



Department of Justice



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TWO SENTENCED IN MORTGAGE FRAUD AND TAX FRAUD SCHEMES

Madison, Wis. - John W. Vaudreuil, United States Attorney for the Western District of Wisconsin, announced that Carlos R. Solis and Marty G. Mendez were sentenced yesterday by U.S. District Judge William M. Conley in prosecutions stemming from a federal mortgage fraud and tax fraud investigation.

Carlos R. Solis, 33, Morrisonville, Wis., a former real estate agent, was sentenced to a year and a half in federal prison. He pleaded guilty on May 25, 2010, to a bank fraud charge.

Marty G. Mendez, 27, Sun Prairie, Wis., a former tax preparer at Mendez Connection – a Madison area tax preparation business owned by his mother – was sentenced to a year and a day in federal prison. He pleaded guilty on May 17, 2010, to assisting in the filing of a false income tax return.

Three other individuals have been convicted of related charges:

Gail L. Mendez, 45, Sun Prairie, Wis., the former owner of Mendez Connection and the mother of Marty Mendez, pleaded guilty to bank fraud and assisting in the filing of a false tax return. She will be sentenced on November 4.

Amy B. Strait, 43, McFarland, pleaded guilty to conspiracy to obstruct the bank fraud investigation. She will be sentenced on November 23.

David Knickmeier, 45, Madison, a former tax preparer at Mendez Connection, pleaded guilty to assisting in the filing of a false income tax return and was sentenced on September 28, 2010, to one year and a day in federal prison.

The Mortgage Fraud Scheme

In pleading guilty to the bank fraud, Solis acknowledged the following facts:

During 2006 and 2007 Gail Mendez worked as a tax preparer in the Madison area, doing business as Mendez Connection. Amy Strait was employed as a mortgage loan officer at Park Bank, a federally-insured financial institution. Carlos Solis did business as a real estate agent.

Park Bank had a mortgage loan program that allowed borrowers to apply for a loan using an Individual Taxpayer Identification Number (ITIN) instead of a Social Security Number. An ITIN is a nine-digit tax processing number issued by the IRS to aliens who are required to have a U. S. taxpayer identification number but are not eligible to obtain a social security number. Under Park Bank's ITIN mortgage program, a borrower applying for an ITIN loan was required to submit to the bank copies of the borrower's income tax returns for the prior two tax years. Under the program, the bank did not check with the IRS to verify the income stated on a borrower's submitted federal tax returns.

From February 2006 to October 2007, Gail Mendez, Strait, and Solis engaged in a scheme to defraud Park Bank and to obtain money owned by the bank and under its custody and control. In connection with approximately 50 ITIN loans totaling more than \$8 million, Gail Mendez, Strait and Solis caused false tax returns to be fabricated and presented to Park Bank. The returns falsely inflated borrowers' income and had not been filed with the IRS. When Park Bank discovered the scheme, Gail Mendez, Carlos Solis, and Amy Strait, conspired to obstruct the investigation. After Gail Mendez learned from Solis and Strait which loans were under investigation, she directed her employees to destroy evidence of the scheme.

The scheme resulted in losses to Park Bank exceeding \$400,000.

The Tax Fraud Scheme

In pleading guilty to the tax charge, Marty Mendez acknowledged the following facts:

Marty Mendez was employed as a tax preparer at Mendez Connection a Madison area tax preparation business owned by his mother - Gail Mendez - in the Madison area. On various dates from 2005 to 2008, Gail Mendez and her employees, including Marty Mendez and David Knickmeier, willfully aided and assisted taxpayers in filing U.S. Individual Income Tax Returns that falsely and fraudulently claimed dependents and child tax credits to which they were not entitled. At sentencing the Court found that the tax loss was in excess of \$900,000.

On December 7, 2007, Gail Mendez learned that the IRS was investigating the claiming of child tax credits on returns prepared at Mendez Connection. At her direction, employees of Mendez Connection removed from the Mendez Connection files and destroyed any notes referring to the fraudulent child tax credits.

These charges are the result of an investigation conducted by the Federal Bureau of Investigation and Internal Revenue Service Criminal Investigation. The prosecution of these individuals has been handled by First Assistant U.S. Attorney Stephen P. Sinnott.

This case is part of President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

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