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Sarasota's Craig Adams files guilty plea in flipping fraud case

By [Michael Braga](#)

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The mastermind of one of the largest and longest flipping fraud schemes in Florida history has filed a signed guilty plea and might end up spending less time in prison than many of his 17 indicted co-conspirators.

Though Craig Adams turned himself in to law enforcement in 2008 and has provided a large volume of documents and testimony to implicate his co-conspirators, it took him 10 months from the time of his indictment in February to enter a formal plea on Friday.

Judging from the agreement negotiated by his Tampa attorney Todd Foster, it was time well spent.

Adams pleaded to only one count of conspiring to make false statements to federally insured lenders and wire fraud — a charge that carries a maximum prison sentence of five years.

Because he already has helped the government so much, his ultimate sentence could be 30 to 40 percent shorter, criminal defense lawyers say.

"That's the biggest gift I've ever seen," said Frank Rubino, a Miami criminal defense attorney who represented Panamanian dictator Manuel Noriega. "His sentence could have been in the neighborhood of 10 to 12 years."

By comparison, nine of Adams' co-conspirators have pleaded guilty to two counts of conspiring to lie to banks and wire fraud, which leaves open the possibility that they could go to prison for more than five years.

There are another eight co-defendants who are scheduled to go to trial in February.

"If found guilty, they will get a higher sentence for not accepting their responsibility," Rubino said. "The bottom line is that if they are liable for the same amount of crime, they'll get more time."

Foster, Adams' defense attorney and a former federal prosecutor and FBI agent, declined to discuss specifics about his client's plea deal.

"This is the agreement and we're prepared to cooperate with the government going forward," Foster said.

Adams has not yet presented his plea before a judge, but now that he has filed his agreement with the court, it might persuade other co-defendants to work out plea deals of their own.



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Craig Adams of Sarasota turned himself in to authorities in 2008 and has provided prosecutors with information about people he worked with ever since. "The case is unique because the top guy turned himself in and started flipping on people below him in the chain," said L.T. Lafferty, a Tampa criminal defense attorney. "It's like John Gotti coming in and saying he's going to give up his entire crime family."



Joseph Dirocco, who was one of the minor players in the decade-long conspiracy, has already notified the U.S. District Court of his intention to change his "not guilty" plea, and others may follow.

But it is likely that Rich Bobka — who has been charged with more counts in the conspiracy than any other defendant — will opt for trial along with his brother and sister-in-law, George Cavallo and Paula Hornberger.

Sarasota real estate agent Jeffrey Berghorn and his brother-in-law, Joel Streinz, also are expected to show up in court in an effort to prove their innocence.

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The problem for anyone going to trial will be that the government will have a strong case against them, Lafferty said. "There's a pretty comprehensive group of people who are willing to testify against them."

The Herald-Tribune originally called Adams "the King of the Sarasota Flip" in an investigative series about flipping fraud published in 2009.

The investigation found that from 1997 to 2008, Adams and his associates completed more than 100 real estate deals in which they sold each other properties for ever-increasing sums. In at least half of those deals, Adams served as the real estate agent, records show.

Adams' buyers would typically hold on to houses for a year or two, then sell to another associate, who got fresh loans.

But more than a dozen times, the flips occurred much faster, with property values increasing by tens or hundreds of thousands of dollars within 24 hours.

In some cases, houses were flipped to different associates three or four times before they were sold to outside buyers. In the process, the government's indictment says, Adams and his conspirators would lie to lenders about the purchase prices, the amount of the downpayments and their income and assets.

When the market turned with the Great Recession and members of the conspiracy could no longer sell the properties or refinance, court records show that Adams and his associates defaulted on more than \$100 million in loans.

Adams himself defaulted on more than \$17 million.

So far, 18 co-conspirators have been indicted in the case, but there could be more.

The Herald-Tribune's investigation uncovered roughly two dozen people in Adams' flipping circle, while a 2009 FBI affidavit connected to the arrest of Lisa Rotolo — the title agent who closed most of the group's loans — provided names of a dozen more.

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