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**TWO DEFENDANTS SENTENCED IN BALTIMORE RESIDENTIAL MORTGAGE  
FRAUD SCHEMES**

**Baltimore**, Maryland – U.S. District Judge James K. Bredar sentenced Kevin Campbell, age 53, of Pylesville, Maryland today to 19 months in prison followed by five years of supervised release for conspiring to commit mail, wire and bank fraud arising from mortgage fraud schemes resulting in losses totaling approximately \$1.2 million. Judge Bredar also entered an order that Campbell pay restitution of \$1,182,822.

Yesterday, in a related case, Judge Bredar sentenced co-conspirator Jonathan L. Miles, age 45, of Perry Hall, Maryland to 18 months in prison followed by five years of supervised release for conspiring to commit bank fraud, and entered an order that Miles pay restitution of \$1,182,822.

The sentences were announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Deputy Inspector General for Investigations Rene Febles of the Federal Housing Finance Agency Office of Inspector General; Special Agent in Charge Kevin Perkins of the Federal Bureau of Investigation; and Special Agent in Charge Fran Mace, of the Federal Deposit Insurance Corporation Office of Inspector General.

Campbell invested in Baltimore residential real estate, and controlled four companies that bought and sold residential real estate: KMJ Realty LLC; E&W Realty LLC; C Realty LLC; and City Realty LLC. Miles was a loan officer for a mortgage brokerage company formerly located in Reisterstown, Maryland.

According to their plea agreements, from 2005 to 2007, the defendants caused false information to be provided to mortgage lenders in order to enable prospective purchasers to qualify for 18 home mortgage loans on properties located in Baltimore that they could not actually afford. Unknown to the lenders, Campbell provided most of the down payments and all of the closing costs. As a result, the loan application and HUD-1 substantially overstated the amount of the down payment and closing costs that the purchasers brought to the closings, thereby making the purchasers appear to be more creditworthy and to have more of a personal investment in the property than was actually the case.

In addition, the agreed purchase price established for the properties substantially exceeded the actual market value. Miles caused the inflated purchase price to be supported by a misleading appraisal report. By inflating the purchase price, Campbell and Miles were able to obtain financing that was substantially in excess of the original purchase price for each property. This enabled

Campbell to cover most of the purchase price and all of the closing costs with the proceeds he received from the transaction, while still earning a significant profit. Campbell also received additional hidden payments amounting to 10% of the sales price disguised in the HUD-1 as a real estate commission to City Realty. Miles received a significant commission as the loan broker on each transaction.

Sixteen of the 18 loans ultimately went into default, resulting in foreclosures and losses totaling approximately \$1.2 million to mortgage lenders, as well as Fannie Mae, Freddie Mac and four individual purchasers who lost money they provided for down payments on the mortgages.

United States Attorney Rod J. Rosenstein praised the Federal Housing Finance Agency – OIG, FBI and FDIC-OIG for their work in the investigation. Mr. Rosenstein thanked Assistant U.S. Attorney Jefferson M. Gray, who prosecuted the case.