



Department of Justice

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Northern District of Georgia

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22 INDICTED FOR MORTGAGE FRAUD

Charges Expand in Phillip Hill mortgage fraud scheme

Atlanta, GA - In a 181 count superseding indictment, 22 defendants have been charged by a federal grand jury with conspiracy, bank loan fraud, mail fraud, wire fraud, and money laundering relating to a mortgage fraud scheme that targeted the metro-Atlanta area house and condominium market. Today's indictment expands the scope of prior charges to include over 40 residential houses and over 230 condominiums in the Atlanta area involved in the mortgage fraud scheme.

United States Attorney David E. Nahmias said, "The negative impact on our neighborhoods of this multimillion dollar fraud scheme extends far beyond the financial loss to the victim lenders. The Phillip Hill mortgage fraud scheme charged in this indictment is the most extensive this office and federal investigative agencies have uncovered to date in the Atlanta area. This indictment is a major step forward in this office's commitment to expose and eradicate mortgage fraud schemes in our community."

The 22 defendants charged in today's superseding indictment are: MARCUS C. ALCINDOR, a/k/a "Christopher Alcindor," 42, of St. Lucia; CHRISTOPHER BAKER, 40, of Canada; CARL BEST, 42, of New York City; BARBARA BROWN, 32, of Mableton, Georgia; WILLIAM CHAVIS, 43, of Stone Mountain, Georgia; CHERYL DENNY, 42, of St. Lucia; FRED FARMER, 59, of Roswell, Georgia; MICHAEL FLAKE, 31, of Stone Mountain, Georgia; WESLEY GOLDEN, 57, of Atlanta, Georgia; RILEY GRAHAM, a/k/a "Riley Williams," 39, of Detroit, Michigan; PHILLIP E. HILL, 49, of Blouinstown, Florida; CORTNEY JACKSON, 49, of Detroit, Michigan; CHRISTINE LAUDERMILL, 44, of Gainesville, Georgia; RASHID MUHAMMAD, 35, of Syracuse, New York; JAMES MOSS, a/k/a "Dr. James Moss," 49, of Roswell, Georgia; JULIAN PEREZ, a/k/a "Tony Perez," 49, of Roswell, Georgia; ROBERT POWERS, 45, of Cumming, Georgia; LESLIE RECTOR, 33, of Atlanta, Georgia; ANNETTE SPEAR, 50, of Union City, Georgia; DAVID THOMAS, 46, of Baton Rouge, Louisiana; DEAN THOMAS, 40, of Covington, Georgia; and DAVID VAN MERSBERGEN, 46, of Atlanta, Georgia.

In the initial indictment related to the scheme handed down by a federal grand jury in June of 2005, 19 defendants were indicted on charges focusing on the "4001 Cascade" Subdivision, in Fulton County. Since that time, three of the original defendants, JEREMY DERCOLA, 29, of Douglasville, Georgia; WENDELL HIGGS, 42, of Suwanee, Georgia; and BRANT PETREE, 23, of Marietta, Georgia have entered guilty pleas before District Court Judge Thomas Thrash based

upon their participation in the mortgage fraud scheme. They are scheduled for sentencing in May of 2006. In addition, CHRISTOPHER HALCOMB, 44, a closing attorney from Cumming, Georgia, and THEODORE TAGALAKIS, 34, of Alpharetta, Georgia and WAYNE JENKINS, 48, of Atlanta, Georgia, both formally mortgage brokers in Atlanta, have each entered guilty pleas in three related cases involving the same mortgage fraud scheme. They are also scheduled for sentencing in May of 2006. ANDREW WOLF, 45, a closing attorney from Roswell, Georgia has also been charged in a related case with participating in the mortgage fraud scheme. WOLF is expected to enter a guilty plea before Judge Thrash on a date not yet set by the court.

The superseding indictment alleges that PHILLIP E. HILL was the owner and operator of "We Build Atlanta, Inc.," "The Estate Firm, Inc.," "Estate Artistians of Georgia, Inc.," "Estates Atlanta, Inc.," and other Georgia corporations and the HILL controlled the affairs of each corporation. HILL held himself out to be a real estate developer, and either individually or through one or more of the corporations he controlled, purchased and sold numerous residential properties in the Atlanta area. HILL and co-conspirators allegedly participated in a scheme to bribe a loan officer of Charter Bank and Trust and to obtain two lines of credit using false qualifying information. The Charter loan officer, FREDERICK VARGAS, 37, of Boca Raton, Florida, has entered a guilty plea in a related case and is presently scheduled for sentencing in March of 2006. The indictment further alleges that when confronted by Charter Bank officials, HILL falsely claimed that his interest in a loan owed by the Alcindor-Williams Group, LLC related to the sale of lots in the 4001 Cascade subdivision would allow him to pay back the line of credit.

In the second part of the indictment, HILL and coconspirators are charged with participating in a scheme to defraud Centrum Financial Services, Inc. related to a \$1.3 million loan granted to the Alcindor-Williams Group, LLC. That loan was to finance the Alcindor-Williams Group's purchase of 27 undeveloped residential lots in the "4001 Cascade" subdivision from Estates Atlanta, Inc. The principals of the Alcindor-Williams Group, LLC were defendants MARCUS C. ALCINDOR, RILEY GRAHAM and a third unindicted co-conspirator. The indictment charges that CHRISTOPHER BAKER, JAMES MOSS and JULIAN PEREZ also participated in the scheme to defraud Centrum. The scheme included submitting false documents to Centrum during the loan application process, including inflated appraisals, altered checks and false marketing plans, and making false statements regarding the down payment and investment of the Alcindor-Williams Group, LLC in the property.

The indictment also charges conspiracy, bank loan fraud, wire fraud, mail fraud and money laundering related to mortgages obtained on the sale of approximately 50 homes and 230 condominiums, including the originally charged 13 homes in the 4001 Cascade subdivision. These homes were all owned at one time by one of the PHILLIP HILL entities. Each home was 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 participated in these mortgage flips 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 payment. Some of the homes were "flipped" more than one time. The indictment also charges that Atlanta Sky View Living Management, LLC, a Georgia company operated by JEREMY DERCOLA and JULIAN PEREZ, participated in these secondary "flips."

The indictment alleges that LESLIE RECTOR, who operated Financial Investment Resource Management, was HILL's primary assistant through the fraud scheme. The straw borrowers charged in the indictment include DAVID VAN MERSBERGEN, a HILL business entity employee; ANNETTE SPEAR; CHERYL DENNY; CARL BEST; and CORTNEY JACKSON. CHRISTINE LAUDERMILL, RASHID MUHAMMAD, WILLIAM CHAVIS, DEAN THOMAS, and DAVID THOMAS were also charged as recruiters of straw buyers for HILL. In addition, the indictment charges former Georgia appraisers FRED FARMER, JULIAN PEREZ and BARBARA BROWN, and mortgage brokers MICHAEL FLAKE, WES GOLDEN, JULIAN PEREZ, and ROBERT POWERS based upon their participation in the scheme to defraud the victim lenders.

This case is being investigated by Special Agents of the IRS-Criminal Investigation.

Assistant United States Attorney Barbara E. Nelan is prosecuting the case.

Members of the public are reminded that the charge(s) 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 at trial.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney or William L. 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/>.