



# United States Department of Justice

United States Attorney Joseph P. Russoniello  
Northern District of California

11th Floor, Federal Building  
450 Golden Gate Avenue, Box 36055  
San Francisco, California 94102  
(415) 436-7200  
FAX: (415) 436-7234

FOR IMMEDIATE RELEASE  
JULY 28, 2008  
[WWW.USDOJ.GOV/USAO/CAN](http://WWW.USDOJ.GOV/USAO/CAN)

CONTACT: Joshua Eaton  
(415) 436-6958  
[Josh.Eaton@usdoj.gov](mailto:Josh.Eaton@usdoj.gov)

## **RESIDENTIAL CARE HOME OWNERS INDICTED IN \$20 MILLION MORTGAGE LOAN FRAUD SCHEME**

*Defendants Charged With 126 Counts Of Conspiracy, Bank Fraud, Wire Fraud, Money Laundering, Tax Evasion, And Harboring Illegal Aliens*

OAKLAND – United States Attorney Joseph P. Russoniello announced that a federal grand jury in Oakland has indicted Edith Nelson, Ronald Nelson, Nelda Asuncion, and Cristeta Lagarejos (“the defendants”) with charges relating to an alleged far-reaching mortgage loan fraud scheme. Edith Nelson and Ronald Nelson also have been charged with income tax evasion and harboring illegal aliens.

The indictment alleges that between December 2002 and January 2007, the defendants secured through straw buyers more than 60 loans totaling over \$20 million in loan proceeds based on false and fraudulent representations. The defendants fraudulently obtained mortgage proceeds from financial institutions through straw buyers to purchase Residential Care Home Facilities for the Elderly and other properties controlled by Edith and Ronald Nelson. As part of this scheme, the straw buyers were told that the properties would be purchased under their names and that the properties would be sold after approximately one year. The mortgage loan applications for the straw buyers were prepared by Nelda Asuncion of Realty World Pacific West and Cristeta Lagarejos of Legacy Financing based upon fraudulent representations, including overstated gross monthly income. The straw buyers were told that all of the expenses associated with the property, including the mortgage payments, property taxes, and capital gains taxes would be paid by Edith Nelson. In exchange for this agreement, Edith Nelson generally paid the straw buyers \$5,000 or \$10,000 for each purchase and, at times, \$5,000 or \$10,000 when the properties were sold.

The defendants caused the loan proceeds obtained by straw buyers to be wired or deposited into escrow accounts at the title companies under false and fraudulent pretenses for the purchase of the properties. The defendants received the proceeds of the property sales directly from the title companies or from the straw sellers whose bank accounts received the proceeds from the title companies.

The charges against Edith Nelson and Ronald Nelson also include harboring illegal aliens. According to the search warrant affidavits, the Nelsons hired the caregivers, mostly Filipinos who were illegally present in the United States, for the numerous Residential Care Home Facilities for the Elderly purchased through straw buyers, but which the Nelsons controlled. The caregivers worked long hours at less than minimum wage, and often resided in the same facilities where they worked.

All four defendants were arrested this morning and made their initial appearances in federal court in Oakland. The defendants were released on bond set at \$1 million for Edith Nelson, and \$750,000 for Ronald Nelson, Nelda Asuncion, and Cristeta Lagarejos. The defendants’ next scheduled appearances before Magistrate

Judge Wayne D. Brazil is on August 5, 2008 at 10 a.m. This case has been assigned to the Honorable D. Lowell Jensen, United States District Judge.

The maximum statutory penalty for conspiracy to commit wire fraud and bank fraud, in violation of 18 U.S.C. § 1349, and for each count of wire fraud and bank fraud under 18 U.S.C. §§ 1343 and 1344(1) &(2), respectively, is 30 years in prison and a \$250,000 fine. The maximum statutory penalty for conspiracy to commit money laundering, in violation of 18 U.S.C. § 1956(h), is 20 years or 10 years in prison depending on the object of the conspiracy under 18 U.S.C. § 1956 or 18 U.S.C. § 1957, respectively, and a \$500,000 fine. The maximum statutory penalty for each count of money laundering under 18 U.S.C. § 1957 is 10 years in prison and a \$250,000 fine. The maximum statutory penalty for income tax evasion under 26 U.S.C. § 7201 is 5 years in prison and a \$100,000 fine. The maximum statutory penalty for harboring of illegal aliens under 8 U.S.C. § 1324(a)(1)(A)(iii) is 5

years and a \$250,000 fine. However, any sentence following conviction would be imposed by the court after consideration of the U.S. Sentencing Guidelines and the federal statute governing the imposition of a sentence, 18 U.S.C. § 3553.

Please note, an indictment contains only allegations against an individual and, as with all defendants, the defendants must be presumed innocent unless and until proven guilty.

Deborah Douglas is the Assistant United States Attorney who is prosecuting the case with the assistance of Paralegal Noble Hughes and Legal Assistant Kathleen Turner. The prosecution is the result of an extensive investigation by the Internal Revenue Service, Criminal Investigation, and U.S. Immigration and Customs Enforcement, Department of Homeland Security.

### **Further Information:**

Case #: CR08-477 DLJ

A copy of this press release may be found on the U.S. Attorney's Office's website at [www.usdoj.gov/usao/can](http://www.usdoj.gov/usao/can).

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at [www.cand.uscourts.gov](http://www.cand.uscourts.gov).

All press inquiries to the U.S. Attorney's Office should be directed to Joshua Eaton at (415) 436-6958 or by email at [Josh.Eaton@usdoj.gov](mailto:Josh.Eaton@usdoj.gov).

This site does not contain all press releases or court filings and is not an official record of proceedings. Please contact the Clerk of Courts for the United States District Court for official copies of documents and public information.

###