



NEWS RELEASE

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CONTACT: Tom Pool, (916) 227-0772

Real Estate Agent Pleads Guilty to Conspiracy to Commit Real Estate Fraud in Connection with Short Sale Transaction

Felony conviction leads to jail time and license surrender

SACRAMENTO – After an extensive investigation by the California Department of Real Estate (DRE) and the Office of the California Attorney General (AG), real estate salesperson Matthew Wayne Stewart pled guilty to conspiracy to commit real estate fraud stemming from his actions in two short sale transactions.

“This case should be a warning to all licensees involved in short sale fraud”, stated Bill Moran, DRE’s enforcement chief. “Such fraud by real estate licensees will not be tolerated and the DRE will continue to work with its law enforcement partners to ensure unscrupulous operators are punished to the full extent of the law.”

In October 2010, the DRE filed an action against Stewart accusing him of, among other things, receiving illegal secret profits in two separate short sale transactions. Specifically, Stewart was accused of entering into two separate short sale listing agreements wherein the allowable compensation to be paid to the licensees could not exceed 7% of the sales price. However, Stewart was accused of exceeding the compensation limitation by requiring the buyers to pay an additional 3% short sale negotiation fee, a fee that was concealed and not disclosed to the lenders or sellers.

The case was referred to the AG’s Mortgage Fraud Strike Force, established by Attorney General Kamala Harris in May 2011 to investigate and prosecute mortgage fraud. On December 28, 2011 the AG filed felony charges against Stewart for defrauding buyers and sellers in short sale transactions in Placer and Nevada counties. On April 18, 2012, Stewart pled guilty to conspiracy to commit real estate fraud stemming from the above transactions wherein Stewart “fraudulently collected two short sale fees to which he was not lawfully entitled...” As part of the plea, Stewart was required to surrender his real estate license, serve 90 days in jail, pay restitution of approximately \$25,000, and be on formal probation for three years. On June 12, 2012, Stewart’s voluntary license surrender became effective.

Given current market conditions and the large number of financially distressed homeowners, the potential for short sale fraud is huge. Short sale fraud takes many forms and all forms have a deleterious effect on the market. To help combat short sale fraud, the DRE has issued several Consumer Alerts to help educate consumers and real estate licensees alike to avoid short sale scams. The Alerts are posted on the DRE’s website and may be found at: http://www.dre.ca.gov/cons_alerts.html

The DRE is a state department whose mission is to protect the public interests in real estate matters. For more information about DRE and its programs visit www.dre.ca.gov.

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