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Nevada Files First Criminal Charges in Robo-Signing Case

By Jeff Horwitz
NOV 16, 2011 9:51pm ET

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In the first criminal case involving robo-signing of mortgage documents, Nevada's attorney filed charges Wednesday against two people accused of filing tens of thousands of false documents.

The grand jury indictment filed with the Clark County Recorder's office accuses California residents Gary Trafford and Gerri Sheppard of overseeing teams of so-called "robo-signers" — people who allegedly churned out improper notices of default to initiate foreclosure proceedings. The defendants allegedly allowed their signatures to be forged and submitted to the county recorder. The indictment does not specify where Trafford and Sheppard worked.

More indictments are likely to be filed, according to John Kelleher, Nevada's chief deputy attorney general.

"Robo-signing is obviously going on en masse in Nevada," Kelleher said. "Most of the major banks seem to be clients" of the defendants' company.

The AG's office has not made allegations against banks themselves, he said. "We simply don't know if the major banks were aware of what these individuals were doing," according to Kelleher.

If banks sanctioned the alleged robo-signers' activities, Kelleher said, they could be the subject of future actions. "Our charge is to prosecute criminal activity by whomever may be committing it," he said. "There's no provision under the law for an industry to collectively decide to circumvent Nevada statutes."

In the case against Trafford and Sheppard, bail has been set at \$500,000 each. The two defendants face more than 600 counts ranging from gross misdemeanors to felonies.

While the indictment does not identify Trafford's and Sheppard's employer, Kelleher says their company's name changed multiple times between 2005 and 2008. KLAS-TV in Las Vegas, which has produced a lengthy series on robo-signing, reported that Trafford and Sheppard worked for Lender Processing Services of Jacksonville, Fla.

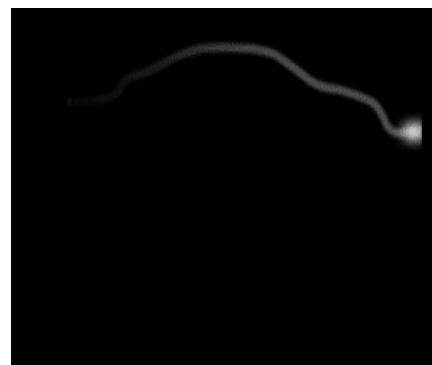
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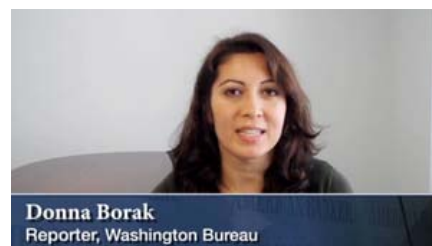
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The indictment represents a marked escalation in the fight over robo-signing and improper foreclosure documentation. Robo-signing practices are at the heart of what was a 50-state attorneys general investigation but recently has fractured over disagreements about liability waivers and the magnitude of possible bank punishments. Nevada's move appears to widen a rift between the coalition of state attorneys general pushing for a global settlement with banks and those taking more aggressive unilateral action.

Consumer Finance | Mortgages

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