



Department of Justice

United States Attorney David E. Nahmias
Northern District of Georgia

FOR IMMEDIATE RELEASE

09/21/07

<http://www.usdoj.gov/usao/gan/>

CONTACT: Patrick Crosby

(404)581-6016

FAX (404)581-6160

ORGANIZER OF MASSIVE MORTGAGE FRAUD SCHEME **SENTENCED TO 28 YEARS IN FEDERAL PRISON**

Phillip Hill Led \$112 Million Fraud

Atlanta, GA - PHILLIP E. HILL, 51, of Sumatra, Florida, was sentenced today to serve 28 years in prison by United States District Judge Thomas W. Thrash Jr., for perpetrating a massive mortgage fraud scheme that targeted the metro Atlanta housing and condo market from 2000 through 2003.

“The mortgage fraud scheme orchestrated by Hill resulted in multi-million dollar losses to lenders and had an even more devastating impact on individual homeowners, neighborhoods and communities,” said United States Attorney David E. Nahmias. “This sentence, as substantial as it is, cannot compensate the many persons hurt by Hill’s fraudulent actions. What we hope is that this sentence demonstrates to anyone tempted to participate in mortgage fraud, whether as a key player like Hill or as a participant on any level, that such criminal conduct will be prosecuted aggressively and punished severely.”

Rodney E. Clarke, Acting Special Agent in Charge, Internal Revenue Service Criminal Investigation, said, "These types of crimes create a significant loss of tax revenue, drive buyers into foreclosure, leave lenders burdened with bad loans and neighborhoods with abandoned and deteriorating properties. The sentence today does not replace the losses that were incurred due to this scheme, however, it does illustrate IRS CI's commitment to pursuing individuals who commit these types of crimes."

HILL was sentenced to 28 years in federal prison to be followed by 5 years of supervised release. He was also ordered to pay restitution of \$41,764,244.40. HILL has been in custody since his conviction on 166 felony counts of the indictment by a federal jury on March 14, 2007, following an eight-week trial.

HILL was originally indicted on June 8, 2005. Also indicted at various times and subsequently pleading guilty to charges related to the multi-million dollar mortgage fraud scheme initiated and led by Hill were: WILLIAM CHAVIS, 45, of Atlanta Georgia; JEREMY DERCOLA, 29, of Douglasville, Georgia; MICHAEL FLAKE, 31, of Stone

Mountain, Georgia; WESLEY GOLDEN, 57, of Atlanta, Georgia; CHRISTOPHER HALCOMB, 45, of Cumming, Georgia, WENDELL HIGGS, 42, of Suwanee, Georgia; CORNEY JACKSON, 49 of Detroit, Michigan; WAYNE JENKINS, 49, of Atlanta, Georgia; RASHID MUHAMMAD, 36, of Syracuse, New York; JULIAN PEREZ, a/k/a “Tony Perez,” 49, of Roswell, Georgia; BRANT PETREE, 23, Marietta, Georgia; THEODORE TAGALAKIS, 36, of Atlanta, Georgia; and ANDREW WOLF, 45, of Alpharetta, Georgia.

Co-defendants who went to trial with HILL and were also found guilty of multiple felony charges include: MARCUS ALCINDOR, a/k/a “Christopher Alcindor,” 42, of St. Lucia, convicted of conspiracy, loan fraud, mail and wire fraud, and money laundering; BARBARA BROWN, f/k/a “Barbara Eubanks,” 34, of Marietta, Georgia, convicted of conspiracy, loan fraud, mail and wire fraud, and money laundering; CHRISTINE LAUDERMILL, 40, convicted of conspiracy, loan fraud, wire fraud, and money laundering; ROBERT POWERS, 45, of Cumming, Georgia, convicted of conspiracy, loan fraud, mail and wire fraud, and money laundering; LESLIE RECTOR, 35, of Atlanta, Georgia, convicted of conspiracy, loan fraud, mail and wire fraud, and money laundering; DAVID THOMAS, 46, of Hammond, Louisiana, convicted of conspiracy, loan fraud, and money laundering; and DAVID VAN MERSBERGEN, 46, of Atlanta, Georgia, convicted of conspiracy, loan fraud, and money laundering.

According to Nahmias and the evidence at trial: 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 numerous other Georgia corporations. HILL controlled the affairs of each such 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 oversaw the conspiracy, loan fraud, wire and mail fraud and money laundering activity related to mortgages obtained in the sale of over 50 homes and over 250 condominiums in eight Atlanta-area condominium complexes. These properties were all owned at one time by one of the PHILLIP HILL entities. Each property was sold at an inflated price to a “straw purchaser” who applied for a mortgage loan based upon the inflated price. Such a fraudulent transaction is called a mortgage “flip.” The straw purchasers 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 purchaser, as well as false representations that the straw purchaser had paid a down payment, would reside in the home, and would be responsible for the loan payment. In addition, the lenders were induced to make the loans based on fraudulently inflated appraisals. Some of the properties were “flipped” more than one time.

Evidence at trial showed that the primary leaders of the complex fraud scheme included PHILLIP HILL, LESLIE RECTOR, closely assisted by DAVID VAN

MERSBERGEN. HILL alone received over \$14 million in profits from the scheme. Evidence showed that HILL generated in excess of \$112 million in fraudulent loans during the time of the scheme.

The appraisers who created the fraudulent appraisals used in the scheme were JULIAN PEREZ, FRED FARMER, and BARBARA BROWN. According to the evidence, appraisers were paid both their scheduled fees and received separate direct payments from HILL.

The loan officers, who provided submitted the fraudulent loans to the victim lenders included WAYNE JENKINS, THEODORE TAGALAKIS, BRANT PETREE, WENDELL HIGGS, MICHAEL FLAKE and WESLEY GOLDEN, and ROBERT POWERS. Evidence at trial showed that the loan officers received excessive fees for processing the fraudulent loans.

HILL was convicted of paying kickbacks to “recruiters” who found “straw borrowers” for the scheme. The recruiters included CHRISTINE LOUDERMILL and DAVID and DEAN THOMAS, WILLIAM CHAVIS and RASHID MUHAMMAD, who all received hundreds of thousands of dollars in the scheme. According to the evidence, DAVID and DEAN THOMAS, and DAVID VAN MERSBERGEN also served as “straw borrowers” who received additional kickbacks for lending their credit to the scheme.

As part of the fraud scheme, two attorneys, CHRISTOPHER HALCOMB, of Cumming, Georgia, and ANDREW WOLF helped facilitate the fraud by submitting fraudulent documents, and at property closings, facilitating the distribution of the monies to the co-conspirators.

This case was investigated by Special Agents of the Internal Revenue Service, Criminal Investigation.

Assistant United States Attorney Barbara Nelan and Special Assistant United States Attorney Richard Reed prosecuted 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.