

# Scottsdale Car Wash Owner Indicted on White-Collar Criminal Charges

By: Ashley D. Adams

<http://arizonawhitecollarcrimeattorney.com/>

Former Scottsdale car wash owner Joseph N. Gagliano was arraigned on March 7, 2012, on a seven-count indictment. The white-collar charges relate to two separate scams, one involving [mortgage fraud](#) and another involving loan fraud.

## *The Scottsdale Mortgage Fraud*

The [FBI](#) alleges that, between June 2006 and August 2010, Gagliano fraudulently applied for loans and loan modifications for two residential properties located in Scottsdale and Phoenix. He applied for the loans in his father's name rather than his own because he would have been unable to obtain, or would have had difficulty obtaining, the requested loans and loan modifications for himself. The loan applications and requests to modify loans also allegedly contained false information regarding his father's income, assets, liabilities, and his intent to occupy the properties as his primary residence.

## *The Scottsdale Loan Fraud*

The indictment also alleges that Gagliano fraudulently sought Small Business Administration loans for a Chandler carwash. When applying for the loans, Gagliano allegedly used his father's name and misrepresented his father's ownership interests in entities that Gagliano actually owned.

Gagliano also allegedly misrepresented on the SBA loan applications that his father had injected nearly \$1.5 million in personal cash into the construction of the car wash, that his father had a personal net worth in excess of \$1.5 million and assets valued at just under \$4 million, and that his father would be the primary on-site manager of the car wash. Gagliano subsequently obtained more than \$3.5 million in SBA loans, according to the indictment. Those SBA loans went into default, resulting in substantial losses to the lenders and to the SBA.

“This case is the culmination of a joint investigation by the Small Business Administration Office of Inspector General and the FBI,” said Phoenix Division FBI Special Agent in Charge James L. Turgal, Jr. “When an individual allegedly seeks to line his own pockets through deceptive practices, it takes away needed capital from legitimate small business owners. The FBI and our law enforcement partners are dedicated to investigating and prosecuting those individuals who commit fraud against the government and seek to harm our economy.”

If convicted, Gagliano faces a potential maximum penalty of 30 years in prison for each count. He would also be subject to fines and mandatory restitution.

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About Ashley D. Adams, PLC

*At Ashley D. Adams, PLC, we have a well-established track record of success that can make a difference, whether in defending charges of white-collar crime, health care fraud, financial fraud, general fraud charges, other criminal or civil matters, or representing our clients during a government investigation.*

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