



Department of Justice

United States Attorney David E. Nahmias
Northern District of Georgia

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CONTACT: Patrick Crosby

(404)581-6016

FAX (404)581-6160

JURY CONVICTS MORTGAGE FRAUD RING

Conspiracy Involved \$6 Million in Fraudulent Loans in Just 10 Weeks

Atlanta, GA - Following a two-week trial, a jury in federal district court returned guilty verdicts late yesterday against KEITH GARNER, 48, GREGG SAVAGE, 24, SHALONDA HARRIS, 36, all of Atlanta, Georgia, and LATESHA GARNER, 27, of Durham, North Carolina, on charges of conspiracy to commit mortgage fraud and wire fraud related to \$6 million in fraudulent real estate financing from SunTrust Mortgage Company ("SunTrust Mortgage") over a ten week period in the summer of 2006.

"The defendants' sheer greed is demonstrated by the fact that they obtained \$6 million in fraudulent mortgage loans from a single lender in just ten weeks," said United States Attorney David E. Nahmias. "They were indicted several months after SunTrust Mortgage discovered their scheme, however, and, following a two-week trial, the jury convicted each defendant after only five hours of deliberation. Those who intend to commit mortgage fraud should remain on notice that law enforcement may be looking over their shoulders, and those who have committed mortgage fraud are once again reminded that juries in this district will not tolerate their criminal conduct."

According to United States Attorney Nahmias and the information presented in court: Defendant KEITH GARNER solicited his daughter, LATESHA GARNER, a loan processor with SunTrust Mortgage, in the spring of 2006 to handle fraudulent loan applications submitted on behalf of straw borrowers recruited by KEITH GARNER and his co-conspirators. Because she was responsible both for verifying borrower employment and asset information as well as for approving closing documentation, LATESHA GARNER was uniquely positioned to defraud SunTrust Mortgage, which she did by falsely verifying borrower credentials and approving hundreds of thousands of dollars in false payoffs to her father. KEITH GARNER paid LATESHA GARNER \$33,000 -- a year's salary -- across four transactions to facilitate his criminal scheme.

KEITH GARNER also recruited defendant SUSAN KHODADAD, a closing paralegal with several area real estate firms, to ensure that the false payoffs to GARNER and

his co-conspirators were included in SunTrust Mortgage's loan documentation. Defendant KHODADAD pleaded guilty to the conspiracy count of the indictment prior to trial and testified against her co-conspirators.

Focusing on the “Country Club of the South” and other high-end developments and subdivisions in the Atlanta area, KEITH GARNER and his co-conspirators acquired numerous properties in the name of their straw borrowers, often without the straw borrower's consent. Each of the properties was accompanied by an inflated appraisal, which, in addition to the submission of false loan applications, enabled the defendants to secure real estate financing from SunTrust Mortgage in excess of the fair market value of the properties. The defendants then stole the “spread” between the inflated and fair market value of the properties primarily through defendants LATESHA GARNER and KHODADAD, who ensured that SunTrust Mortgage either directly paid a bogus seller's obligation or was never made aware that a substantial portion of seller's proceeds was being paid to the defendants outside of closing pursuant to a criminal agreement with the seller.

Defendant GREGG SAVAGE was convicted of realizing more than \$830,000 in false profits in just seven days as a seller of two properties, from which he paid KEITH GARNER \$200,000 for supplying the straw buyers. Defendant SHALONDA HARRIS, a licensed realtor, was convicted of receiving \$66,000 from defendants KEITH GARNER and SAVAGE related to her role in locating properties and straw buyers on two indicted transactions.

Each defendant faces a 20 year prison term and \$250,000 fine on the conspiracy count of the indictment and a separate 20 year prison term and \$250,000 fine on each of their wire fraud convictions. A sentencing date has not yet been scheduled before United States District Judge Richard W. Story.

This case was investigated by Special Agents of the Federal Bureau of Investigation.

Assistant United States Attorneys Paul Monnin and Doug Gilfillan are prosecuting the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, 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 www.usdoj.gov/usao/gan.