



# Department of Justice



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Docket #: 2:08-cr-376 EJG

## **CHICO COUPLE PLEAD GUILTY TO MORTGAGE FRAUD CHARGES**

SACRAMENTO, Calif. — United States Attorney Benjamin B. Wagner announced today that Garret Griffith Gililland III, 29, and Nicole Magpusao, 31, both formerly of Chico and now in federal custody, pleaded guilty this afternoon before Senior United States District Judge Edward J. Garcia. Gililland pleaded guilty to one count of mail fraud and one count of money laundering. Magpusao pleaded guilty to one count of mail fraud.

According to court documents, Gililland and Magpusao were originally charged in 2008 on mail fraud and other charges relating to a multimillion dollar “builder bailout” mortgage fraud scheme in Chico. They were successfully extradited back to the United States following their flight to Spain. Sentencing for Gililland is scheduled for October 28, 2011. Sentencing for Magpusao is scheduled for July 22, 2011. Both remain in federal custody pending sentencing.

This case is the product of a joint investigation by the Federal Bureau of Investigation, the Internal Revenue Service-Criminal Investigation, and the Butte County District Attorney’s Office. Assistant United States Attorney Russell L. Carlberg is prosecuting the case.

In his plea hearing today in district court, Gililland admitted that he and others originated approximately \$21 million in fraudulent loans, causing losses to lenders of more than \$4 million. Gililland also admitted that he recruited buyers to buy homes at artificially inflated prices. He admitted to falsifying documents to qualify the buyers for the loans. Gililland admitted to scheming with Chico builders Tony Symmes, William Baker, and others, to execute the fraud scheme. He also admitted to coordinating loan application fraud with employees of a mortgage brokerage in Sylmar, Calif., and with co-defendant Leonard Williams, a licensed real estate agent. The loan application fraud included falsifying employment history, inflating income, and providing false verifications of income and employment to lenders.

“This is a very significant plea in an ongoing investigation of mortgage fraud involving subjects located throughout California and other states,” said U.S. Attorney Wagner. “We are very pleased with the dedication and skillful work of the FBI and IRS-CI case agents as well as the investigators from Butte County. Cases of this magnitude require a team effort, and that is what we have seen here.”

Butte County District Attorney Michael Ramsey said, "We are very pleased to hear that Gililland has finally admitted his guilt in this long, complex and torturous investigation. It was a model of state-federal cooperation in investigating fraud and bringing this man to justice. The U.S. Attorney, FBI, IRS-CI and my investigators worked shoulder-to-shoulder on all aspects of this case for several years." Ramsey added that, "Gililland and others in his organization did incalculable damage to the mortgage industry and the housing market. He and others like him contributed to the largest downturn in our country's economy since the Great Depression."

Other significant pleas in this investigation include those of Anthony G. Symmes, 60, of Paradise; Shane Burreson, 38, of Orland, the president of Nor Cal Innovative Investments Inc.; Carlos Chamorro, 39, of Southern California, an unlicensed mortgage broker; and Christopher Chiavola, 32, of Chico. Remaining defendants include William Baker, 65 of Chico; Leonard Williams, 49, of Sacramento; Brandon Resendez, 32, of Chico; Kesha Haynie, 39, of Chico, a licensed real estate professional; and Remy Heng, 31, of Elk Grove. Trial of the remaining defendants is scheduled for September 12, 2011. The remaining defendants are presumed innocent until and unless proven guilty beyond a reasonable doubt.

The maximum statutory penalty for mail fraud is 20 years in prison, a \$250,000 fine, and three years of supervised release. The maximum statutory penalty for money laundering is 10 years in prison, a \$250,000 fine, and three years of supervised release. The actual sentence, however, will be determined at the discretion of the court after consideration of any applicable statutory factors and the Federal Sentencing Guidelines, which take into account a number of variables.

This case is part of the work being done by 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. One component of the FFETF is the national Mortgage Fraud Working Group, co-chaired by U.S. Attorney Wagner. For more information on the task force, visit ***StopFraud.gov***.

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