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## Department of Justice Press Release

**For Immediate Release**

December 18, 2009

**United States Attorney's Office****Western District of Washington****Contact: (206) 553-7970**

### **Leader of \$47 Million Mortgage Fraud Scheme Sentenced to Prison** ***Leader of Mortgage Fraud Scheme that Used Web of Companies and False Loan Documents***

VLADISLAV BAYDOVSKIY, 31, of Bellevue, Washington, was sentenced today in U.S. District Court in Seattle to five years in prison and three years of supervised release for conspiring to commit bank fraud, mail fraud, and wire fraud, and filing a false tax return. BAYDOVSKIY was a mortgage broker who operated two brokerage companies, Nationwide Home Lending LLC and Kobay Financial Corporation; and established a third company, Emerald City Escrow, to close transactions involving the fraudulently obtained loans. BAYDOVSKIY was one of six people arrested March 26, 2009, on a grand jury indictment for a mortgage fraud scheme that allegedly defrauded more than a dozen banks and mortgage lenders of more than \$47 million. At sentencing U.S. District Judge Marsha Pechman said, "you went from one scheme to the next. When you saw regulators closing in you opened the next."

According to records filed in the case the defendants secured through "straw buyers" and otherwise unqualified purchasers at least 68 loans, representing at least \$46 million in loan proceeds, based on false and fraudulent representations. All of the fraudulently obtained loans were closed at Emerald City Escrow. Employees and principals at Kobay and Nationwide prepared and submitted falsified loan applications and related verification documents to lenders in a scheme to conceal the fact that buyers were otherwise unqualified to obtain purchase loans. Relying on the fraudulent information, lenders extended loans that exceeded the value of the property and the borrower's ability to re-pay the loan. Employees and principals of Emerald City diverted some of the fraudulently obtained loan proceeds to themselves and others associated with the scheme. False settlement documents were prepared to conceal the diversion from lenders.

For sentencing purposes, prosecutors estimated that the amount of loss suffered by banks and lenders was between \$2.5 million and \$7 million. However, they noted in their sentencing memo that the damage from these mortgage fraud schemes goes far beyond the lenders. "Fraud perpetrated by those involved in the mortgage lending industry has caused massive losses to lenders and is responsible for the failure of banks and private lending institutions. Investors in mortgage backed securities have lost funds needed for income and retirement. Home values have been distorted by inflated appraisals leading to a shortage of affordable housing. Foreclosures caused by mortgage fraud have riddled neighborhoods with abandoned houses and properties in disrepair," Assistant United States Attorney James Oesterle wrote in his sentencing memo.

VLADISLAV A. BAYDOVSKIY is forfeiting to the government a 2004 Lamborghini, Gallardo, a 2006 BMW 750, a 2007 BMW X5, a 31 foot Bayliner yacht, and several bank and investment accounts totaling approximately \$2.4 million. A hearing will be held in January 2010 to determine the amount of restitution owed by the defendants.

BAYDOVSKIY's wife, DONATA BAYDOVSKIY, 28, of Bellevue, part owner Emerald City Escrow, pleaded guilty to making a false statement in a matter occurring before the Department of Housing and Urban Development. She was sentenced today to time served—about 265 days—and two months of electronic home detention.

Four other defendants in the case were sentenced last week. CAMIE BYRON, 28, of Renton, a loan officer, was sentenced to two years in prison. ALLA SOBOL, 28, of Renton, a mortgage broker was sentenced to two years in prison and her husband, DAVID SOBOL, 40, of Issaquah, a real estate agent, was also sentenced to two years in prison. SANDRA THORPE, 55, of Shoreline, an accountant who falsified income statements and employment verification letters, was sentenced to probation and 200 hours of community service. The remaining defendant, VIKTOR KOBZAR, 32, of Federal Way, a mortgage broker, will be sentenced January 8, 2010. The court will conduct a restitution hearing on January 29, 2010 to determine how much money the defendants will be required to pay the victims.

The case was investigated by the FBI, U.S. Postal Inspection Service, and the Internal Revenue Service Criminal Investigation (IRS-CI).

The case was prosecuted by Assistant United States Attorneys Jim Oesterle and Carl Blackstone.

For additional information please contact Emily Langlie, Public Affairs Officer for the United States Attorney's Office, at (206) 553-4110 or [Emily.Langlie@USDOJ.Gov](mailto:Emily.Langlie@USDOJ.Gov).

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