

THE UNITED STATES ATTORNEY'S OFFICE
NORTHERN DISTRICT *of* OHIO

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Department of Justice

U.S. Attorney's Office

Northern District of Ohio

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Five Indicted For \$4.1 Million Mortgage Fraud Involving Homes In Medina And Gates Mills

A federal indictment was filed charging five people with taking part in a \$4.1 million mortgage fraud scheme involving six luxury properties in Medina, Ohio, and one property in Gates Mills, Ohio, said Steven M. Dettelbach, United States Attorney for the Northern District of Ohio.

The seven-count indictment charges one count of conspiracy to commit bank fraud and wire fraud, one count of conspiracy to commit bank fraud and five counts of bank fraud.

Those charged are: Thomas G. France, age 43, of Strongsville; Katen S. Pabley, a.k.a. Keith Pabley, age 40, of Shaker Heights; Su Chi Straka, age 37, of Parma; Lisa R. Nagle, age 42, of Houston, Texas; and, Ranjeet Pabley, age 67, of Lombard, Illinois.

Previously charged via information were Joseph Beccia, age 60, of Parma; and, Alex Blackmore, age 49, of Bronx, New York.

As part of the first mortgage fraud scheme, the indictment charges that from in or around May 2006 through on or about June 20, 2007, Beccia and his company, Horizon Construction, built six new, luxury properties in Medina. Although some of the properties were not fully completed, Beccia listed five of the six properties for sale at purchase prices that were equal to the true market value of each property, starting on or about May 13, 2005.

Specifically, Beccia listed the five properties for sale as follows: 2940 Sutton Lane, Medina for \$599,000, on or about August 30, 2006; 4281 Fox Glen Drive, Medina for \$395,000, on or about May 13, 2005; 4320 Perian Court, Medina for \$399,000, on or about November 9, 2005; 3006 Sutton Lane, Medina for \$529,500, on or about August 30, 2006; and, 4740 Lake Forest Trial, Medina for \$925,000, on or about August 30, 2006.

Beccia incurred the cost of the construction of these homes without having known purchasers for these properties. Beccia was not able to sell these properties for an extended period of time and began to experience financial difficulties. Joseph Jones, an individual previously convicted in another mortgage fraud scheme, met Beccia through France, a real estate agent working in the area. France advised Beccia that Jones had a system by which Jones could sell these properties so that Beccia could pay off his debts on the properties, according to the indictment.

The indictment charges further that Jones and France explained to Beccia that Jones had individuals willing to have properties purchased in their names. Jones and France also advised Beccia that in order to make Jones' system work the properties would need to be removed from the market and re-listed at significantly higher purchase prices. Finally, Jones and France advised Beccia that they would handle the interactions with the loan officers and securing the mortgage loans. All Beccia had to do was participate in the sale of the properties at the significantly inflated purchase prices and sign off on the loan documents as the seller, which Beccia agreed to do, according to the indictment.

The indictment also charges that Beccia advised Jones and France the amount of money he required from the sale of each the properties in order for him to repay the amounts he had borrowed to construct the homes. Then, Jones determined the additional amount of money he wanted to receive over and above the amount of money required to be distributed to Beccia after the sale of each property. Beccia and France prepared new purchase agreements for each of the six properties with the inflated purchase price necessary to satisfy the amounts of money required. After the newly inflated purchase agreements were created, the purchase agreements were provided to Straka and Nagel, knowing that they would provide appraisal reports to support the inflated purchase prices, according to the indictment.

Jones enlisted K. Pabley and Blackmore to be straw buyers/investors of Beccia's properties. Jones advised K. Pabley and Blackmore that if they would agree to allow these luxury homes to be purchased in their names, they would not have to provide any down payment funds because Jones would provide the down payment, and Jones would provide K. Pabley and Blackmore with a significant amount of cash back after the closing of each property for allowing their names to be used as the purchasers. K.Pabley's credit could not support the purchase of the luxury properties, so K.Pabley recruited R.Pabley, his mother, to serve as the straw buyer/investor. Both R.Pabley, at the direction of K.Pabley, and Blackmore signed the loan documents containing false information in order for them to qualify to purchase the properties, according to the indictment.

The indictment charges that France re-listed five of the six properties for sale at the inflated purchase prices determined by Beccia and Jones as follows: 2940 Sutton Lane, Medina from \$599,000 to \$950,000; 4281 Fox Glen Drive, Medina from \$395,000 to \$647,000; 4320 Perian Court, Medina from \$399,000 to \$650,000; 3006 Sutton Lane, Medina from \$529,500 to \$920,000; and, 4740 Lake Forest Trail, Medina from \$925,000 to \$1,400,000.

Finally, the indictment charges that Jones enlisted the services of Marilyn Mannarino, an individual previously convicted in another mortgage fraud scheme, and Tower City Title on all six of Beccia's properties. Tower City prepared the HUD-1s to make it appear to the financial institutions and mortgage lenders that R.Pabley and Blackmore provided the down payments from their own personal funds, when in fact Jones provided the down payments. Beccia, R.Pabley, and Blackmore signed the HUD-1s knowing that R.Pabley and Blackmore had not provided the down payments from their own personal funds.

Each of the properties for which defendants secured a mortgage loan went into foreclosure, resulting in a total loss of approximately \$3,327,333, with Flagstar Bank incurring a loss of approximately \$1,053,000, Lehman Brothers Bank incurring a loss of approximately \$752,500, J.P. Morgan Chase incurring a loss of approximately \$422,000, Suntrust Mortgage, Inc. incurring a loss of approximately \$420,833, and American Brokers Conduit, a division of American Home Mortgage, Inc. incurring a loss of approximately \$679,000, according to the indictment.

In the second mortgage fraud scheme, the indictment charges Jones and K.Pabley of conspiring with D.C., owner of Perl Building Corporation, to fraudulent purchase the property located at 1924 Epping Road, Gates Miles, Ohio, in R.Pabley's name. Similar to Beccia, Jones identified D.C. as a builder in financial trouble and contacted D.C. with an offer to purchase the Epping Road property that D.C. had not been able to sell. Jones explained that he had an individual willing to purchase the property, but that in order to make the transaction work they would need to inflate the purchase price of the property significantly over the fair market value of the property so that Jones could obtain the excess funds from the inflated purchase price. Just as Jones had done with Beccia, Jones advised D.C. that he would handle all the aspects of the transaction. All D.C. had to be willing to do was sign the HUD-1 containing the inflated purchase price, which D.C. agreed to do, according to the indictment.

Again, K.Pabley's credit score would not support the purchase of the property, so he recruited R.Pabley to have the property purchased in her name. And, again, Jones enlisted the services of Mannarino and Tower City Title to prepare the HUD-1 and handle the closing. The loan application and HUD-1 were falsified in a similar manner as those in the Medina scheme and those involved in the Epping property signed the loan documents knowing they contained false information in order to induce the lender, Washington Mutual, to approve and fund the loan. The Epping Road property, also, went into foreclosure creating a loss to Washington Mutual of approximately \$807,000, according to the indictment.

If convicted, defendants' sentences will be determined by the Court after review of factors unique to this case, including defendants' prior criminal records, if any, each defendant's role in the offense, and the characteristics of the violation.

In all cases the sentences will not exceed the statutory maximum and in most cases they will be less than the maximum.

This case is being prosecuted by Assistant United States Attorney Mark S. Bennett, following an investigation by the Cleveland Offices of the Federal Bureau of Investigations and the United States Secret Service. An indictment is only a charge and is not evidence of guilt. Defendants are entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

Component(s):

USAO - Ohio, Northern

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