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Press Release

For Immediate Release

November 10, 2008

Catherine L. Hanaway, U.S. Attorney**Eastern District of Missouri****Contact: (314) 539-7719****Two Indicted in Major Mortgage Fraud Scheme**

Cape Girardeau, MO: RUSSELL TODD McBRIDE of Creve Coeur and ROBERT P. WROLSTAD of O'Fallon have been indicted in a mortgage fraud scheme involving the sale of residential real estate located in Sikeston, Missouri, United States Attorney Catherine L. Hanaway announced today.

McBride and Wrolstad have been charged in a 34-count indictment for their alleged involvement in the scheme. "Cases such as this are an example of the impact that mortgage fraud has contributed to the credit crisis," said Hanaway. "Mortgage fraud causes damage the economy, as well as our neighborhoods. The investigation and prosecution of these cases can contribute to the restoration of confidence in the housing market."

According to the indictment, McBride was an operator of Century Mortgage and Finance, Inc., which was in the business of providing mortgage-related services, and had offices located in Sikeston, Cape Girardeau, St. Louis County and elsewhere. As a mortgage broker, Century Mortgage would locate and obtain prospective mortgage lenders for prospective borrowers. Employees and others associated with Century Mortgage would prepare mortgage applications and supporting documents for borrowers. Then, for a fee, Century Mortgage would find a mortgage lender to make the loan. Wrolstad is alleged to have worked with McBride and for Century Mortgage, providing services including assisting in closing real estate transactions and working with title companies.

The indictment alleges that the scheme, which occurred from at least July 2005 and continued through November 28, 2006, involved investors recruited by McBride and Wrolstad purchasing real estate primarily located in Sikeston, Missouri. The owners of the real estate would sell the properties at or near fair market value to investors recruited by and known to McBride and Wrolstad. However, the investors paid prices significantly greater than the actual selling price received by the sellers for the properties. The investors would purchase the property at a fraudulent and overvalued price by obtaining loans to purchase the property. As part of the scheme, McBride and Wrolstad obtained appraisals, which significantly overvalued the properties, which enabled them to personally obtain inflated loan proceeds despite having no interest in the conveyed real estate.

According to the indictment, McBride represented to investors that the residential real estate properties were good investment properties, that the rents would pay the mortgage, that the properties could be acquired with "no money down," and that the properties could be sold, sometimes in approximately a year, at a profit. As part of the scheme, McBride and Wrolstad are alleged to have also paid monies to investors as an inducement for them to purchase residential real estate funded by loans brokered through Century Mortgage. For example, in one case a purchaser paid \$66,000 for a property that the seller sold for \$7,500.

The indictment alleges that, in many cases, purchasers of real estate secured by loans brokered by Century Mortgage as part of the scheme did not provide closing costs or down payments to acquire the real estate. McBride and Wrolstad, and others acting on their behalf, would provide the investors with the funds for the down payment and closing costs. McBride and Wrolstad are also alleged to have caused mortgage loan companies to send the loan proceeds by wire transfers in interstate commerce, and to have caused warranty deeds, deeds of trusts and other closing documents to be sent from the offices of the closing agents by commercial interstate carrier to the lenders and the Recorder of Deeds in Scott County, Missouri.

McBride and Wrolstad are alleged to have directed purchasers and closing agents to pay McBride and Wrolstad substantial sums of the mortgage loan proceeds by checks or wire transfers into their personal bank accounts or other bank accounts controlled by them. "Crimes of this nature are not victimless, and in the end consumers and entire communities share the cost of recovery," said Postal Inspector James Ball, AIC for the St. Louis Field Office. He added, "Postal Inspectors are committed to ensuring the mail is not used for any type of fraud, large or small."

The indictment charges McBride and Wrolstad with one count of conspiracy to commit wire fraud and mail fraud, 12 counts of wire fraud and 12 counts of mail fraud. In addition, McBride is charged with 6

counts of money laundering, and Wrolstad is charged with 3 counts of money laundering.

If convicted, each count of wire fraud and mail fraud carries a maximum sentence of twenty years in prison and/or fines up to \$250,000; each count of money laundering carries a maximum sentence of ten years in prison and/or fines up to \$250,000. The conspiracy count carries a maximum sentence of five years in prison and/or fines up to \$250,000. Both defendants are expected to appear in federal court, in Cape Girardeau, Thursday, November 13.

Hanaway commended the work performed on the case by the Federal Bureau of Investigation, the Postal Inspection Service and Assistant United States Attorney Paul W. Hahn, 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.

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