

PRESS RELEASE

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## **Boulder Man Sentenced To 5 Years In Federal Prison For Nearly \$32 Million Bank Fraud Scheme**

### **Michael Scott Leslie engaged in identity theft to obtain funds for fraudulent mortgages**

DENVER – United States Attorney Jason R. Dunn announced that Michael Scott Leslie, age 57, of Boulder, Colorado, was sentenced to serve 5 years (60 months) in federal prison for bank fraud and aggravated identity theft, followed by 5 years of supervised release. Leslie was ordered to report to a Bureau of Prisons facility on January 4, 2021. The Denver office of the FBI, and the Offices of the Inspector General for both the Department of Housing and Urban Development (HUD) and the Federal Deposit Insurance Corporation (FDIC) joined in announcement.

According to the stipulated facts contained in Leslie's plea agreement, Leslie owned, operated, or otherwise had an interest in several business entities, some of which were operated out of Colorado. These entities were involved in or affiliated with financing or originating residential mortgage loans. Through these business entities, Leslie sold residential mortgage loans to investors, including an FDIC-insured bank in Texas ("the victim bank").

Between October 2015 and October 2017, Leslie devised and executed a scheme to defraud the victim bank by selling it 144 fraudulent residential mortgage loans valued at \$31,908,806.88. These loans were purportedly originated by one of Leslie's companies, Montage Mortgage, and "closed" by Snowberry, which earned fees for the closing. The loans were then presented and sold to the victim bank until Montage identified a final investor. For these 144 fraudulent loans, that final investor was Mortgage Capital Management (MCM).

Leslie never disclosed to the victim bank that he operated MCM and Snowberry, or the fact that sales to investor MCM, even if they had been real, were not arms-length transactions.

The 144 residential mortgage loans sold to the victim bank were not, in fact, real loans. The borrowers listed on these 144 fraudulent loans were real individuals, but they had no idea that their identities had been used as part of the sale of the fraudulent loans. The defendant had access to their personal identifying information in one of two primary ways: (1) the borrowers had used Montage for legitimate residential real estate transactions which were properly executed and closed, or (2) the borrowers had been solicited by Montage about refinancing their existing loans. In the case of refinance transactions, Montage secured permission from the

borrowers to request credit scores and history from the major credit agencies. After receipt of those credit scores, Montage often told these would-be refinance borrowers that they did not qualify for a refinance. Leslie then recycled the borrowers' information, obtained through prior legitimate transactions or attempted refinances, to create and sell nearly \$32 million of fraudulent loan packages.

To execute this scheme, Leslie forged signatures on closing documents and fabricated and altered credit reports as well as title documents, often by using the names of legitimate companies. The fraudulent real estate transactions were never filed with the respective counties in which the properties were located, there were no closings, and no liens were ever recorded. Through numerous bank accounts for the various business entities and his personal accounts, the defendant used money in a Ponzi-like fashion from prior fraudulent loans sold to the victim bank to fund future fraudulent loans. This complex flow of money continued until the defendant's fraud was detected. When the fraud was discovered, the victim bank still had 12 fraudulent loans, valued at \$3,887,505.93, on its books that it could not, given that the loans did not exist, sell to any other legitimate third-party investor.

"Five years in federal prison is an appropriate sentence for a fraudster that stole personal identities and used them to steal millions of dollars from a legitimate business," said U.S. Attorney Jason Dunn. "Thanks to the hard work of the investigating agencies and the prosecution team in my office, not only will Mr. Leslie have several years in prison to contemplate his actions, but other such criminals are on notice that we take economic crime seriously and will prosecute them to the full extent of the law."

"This sentencing of Michael Scott Leslie sends a clear message the FBI and our partners will relentlessly pursue those who defraud financial institutions for personal gain," said FBI Denver Special Agent in Charge Michael Schneider. "FBI Denver extends its appreciation to OIG-HUD, FDIC, and the U.S. Attorney's Office- District of Colorado for their invaluable assistance in this investigation and prosecution."

"HUD-OIG is committed to pursuing those who would abuse HUD programs," said Scott Tanchak, Special Agent in Charge with the Department of Housing and Urban Development, Office of Inspector General. "HUD-OIG will aggressively pursue mortgage fraud, especially when facilitated by persons in the mortgage industry. In partnership with other law enforcement and federal agencies, we are deeply committed to ensuring that corrupt individuals do not use HUD programs to enrich themselves."

"The FDIC OIG, along with its law enforcement partners, is dedicated to pursuing those who commit schemes to defraud the nation's federally insured financial institutions," stated FDIC OIG Special Agent in Charge Younger.

Chief U.S. District Court Judge Philip A. Brimmer pronounced the sentence on November 6, 2020. Leslie pleaded guilty on July 31, 2020, and was first charged by information on June 5, 2020. This case was investigated by the Denver office of the FBI, and the Offices of the Inspector General for both the Housing and Urban Development and the Federal Deposit Insurance Corporation. The defendant was prosecuted by Assistant U.S. Attorneys Hetal J. Doshi and Jeremy Sibert.

A copy of this press release is located on the website of the [U.S. Attorney's Office](#) for the District of Colorado. Related court documents can be found on [PACER](#) by searching for Case Number 20-cr-171.

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