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LA man to face charges in \$50 million mortgage fraud scheme

Associated Press

LOS ANGELES - A local real estate developer accused of running a \$50 million mortgage fraud scheme arrived in the United States from Samoa on Tuesday to face federal criminal charges, authorities said.

Charles Elliott Fitzgerald is charged with one count of conspiracy to commit bank and loan fraud, five counts of bank and loan fraud, five counts of money laundering and one count of obstruction of justice, according to a release from the U.S. attorney's office.

Fitzgerald was held in a downtown jail and scheduled to appear in court Wednesday.

Federal authorities say Fitzgerald and four others bilked federally insured mortgage lenders of millions of dollars using an elaborate house flipping scheme.

The group bought expensive homes in some of California's most exclusive communities, recruited accomplices to take out inflated loans using bogus appraisals, and then flipped the properties to the accomplices for double or triple their actual values.

Lenders unwittingly funded some 80 inflated loans for more than \$50 million over the actual prices of the homes, federal authorities said.

Fitzgerald and friends selected homes in tony communities - including Beverly Hills, Bel Air, Malibu and Pebble Beach - where a sharp spike in price wouldn't attract attention.

Fitzgerald fled to Samoa in 2003 after a mortgage broker he is accused of defrauding sued him. Samoan authorities deported Fitzgerald when his U.S. passport was revoked after the criminal charges were filed. He was escorted on his flight by an FBI agent.

Fitzgerald faces a maximum sentence of 265 years in prison if convicted of all 12 counts.

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