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99 Years in Prison for Mortgage Fraud. No, That's Not a Typo

By James Comtois – National Mortgage News



In a recent case that even raised the eyebrows of a spokesman for the Texas attorney general's office, a woman in the Lone Star State was sentenced to 99 years in prison for mortgage fraud. Yes, you read that correctly: nearly a century in jail. Though other recent Texas mortgage fraud convictions have seen prison sentences of between 18 months and five years, Kandace Yancy Marriott of Gun Barrel City, Texas, got the maximum sentence possible after being found guilty of orchestrating a complex mortgage fraud scheme where she received monthly mortgage payments from her clients, failed to remit those payments to the mortgage lender and embezzled the homeowners' funds, causing her clients to default on their home loans.

Why did Marriott get the book thrown at her? Apparently, being convicted of committing multiple felonies in Texas gives the judge discretion to add years of jail time for each one.

According to the state attorney general, she and her husband, Darrell L. Marriott, sold manufactured homes through their company, One Way Home & Land, illegally forged homebuyers' signatures, inaccurately completed loan applications and falsified supporting documents, including the buyers' rent payment verification statements, proof of employment and Social Security Administration benefits data.

The scheme involved predominantly low-income purchasers whose residential loans were guaranteed by the Department of Housing and Urban Development. As a result, when the unqualified buyers defaulted on their home loans, their mortgage lenders did not suffer financial losses. Instead, HUD had to cover the default costs, meaning taxpayers ultimately will pay.

According to the Texas AG's office, HUD lost more than \$4 million due to Marriott's actions.

Marriott and her husband closed the One Way Home & Land after litigation and investigations ensued in late 2005. According to the AG, they then opened a Kaufman County firm under the name Torenia, where they continued engaging in fraudulent activity. In March, retired senior district judge Robert Dohoney, who presided after the acting judge recused himself due to knowing the defendant, sentenced Marriott to 99 years.

In real estate sales, comps (comparable sales) are often used to determine value. So, what are the comps for this kind of fraud in Texas? According to the U.S. attorney's office for the Northern District of Texas, a former title company escrow officer from Commerce, Texas, was sentenced to 42 months in prison the same month for defrauding her employer of more than \$1.2 million. In January, three Dallas businessmen who were found guilty of running a massive mortgage fraud scheme were each sentenced to prison terms ranging between 18 and 60 months.

So how did Marriott wind up being sentenced to nearly a century in prison? Although Tom Kelley, a spokesman for the Texas AG's office, was surprised at the judge's ruling, saying he was "shocked" when he heard the sentence, one of the reasons is simply that the state can be - and often is - very harsh in doling out sentences to people convicted of multiple felonies.

David Glickler, the state's prosecuting attorney, said that these are the rules in the Texas legal system. "That's the beauty of Texas punishment," he said. "We go from five to 99 years."

Mr. Glickler added that during the trial, he pointed out that every false statement made is a second-degree felony and proved to the jury that Marriott had made hundreds of false statements, each being a first- or second-degree felony.

The harsh sentence was also due in part to the prosecution revealing at the trial that Marriott ran a massive organized fraudulent operation for years. "It was a criminal enterprise," said Mr. Kelley.

"The fraud that was being committed was part and parcel of the everyday course of business. She trained all of her staff on how to manipulate and massage documents," Mr. Glickler said. "They manipulated and tricked buyers into not even knowing who owned homes. She was instrumental to the whole process; she didn't just run the company that did this."

During the trial, Linda Howard, a former saleswoman who worked for Marriott, testified about how the company manufactured Social Security Administration letters and verifications of employment every single day. Mr. Glickler said the witness' demeanor was so nonchalant and matter-of-fact about the company's daily fraudulent activities, the jury found it shocking, which the prosecuting attorney supposed might have gone a long way toward handing down the maximum sentence.

In addition, Marriott apparently didn't win the jury over with her behavior during the trial. Mr. Glickler said that she was caught lying multiple times in her testimony, not just over the case itself - although she did testify she

wasn't hands-on with the business when multiple witnesses claimed she was - but over trivial and tangential matters.

For example, during the trial, it came up that she and others opened an events hall in downtown Corsicana and got a liquor license for the property. Marriott testified that when they opened the events hall, the hall owner insisted the license be in Marriott's name to expedite the process. She said in her testimony that she was unhappy to do this, as she was a fundamentalist Christian who didn't drink, but complied. However, the prosecution proved that the license wasn't in Marriott's name.

"Why would she lie about something as silly as that? I think she wanted to see if jurors were religious and they could bond over the topic," said Mr. Glickler.

Marriott is appealing, though not on the grounds of cruel and unusual punishment. In fact, her notice of appeal is on the grounds that the evidence was factually insufficient. Her appeal, which is going to the 10th Court of Appeals in Waco, will take up to a year before the prosecution sees a brief on it. Marriott's defense attorney, Ed Mason, did not return calls requesting comment. Her husband has been indicted in the case, as has their daughter, Kally, and Karen Hayes, Marriott's sister. As of May 15 they were all awaiting trial.

According to the Texas AG's office, Marriott's 99-year prison sentence was ultimately due to the constant and malicious nature of the crimes, which primarily targeted low-income victims, and the prerogative of the Texas judicial system. "Every little thing was a felony and things piled up," said Mr. Glickler. "She committed felonies like we breathe air."

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