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Public Affairs
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MORTGAGE BROKER PLEADS GUILTY TO SIX FELONY COUNTS IN CASH-BACK MORTGAGE FRAUD SCHEME

PHOENIX – Jeffrey Todd Crandell, 33, of Mesa, Ariz., pleaded guilty on November 9, 2009, to six counts of Bank Fraud for his role in a mortgage fraud scheme. Sentencing will take place on February 22, 2010, before U.S. District Judge G. Murray Snow.

Crandell was the leader of a sophisticated cash-back mortgage fraud scheme. In 2005, he obtained the rights to various parcels of real estate located in Queen Creek, Ariz., obscured his interest in those properties by placing them in the name of his brother-in-law, and then recruited friends and acquaintances to buy the properties for inflated prices—often hundreds of thousands of dollars more than the cost of the land. Crandell also acted as the mortgage broker for each transaction. In that capacity, he was responsible for preparing the buyers' loan applications. Crandell included multiple lies in the applications in order to persuade the lender to approve the loans. Among other things, he inflated the buyers' incomes and assets and stated—falsely—that the buyers would be making the down payment. In fact, at closing, Crandell supplied the down payment on behalf of the buyers and also provided a cash kickback to them. The properties eventually went into foreclosure.

Each conviction for Bank Fraud carries a maximum penalty of 30 years in federal prison, a \$1,000,000 fine, or both. In determining the sentence, Judge Snow will consult the U.S. Sentencing Guidelines, which provide advisory sentencing ranges. The judge is not bound by those guidelines in determining a sentence.

Crandell's conviction is part of an initiative called "Operation Cash Back" in which 40 defendants—including many real estate professionals—were indicted and arrested in June 2008. To date, 30 have been convicted through guilty pleas or following trial.

The investigation in this case was conducted by the Federal Bureau of Investigation. The prosecution is being handled by Dominic Lanza, Raymond Woo and Kevin Rapp, Assistant U.S. Attorneys, District of Arizona, Phoenix.

CASE NUMBER: 08-255-PHX-GMS
RELEASE NUMBER: 2009-355(Crandell)

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