita Weingart, Gallegos, and Alois Weingart failed to have the mortgage deeds recorded promptly, if recorded at all.

Waunita Weingart, John Gallegos, and Alois Weingart used several companies, each controlled by at least one of them, to facilitate their scheme. The companies were Escrow Closing Services, LLC, Paradigm Escrow and Title, LLC, Colorado County and Community Title, LLC, Real Estate Title, LLC, Transaction Coordinator Services, LLC, and G-4 Holding Company, LLC.

As borrowers, Waunita Weingart, John

Gallegos, and/or Alois Weingart typically described each new loan as the refinancing of an existing loan secured by either the Saxeborough or the Lost Angel address, and would represent to the mortgage lenders that there was no more than one existing loan on the property.

Waunita Weingart, John Gallegos, and Alois Weingart would provide false information and certifications to the mortgage lenders in order to ensure qualifying for the desired loans. This included overstating his or her true legitimate income and representing that he or she had high monthly earnings from employment at companies whose names were slight variations of “Transaction Coordinator Services, LLC”, which they controlled. Waunita Weingart and John Gallegos were licensed title insurance producers. On occasion, altered versions of Waunita Weingart’s license in support of loan applications for Craig Weingart were submitted, making it appear he was a licensed insurance producer, when he was not.

Waunita Weingart, John Gallegos, and Alois Weingart sometimes used G-4 Holding Company, LLC as the mortgage broker, with Waunita Weingart or John Gallegos acting as the loan officer for the borrower in order to eliminate the need for an independent third party to gather loan documents for the lender. Through G-4 Holding Company, Waunita Weingart, John Gallegos, and Alois Weingart were able to obtain credit reports from a credit reporting agency.

Due to the outstanding debts that would be revealed on the credit reports, Waunita Weingart, John Gallegos, and Alois Weingart falsely represented that the debts listed on their credit reports were related to other properties and not Saxeborough or Lost Angel. This also made it appear that they owned numerous properties, whose value supported their substantial debit.

On occasion, Waunita Weingart and John Gallegos provided false social security numbers on their loan applications in order to hamper the lender’s ability to obtain their credit reports. Waunita Weingart and John Gallegos also used false social security numbers to open certain personal and business bank

accounts.

Waunita Weingart, John Gallegos, and Alois Weingart arranged for one of their own companies to serve as title insurance agent and/or settlement agent for the transactions. These companies, Escrow Closing Services, LLC, Paradigm Escrow and Title (Paradigm), Colorado County and Community Title (CCCT) and Real Estate Title, LLC, were purported to be independent to the transactions but were controlled by a combination of the defendants. Paradigm, CCCT, and Real Estate Title provided title commitments to the lenders prior to closing and would provide a payoff notice quoting an exact payoff figure to be provided to the lender in advance of the closing. CCCT and Real Estate Title, LLC would sometimes also provide title insurance policies to the lenders after the closing by the defendants. These policies were issued under the false pretense that the purported sole existing loan on the property had been paid off and the property was otherwise unencumbered.

At each closing, the loan proceeds would be sent to the settlement agent’s bank account to be distributed as the lender directed. Waunita Weingart, John Gallegos, and Alois Weingart did not reveal that these bank accounts were controlled by one or a combination of them. Instead of paying off the purported sole existing loan as directed, Waunita Weingart and John Gallegos misappropriated the proceeds and used them for the benefit of themselves and Alois Weingart and to perpetuate their fraudulent scheme.

“Mortgage fraud has had a devastating impact on our economy, and combating it is a high priority of this office, and the Department of Justice,” said U.S. Attorney John Walsh. “The FBI and IRS-CI did an excellent job of investigating this complex economic crime, which allowed the U.S. Attorney’s Office to obtain this indictment.”

“The FBI takes mortgage fraud very seriously and worked collaboratively with the Criminal Investigation Section of the Internal Revenue Service and the United States Attorney’s Office on this



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investigation,” said FBI Denver Special Agent in Charge James Yacone. “The FBI will continue to pursue white collar criminal investigations that have such a large negative impact on our economy and community.”

“Honest and law abiding citizens are fed up with the likes of those who use deceit and fraud to line their pockets with other people’s money,” IRS Special Agent in Charge Sean Sowards said. “These individuals who engage in this type of financial fraud should know they will not go undetected and will be held accountable.”

Waunita Weingart faces 10 counts of wire fraud and five counts of money laundering. John Phillip Gallegos faces five counts of wire fraud and two counts of money laundering. Alois Craig Weingart faces five counts of wire fraud and one count of money laundering. If convicted, each defendant faces not more than 20 years’ imprisonment and up to a \$250,000 fine for each count of mail fraud and not more than 10 years’ imprisonment

and up to a \$250,000 fine for each count of money laundering.

This case was investigated by the Federal Bureau of Investigation (FBI) and the Internal Revenue Service – Criminal Investigation (IRS-CI).

The case is being prosecuted by Assistant U.S. Attorney Linda Kaufman.

The charges contained in the indictment are only allegations, and the defendants are presumed innocent unless and until proven guilty.

This prosecution is part of President Barack Obama’s Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. 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.”

To find additional federal criminal news, please read [Federal Crimes Watch Daily](#).

Douglas McNabb and other members of the U.S. law firm practice and write and/or report extensively on matters involving Federal Criminal Defense, INTERPOL Red Notice Removal, International Extradition and OFAC SDN Sanctions Removal.

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