

Mortgage Fraud Task Force Indicts More Investors and Professionals in July

[On behalf of Dornish Law Offices, PC](#) | Aug 1, 2009 | [All, Real Estate Practice](#)

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In March, Assistant U.S. Attorney Brendan Conway spoke to the ACRE meeting in Pittsburgh, told us about the indictments the Mortgage Fraud Task Force had made to date, and promised that more investigations underway would lead to more indictments. In July, Conway made good on his promise when the grand jury indicted three more people for mortgage fraud related offenses. It was no surprise that former Mt. Lebanon real estate investor Bernardo Katz, whom it has been reported fled the country to South America to escape criminal prosecution for fraudulent real estate transactions, was one of those indicted. It was more surprising that long time Pittsburgh real estate attorney John L. Chaffo, Jr, who closed many real estate transactions for ACRE members, and mortgage broker Michael Dokmanovich, who operated Brandy Financial Services and financed many transactions for real estate investors, were also indicted.

The grand jury, after hearing evidence presented by Conway, found there was sufficient evidence to move forward with criminal trials on many counts of wire fraud. Court documents indicate that Dokmanovich will be tried for arranging to sell properties at prices above their fair market values, misrepresenting to purchasers the condition of properties, the value of the properties and the rental income being generated by the properties. He has been charged with misrepresenting borrowers' financial condition, income and assets, misrepresenting to lenders the sales prices, appraisals and down payments made by borrowers.

In the same conspiracy with Dokmanovich, Chaffo will be tried for preparing and signing settlement statements which misrepresented that borrowers made down payments when they did not and which showed checks being disbursed for different amounts than the actual checks which he cut from his account. Katz was named as the seller of some of the

properties. The numerous specific transactions involved ranged from just over \$40,000 in value to over \$700,000.

The government is seeking imprisonment, large fines and forfeiture by the defendants of property or cash equivalent to the amounts involved in the wire frauds. The case, filed in Federal District Court for the Western District of Pennsylvania at Criminal No. 09-35 can be followed online with your PACER Account, and is likely to reach trial in less than a year.

A check of the last indictments reported by the Mortgage Fraud Task Force earlier this year shows that most of the alleged conspirators have pled guilty and been sentenced to jail or are awaiting sentencing. The case against Pittsburgh real estate attorney Robert Danenberg is still pending, and has been delayed several times while the defendant took a series of trips out of town. The last court order indicates it approved the final postponement, and the case appears ready for trial before the end of the year.

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