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Sunday, January 27, 2002

Local News

Woman fights her past in fraud

By Matt Krasnowski

COPLEY NEWS SERVICE

More than a decade after some of the crimes were committed, the first major figure in the government's lengthy investigation into real estate fraud in the South Bay will be sentenced Monday.

Jodi Voy Pillsbury, 37, a former loan officer at a Citibank branch in Torrance, was indicted in 1998 on charges that she helped borrowers lie on mortgage loans during the real estate boom of the late 1980s and early 1990s. She pleaded guilty on five counts of loan fraud.

She is one of 19 people caught up in the investigation that started producing indictments in the mid-1990s and centered on activities at RE/MAX Beach Cities in Manhattan Beach. U.S. District Judge George King will determine her sentence.

The battle over whether she should serve prison time and for how long has produced the most intriguing drama of the mostly dry real-estate fraud investigation.

Pillsbury admitted overstating the income of borrowers on their mortgage applications and



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writing incorrect information about the source of some borrowers' down payments on properties in Redondo Beach, Hermosa Beach and Lawndale. Defense lawyers say her only gain was \$5,000 in commissions. Prosecutors contend her actions cost the bank more than \$380,000.

Court records reveal that the sentencing fight is, in essence, a battle between Pillsbury's past — when she was merely known as Jodi Voy, a fresh-out-of-college bank worker — and her current station in life as a person with powerful friends close to people who own banking conglomerates.

Pillsbury's lawyer, Brad Brian, said Pillsbury would not agree to an interview for this story, and Brian said he would not comment other than his in-court statements.

Brian and co-counsel Michael Doyen have portrayed the 1980s-era Pillsbury as a naive 23-year-old who was encouraged to break the law by her Citibank bosses — who were eager to break into the Southern California market — and “sophisticated and corrupt” real estate agents. Now, she is a stay-at-home wife and mother of three who devotes her time to charity. Her sentence should be probation, the lawyers said.

“She has completely turned around her life,” Brian told King during a recent hearing. “She is committed to doing good for herself, for her children and for her community. . . . This is someone you do not need to deter from committing a crime.”

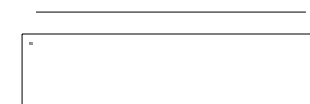
Assistant U.S Attorney Pamela Johnston contends Pillsbury was a “bank insider” who was not forthright with investigators and should be punished to deter other bankers from breaking the law. The prolific white-collar crime prosecutor has asked King to sentence Pillsbury to at least 18 months in prison.

“She was an ambitious, highly motivated person who cheated,” Johnston told King. “She excelled at (Citibank) but she excelled at a price.”

Court documents state Pillsbury started working at Citibank in Torrance in 1986 and worked as a loan officer there until 1991. After the alleged



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fraudulent loans involved in the case, she was then promoted to branch manager of a Citibank in Orange, where she worked until 1993.

“She was very aggressive, very blatant,” said a source familiar with the case who asked to not be identified. “She didn't take a whole lot of effort to hide her activities. Both she and the bank were aggressive. The bank was interested in flooding the market and she knew she could benefit.”

Defense attorneys contend Pillsbury was caught up in the “go-go” real estate market of that era and that Citibank recklessly pushed a “no verification” loan program that so encouraged borrowers to cheat that it was called “liar's loans.”

But prosecutors said Pillsbury was “the linchpin in this scheme . . . (who) provided direction and expertise to others.”

In 1996, Jodi Voy married David Pillsbury, co-chief executive officer with the American Golf Corp., the largest operator of golf courses in the world.

They now have three children, including a child born during the sentencing fight. She also cares for two of her husband's children from a previous marriage, court papers state. While her husband's office is in Santa Monica, they reside in El Dorado Hills, a Sacramento suburb.

A niece of the couple died of pediatric brain cancer, and now Pillsbury is actively involved in raising money for pediatric cancer research charities. Her husband is co-director of a golf tournament that raises money for the cause.

According to court documents obtained by Copley News Service, David Pillsbury's friends include Sam Bronfman II, a scion of the Seagram liquor empire, former president of the Seagram's wine-manufacturing arm and brother of former Universal Studios chief Edgar Bronfman Jr.

A few weeks after Jodi Pillsbury pleaded guilty in 1999, Sam Bronfman wrote a letter to his golf course acquaintance Sanford Weill, the chairman and CEO of Citibank's parent company Citigroup, requesting leniency for his former employee.

“Jodi’s sentencing judge . . . may choose a lenient sentence, if, among other factors, he receives a letter requesting leniency from a Citibank official,” Bronfman wrote, adding that Citibank should consider sending such a letter. He included a draft letter.

Bronfman’s request also included a three-page appeal to Weill from David Pillsbury on American Golf stationary.

Bronfman’s letter received a response from Katherine McGurk Sullivan, Citibank’s general counsel, who initially told Bronfman it would be inappropriate to advise the judge on sentencing. But Bronfman appealed to Weill again and succeeded.

“I believe that it is important to clarify that Citibank does not oppose any request for leniency that may have been advanced on Ms. Pillsbury’s behalf and that Citibank does not view the sentencing as a means to obtain retribution against Ms. Pillsbury,” Sullivan wrote in a letter to Judge King dated April 15, 1999.

The letter got the attention of prosecutors, who were trying to punish Pillsbury for crimes that cost Citibank. A federal inquiry began.

“Sullivan viewed the letter she wrote as a courtesy between CEOs of corporations,” an FBI report states. “In the corporate world they try to give serious consideration when it involves a CEO to CEO situation.”

The report notes it was completely legal and within Citibank’s rights to send the letter, but Johnston wanted to know what prompted the missive.

A few months later another Citibank official wrote a letter to King stating that the company still wanted Pillsbury to pay “the full measure” of financial restitution for her crimes.

Sources familiar with the case said that while it is difficult to say how much consideration King will give Sullivan’s letter, the chain of events shows that Pillsbury had influence most defendants lack.

Pillsbury “might have been naive, but now she's represented by one of the premier lawyers in town and she gets a letter (to the judge) from the head of the bank — a CEO-to-CEO requested letter,” said a source familiar with the letters. “She is star-crossed and blessed.”

Last year, prosecutors announced the South Bay real estate investigation was over shortly after one of the biggest names charged in the case, real estate developer Lloyd Anastasi, 61, and his company Anastasi Realtors entered guilty pleas.

After Pillsbury's hearing Monday, several other major figures in the case will be sentenced in the coming months. Besides Anastasi, they include:

Robert Todd, 65, the former RE/MAX Beach Cities owner and Manhattan Beach resident;

W. Darrow Fiedler, 48, a Redondo Beach broker;

developer Allan “Bill” Juckes, 75, of Rancho Palos Verdes;

former RE/MAX agent Mahlon “Mike” G. Hubbard, 65, of Manhattan Beach.

The other defendants will be watching Pillsbury's sentencing closely because it will most likely help determine the time served, if any, for them.

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