

**UNITED STATES ATTORNEY'S OFFICE  
EASTERN DISTRICT OF MISSOURI**

**CATHERINE L. HANAWAY**  
*United States Attorney*



**NEWS RELEASE**

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For Immediate Release

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**LOCAL FATHER & SON, ALONG WITH A LOCAL MORTGAGE BROKER, INDICTED ON  
MORTGAGE FRAUD CHARGES**

St. Louis, MO: William E. McKanry; his son, William C. McKanry and mortgage broker Paula Enders have been indicted on bank, wire and mail fraud charges involving the multi-million dollar sale of twelve local properties, United States Attorney Catherine L. Hanaway announced today.

"Mortgage fraud is one of the fastest growing crimes that we face as a nation," said Hanaway. "This office and our law enforcement partners will vigorously investigate and prosecute mortgage fraud whenever it is discovered."

William C. McKanry owned, operated and managed USA Title, LLC; William C. McKanry and his father, William E. McKanry, owned, operated and managed USA Properties, LLC; and Paula Enders was a licensed mortgage broker. She operated under the mortgage brokerage company known as Foundation Mortgage, Inc.

Between December 2005 and January 31, 2006, the McKanrys' sold twelve real estate properties through Enders. The properties are located in Florissant, St. Charles, O'Fallon, Hazelwood, Lake St. Louis, Ballwin, St. Louis City and County. The total sale price of the properties was approximately \$2.7 million.

According to the indictment, Enders would shop on-line to obtain mortgage financing for all of the twelve properties. On the loan applications for these properties, Enders falsified that the source of the down payments, settlement charges and subordinate finances were to be made by the buyer of these properties, when they were actually made by William E. and William C. McKanry, the sellers of the properties. All closings were made at USA Title, LLC, St. Louis County, and documents falsely showed the buyer as making cash payments that were actually made by the McKanrys.

The indictment states that at the closings, Enders received \$226,000 above her commission fees as the mortgage broker to buy Foundation Mortgage, Inc. On the seller's settlement statement these monies were falsely represented to be construction rehab costs on the particular properties. Money would be going to Paula Enders at the closings as construction rehab on these properties when they actually were to be used to purchase Foundation Mortgage, Inc.

Since the closing on the twelve properties at USA Title, 11 out of 12 properties ended up in foreclosure and were resold for \$1.2 million for a loss of approximately \$1.5 million.

USA Properties, LLC maintained and provided a list of their "for sale" properties to area brokers and real estate agents. The list identified the particular property address and corresponding "retail value" and "sale price." In order to sell the properties, USA Properties, LLC was willing to sell these properties below the purported appraised value to buyers. This market of favorably priced real estate to which Paula Enders, William C. McKanry and William E. McKanry had access provided an opportunity. By matching USA Properties, LLC with buyers, they exploited the difference between what USA Properties, LLC was willing to take for a property "sale price" and what a prospective investor, induced by special deals, was willing to pay, i.e., the "spread" or "retail value."

"Successfully investigating and prosecuting mortgage fraud is critical due to the effect it has on the economy. Mortgage fraud has had a devastating impact on communities across the United States," said John V. Gillies, Special Agent in Charge, FBI-St. Louis Division. "The FBI will continue to work with its partners to bring the perpetrators to justice."

**WILLIAM C. MCKANRY**, St. Albans, Missouri; **WILLIAM E. MCKANRY**, Warrenton, Missouri; and **PAULA ENDERS**, Florissant, Missouri; were each indicted on multiple charges, including conspiracy to commit bank fraud, wire fraud and mail fraud. The twenty-one count indictment was handed down by a federal grand jury in June 2008, but remained sealed until today.

If convicted, conspiracy to commit bank fraud carries a maximum penalty of five years in prison and/or fines up to \$250,000; each count of mail and wire fraud carries a maximum penalty of twenty years in prison and/or fines up to \$1,000,000. Restitution is mandatory.

Hanaway commended the work performed on the case by the Missouri Department of Insurance, the United States Postal Inspection Service, the Federal Bureau of Investigation and First Assistant United States Attorney Michael W. Reap, who is handling the case for the U.S. Attorney's Office.

The charges set forth in an indictment are merely accusations, and each defendant is presumed innocent until and unless proven guilty