



# Department of Justice

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## **THREE FAIRFIELD COUNTY FAMILY MEMBERS PLEAD GUILTY TO MORTGAGE FRAUD**

COLUMBUS –Erica S. Gaib, 37, of Lancaster, pleaded guilty in U.S. District Court here today to her roles in a mortgage fraud scheme she, her husband and her brother-in-law used to fraudulently obtain almost \$1.3 million connected with the purchase or refinancing of eight properties in central Ohio. Scott M. Gaib, 38, pleaded guilty yesterday. A third family member, Wayne Gaib, 40, of Canal Winchester and the brother of Scott Gaib pleaded guilty on July 13, 2010 to one count of money laundering.

Carter M. Stewart, United States Attorney for the Southern District of Ohio, and Jose Gonzalez, Special Agent in Charge, Internal Revenue Service Criminal Investigation (IRS), Cincinnati, announced the pleas entered before U.S. District Judge Gregory L. Frost.

According to a statement of facts read during the plea hearing, Scott Gaib combined with certain other persons to purchase residential properties in and around Central Ohio during the years 2005, 2006 and 2007. In so doing, he would use exaggerated and inflated real estate appraisals in order to document to prospective lending institutions an exaggerated worth of the properties involved. Further, he and co-conspirators would misrepresent his credit worthiness to lending institutions in order to assist in achieving approval of excessive mortgage loans. They would also misrepresent his intention to reside at the properties being purchased. Finally, Scott Gaib and other conspirators would and did receive substantial monies - "kickbacks" - directly and indirectly from the proceeds of the excessive mortgage loans, which "kickback" monies were concealed from the lending financial institutions.

Erica Gaib pleaded guilty to one count of attempting to engage in money laundering, which is punishable by up to ten years imprisonment. Scott Gaib pleaded guilty to one count of conspiracy, punishable by up to five years imprisonment, and one count of money laundering, which is punishable by up to ten years imprisonment.

Judge Frost will set a date for sentencing.

Stewart commended the IRS agents who conducted the investigation, as well as Assistant U.S. Attorneys Dan Brown and Laura Denton, who are prosecuting the case.

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