



# Department of Justice

United States Attorney Stephen R. Wigginton  
Southern District of Illinois

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## **NEW YORK MAN PLEADS GUILTY AND IS SENTENCED FOR MORTGAGE FRAUD RELATING TO MARSHALL REED APARTMENTS IN CARBONDALE**

Earlier today, Maximus A. Yaney, 38, of New York, New York, pled guilty to mortgage fraud and was sentenced, the United States Attorney for the Southern District of Illinois, Stephen R. Wigginton, announced. United States District Judge J. Phil Gilbert sentenced Yaney to 18 months in federal prison, to be followed by two years of supervised release, fined him \$7,500, and ordered Yaney to pay full restitution of \$7,748,019 to the Federal National Mortgage Association (“Fannie Mae”) and Greystone Servicing Corporation, the lender harmed by Yaney’s crime. Yaney paid the full amount of restitution into the Court prior to today’s hearing.

“Mortgage fraud is a tremendous problem in our country,” commented United States Attorney Wigginton. “This type of crime is a tremendous drain on our economy, and was a contributing factor to the financial crisis of the late 2000s. We hope today’s sentence sends a message to those who may be contemplating mortgage fraud: Not only will you be sent to prison, but you’ll be forced to pay back every dime of the losses caused by your crime.”

In pleading guilty today, Yaney acknowledged that he owned and operated various companies which purchased rental properties in college towns, including Carbondale, Illinois. Yaney further admitted that in June of 2007, he used a company he had recently formed, known as H.G. Capital, LLC, to purchase the Marshall Reed Apartments in Carbondale for \$2,710,000. Then, in November of 2007, Yaney caused H.G. Capital, LLC, to sell the Marshall Reed Apartments to another company that he owned, Titan, LLC, for \$9,780,000. In obtaining both the short-term and long-term financing for this transaction, Yaney concealed from the lenders the fact that he had an ownership interest in both the selling and buying companies.

In order to persuade the lenders to finance the purported \$9,780,000 sale, Yaney made several misrepresentations and engaged in numerous fraudulent acts. These misrepresentations and fraudulent acts included: (1) submitting fraudulent Rent Rolls for the Marshall Reed Apartments; (2) creating false leases to support the fraudulent Rent Rolls; (3) submitting a fraudulent Operating Statement for the Marshall Reed Apartments; (4) submitting false information regarding the percentage of apartments that were rented; (5) staging empty apartments with items to make them appear to be occupied; (6) paying employees of one of Yaney’s companies to sit in unoccupied apartments and pretend to be renters while appraisals

and bank inspections were being performed; and (7) providing false information about the number of apartments that had been renovated.

On November 14, 2007, \$6,123,342.81 in loan proceeds from the purported sale of the Marshall Reed Apartments were wire transferred to a bank account in the name of H.G. Capital. On the very next day, it is alleged that \$6,123,300.06 of those funds were wire transferred to the account of Campus Habitat, one of other companies Yaney owned. Yaney then used those funds for operating expenses and to purchase other rental properties.

The investigation was conducted by agents from the Federal Bureau of Investigation ("FBI") and the Federal Housing Finance Agency – Office of the Inspector General ("FHFA – OIG"). The case was prosecuted by Assistant United States Attorney Scott A. Verseman.

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