

TOMMY K APPARENTLY VIOLATED HIS PLEA AGREEMENT

Tommy K says he shouldn't go to jail because he has a bad ticker (h/t chrisc). But it sounds like going to jail in the first place may be the least of his worries. According to a filing submitted yesterday, it appears that John Michael's earlier allegations were correct, and that Tommy K violated his plea agreement by continuing his bank fraud after the plea deal.

(4) During the pre-trial proceedings of coconspirators Brent Wilkes and John Michael, the government first received information suggesting that defendant Kontogiannis was, in fact, still committing federal criminal offenses, including, but not limited to bank fraud in violation of Title 18, United States Code, Section 1344.

(5) As part of these proceedings, defense counsel for John Michael obtained various financial documents indicating that Mr. Kontogiannis was—unbeknownst to the government—still continuing his illegal mortgage fraud scheme. In addition, Michael's defense counsel contacted Washington Mutual to obtain information regarding the fraudulent mortgages that they had purchased from Mr. Kontogiannis.

[snip]

...as a direct result of being contracted by Michael's defense counsel, Washington Mutual contacted the government with information regarding Mr. Kontogiannis's continued illegal activity.

(8) Within the past two weeks, we obtained clearer indications that Mr. Kontogiannis was engaged in post-plea

illegal activity.

About this, a couple points.

First, this filing suggests that "the government" had no clue that Kontogiannis continued to engage in fraud. Does that include those agents of the government who had him cooperating in some cockamamie scheme? Because that sounds like a bit of a problem, if one of the guys cooperating in what looks like an FBI or CIA investigation is engaged in all this fraud.

Second, Andrew Cuomo is suing First American for deliberately giving Washington Mutual beneficial home appraisals.

In a scheme detailed in numerous e-mails, eAppraiseIT (a subsidiary of First American Corporation (NYSE: FAF), caved to pressure from Washington Mutual (NYSE: WM) to use a list of preferred "Proven Appraisers" who provided inflated appraisals on homes. Three-mails also show that executives at EA knew their behavior was illegal, but intentionally broke the law to secure future business with WaMu.

"The independence of the appraiser is essential to maintaining the integrity of the mortgage industry. First American and eAppraiseIT violated that independence when Washington Mutual strong-armed them into a system designed to ripoff homeowners and investors alike," said Attorney General Cuomo. "The blatant actions of First American and eAppraiseIT have contributed to the growing foreclosure crisis and turmoil in the housing market. By allowing Washington Mutual to hand-pick appraisers who inflated values, First American helped set the current mortgage crisis in motion."

From the reports, this sounded like a garden variety scheme, in which First American just inflated home appraisal values, slightly. But do you think it a mere coincidence that Tommy K continued to engage in mortgage fraud, apparently with Washington Mutual?