



# Department of Justice

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Northern District of Georgia

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## **15 DEFENDANTS INDICTED, MANY MAKE FIRST APPEARANCE TODAY, IN MORTGAGE FRAUD SCHEME TARGETING METRO ATLANTA**

ATLANTA, GA.- A federal grand jury has indicted 15 defendants on 79 counts of conspiracy, bank loan fraud, mail fraud, wire fraud, and money laundering relating to a mortgage fraud scheme that targeted the metro-Atlanta area housing market. A number of the defendants made their first appearance before United States Magistrate C. Christopher Hagy today, including closing attorney JAMES F. STOVALL III, along with defendants LARRY D. FRAZIER, and GEORGE W. McREE, Jr.

United States Attorney David E. Nahmias said, "The negative impact of this fraud scheme on metro Atlanta neighborhoods extends far beyond the financial loss to the victim lenders. This indictment is another example of our continuing commitment to expose and eradicate mortgage fraud schemes in our community."

The 15 defendants charged in the indictment are: JOHN BELLO, 37, of North Charleston, South Carolina; DAVID R. BOBO, 44, of Cumming, Georgia; WILLIAM CHAVIS, 43, of Puerto Rico; CALVIN D. DALTON, 68, of Cleveland, Georgia; LARRY D. FRAZIER, 74, of Milton, Florida; JOHN HYACINTH, 29, of Marietta, Georgia; PAUL JARETSKY, Jr., 50, of Lawrenceville, Georgia; REGINALD KEMP, 48, of Atlanta, Georgia; RHONDA KENT, 44, of Canton, Georgia; GEORGE W. McREE, Jr., 41, of Canton, Georgia; RASHID MUHAMMAD, 35, of Syracuse, New York; MARTIN ROSENTHAL, 58, of Alpharetta, Georgia; JAMES F. STOVALL III, 55, of Roswell, Georgia; CONSTANCE ZIELINS f/k/a CONSTANCE STATHATOS, 38, of Fort Worth, Texas; and LEONARD ZIELINS, 52, of Fort Worth, Texas.

The indictment alleges that CALVIN D. DALTON was the president of "Reti Relocation Services, Inc.," a Georgia corporation engaged in the business of buying and selling real estate. LARRY D. FRAZIER was a licensed real estate broker doing business as "Larry Frazier Realty," which conducted most of its business out of the offices of Reti Relocation, and also served as the secretary of Reti Relocation. Reti Relocation controlled, purchased, and sold numerous residential properties in the Atlanta area. JAMES F. STOVALL III is an attorney licensed in the state of Georgia who closed many

of the real estate transactions that are at the heart of the fraudulent scheme alleged in the indictment.

The indictment charges conspiracy, bank loan fraud, wire fraud, mail fraud, and money laundering related to mortgages obtained on the sale of approximately 60 homes, many of which were in the Brookstone subdivision in Acworth, Georgia and the Lake Windward subdivision in Alpharetta, Georgia. These homes were all controlled or owned by Reti Relocation. Each home was allegedly sold at an inflated price to a "straw borrower" who applied for a mortgage loan based upon the inflated price. Such a fraudulent transaction is called a mortgage "flip." The straw borrowers who allegedly participated in these mortgage flips generally were paid a kick-back out of the excess loan proceeds for the use of their name and credit. The victim lenders granted the loans based upon numerous false representations and documents regarding the credit qualifications of the straw borrowers as well as false representations that the straw borrower had paid a down payment, would reside in the home, and would be responsible for the loan payments.

The straw borrowers charged in the indictment include JOHN BELLO, CONSTANCE ZIELINS f/k/a CONSTANCE STATHATOS, a former employee of Larry Frazier Realty, and LEONARD ZIELINS. WILLIAM CHAVIS, JOHN HYACINTH, REGINALD KEMP, RHONDA KENT, and RASHID MUHAMMAD are charged as recruiters of straw buyers for Reti Relocation. In addition, the indictment charges Georgia appraiser DAVID R. BOBO, former Georgia appraiser PAUL JARETSKY, Jr., and mortgage brokers GEORGE W. McCREE, Jr., and MARTIN ROSENTHAL, based upon their alleged participation in the scheme to defraud victims.

This case is being investigated by Special Agents of the Inspector General's Office of the Inspector General, Department of Housing and Urban Development and the Federal Bureau of Investigation.

Special Assistant United States Attorney Richard E. Reed is prosecuting the case.

Members of the public are reminded that the charges contain only allegations. A defendant is presumed innocent of the charges, and it will be the government's burden to prove a defendant's guilt beyond a reasonable doubt.

For further information, please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney or William McKinnon, Chief, Economic Crime and Cybercrime, through Patrick Crosby, Public Affairs Officer, U S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is <http://www.usdoj.gov/usao/gan>.