

# Mortgage Lender Pleads Guilty in Multi-Million Dollar Mortgage Fraud Scheme

FOR IMMEDIATE RELEASE

July 16, 2014

Wifredo A. Ferrer, United States Attorney for the Southern District of Florida, George L. Piro, Special Agent in Charge, Federal Bureau of Investigation (FBI), Miami Field Office, and Drew J. Breakspear, Commissioner, Florida Office of Financial Regulation, announce that **Karl Oreste**, 56, of Miramar, pled guilty today before U.S. District Judge Robert N. Scola, Jr., to one count of conspiracy to commit wire fraud affecting a financial institution, in violation of Title 18, United States Code, Section 1349.

Sentencing has been scheduled for November 14, 2014 at 8:30 a.m. At sentencing, Oreste faces a maximum possible statutory sentence of up to 30 years in prison.

According to documents filed with the court and statements made in court during the plea, Oreste, president of KMC Mortgage Corporation of Florida, a mortgage lending business in North Miami Beach, along with co-defendants, Okechukwu Josiah Odunna, a/k/a "O.J. Odunna," Marie Lucie Tondreau, a/k/a "Lucie Tondreau", and Kelly Augustin, operated a multi-million dollar mortgage fraud scheme in Miami-Dade and Broward Counties, between December 2005 and May 2008. Oreste and Tondreau hosted several radio show programs in the South Florida area which catered to the South Florida Haitian community. During these programs they advertised the services offered by KMC Mortgage. Oreste and Tondreau recruited and paid some of the listeners who responded to those advertisements, as well as other individuals, to pose as borrowers to purchase properties identified by Oreste. Augustin, an employee of KMC Mortgage, also recruited straw borrowers.

According to statements made in court, Oreste, Odunna and other co-conspirators prepared or caused to be prepared applications on behalf of straw borrowers. Odunna was an attorney previously licensed to practice law in Florida and president of O.J. Odunna, P.A. and Direct Title and Escrow Services. These loan applications included false information relating to employment, wages, assets and intent to make the property being purchased a primary residence. The loan applications and documents were submitted by co-conspirators to various mortgage lenders throughout the United States. Once the loan applications were approved, the defendant wired loan funds to O.J. Odunna, P.A., Direct Title or other title companies for closing.

In some instances Oreste, Odunna and other co-conspirators created and submitted duplicate HUD-Settlement Statement Forms, which grossly inflated the true purchase price of the properties. Lenders were not told how the loan proceeds were being disbursed.

At closing, a portion of loan proceeds were disbursed to Oreste through his company, JR Investment and Mortgage Corporation, or other bank accounts controlled by him. A portion was in some instances diverted to accounts controlled by O.J. Odunna, P.A. and Direct Title. Oreste disbursed some of the proceeds that he received to pay recruiters, such as Tondreau and Augustin, and straw borrowers. Oreste also transferred a substantial portion of the funds to the bank account of LTO Investment Corporation's, a company controlled by Tondreau. Tondreau used funds deposited in LTO Investment Corporation's bank accounts to make payments on the falsely and fraudulently obtained mortgages in order to maintain the loans, and to conceal and further the fraud. She also used a portion of the funds deposited into LTO Investment Corporation's bank accounts for her own personal use and benefit.

Over the course of the conspiracy, the defendants fraudulently obtained loans on approximately 20 properties, for which the lenders have suffered losses in the amount of approximately \$11,000,000.00.

Mr. Ferrer commended the investigative efforts of the FBI and Florida Office of Financial Regulation. The case is being prosecuted by Assistant U.S. Attorney Lois Foster-Steers.

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A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at <http://www.usdoj.gov/usao/fls>. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at <http://www.flsd.uscourts.gov> or on <http://pacer.flsd.uscourts.gov>.