



**U.S. Department of Justice  
U.S. Attorney's Office  
Western District of Texas**

**Johnny Sutton, U.S. Attorney**

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**FOR IMMEDIATE RELEASE**

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**FIVE CHARGED IN TWO SAN ANTONIO INDICTMENTS WITH MORTGAGE FRAUD –  
CHARGES PART OF NATIONWIDE CRACKDOWN  
CALLED OPERATION MALICIOUS MORTGAGE**

**United States Attorney Johnny Sutton** announced that five individuals have been indicted for their roles in two separate million-dollar-plus mortgage fraud schemes based in San Antonio.

“Mortgage fraud damages the stability of our national housing market and hurts American homeowners. We intend to prosecute it aggressively,” stated United States Attorney Johnny Sutton.

- **U.S. v. Fred and Veronica DeGuzman** –

Two former San Antonio area residents are charged with carrying out a mortgage fraud scheme involving three San Antonio and Spring Branch residential properties, three financial institutions and over \$1,000,000 in foreseeable losses.

The five-count indictment, returned yesterday afternoon, charges Fred DeGuzman and Veronica DeGuzman with three counts of financial institution fraud and two counts of aggravated identity theft.

According to the indictment, from June 25, 2007, to November 5, 2007, Fred DeGuzman, using an alias, and Veronica DeGuzman would contact individual sellers of residential property and enter agreements to purchase the property for an inflated price, with the excess of the stated price over the actual sales price being returned to a corporation owned and controlled by Fred and Veronica DeGuzman. Using the alias, as well as falsified employment and income information, Fred and Veronica DeGuzman applied for and obtained 100% financing. After one or two mortgage payments, the mortgage went into default causing losses to the lenders.

Upon conviction, each defendant faces up to 30 years in federal prison and a maximum \$1 million fine plus restitution for each of the financial institution fraud charges, plus up to 2 years and a \$250,000 fine for each of the aggravated identity theft counts which must be served in addition to any imprisonment for financial institution fraud.

– more –

## **Operation Malicious Mortgage charges**

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- **U.S. v. Nadjah Elias-Caudill, David Barr and Kent Lake** –

Two San Antonio area home builders and a former Boerne, TX, resident are charged with carrying out a mortgage fraud scheme involving six Boerne residential properties, six lending institutions and over \$3 million in foreseeable losses.

The seven-count indictment charges Nadjah Elias-Caudill along with homebuilders David Barr and Kent Lake with one count of conspiracy to commit wire fraud plus six substantive wire fraud counts.

The indictment alleges that from February 2006 until March 27, 2007, Elias-Caudill caused Barr and Lake, doing business as Barr/Principle Builders, to enter into contracts for the sales of six homes for an agreed-upon, inflated price. Those contracts included an estimated \$460,000 in kickbacks which ultimately benefitted Elias-Caudill. Elias-Caudill then used the names and personal identifiers (dates of birth and Social Security Numbers) of her sister-in-law, brother, and father of a former employee, as well as falsified employment and income information to apply for and obtain 100% financing. After one or two mortgage payments, the mortgage went into default causing losses to the lenders.

Upon conviction, each defendant faces up to 20 years in federal prison and a maximum \$250,000 fine per count plus restitution.

These cases were investigated by the Federal Bureau of Investigation as part of a nationwide crackdown on mortgage fraud called Operation Malicious Mortgage. Assistant United States Attorney William R. Harris is prosecuting these cases on behalf of the government.

**An indictment is a formal accusation of criminal conduct, not evidence of guilt. Defendants are presumed innocent unless and until convicted through due process of law.**

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