

Department of Justice

U.S. Attorney's Office

Eastern District of Missouri

FOR IMMEDIATE RELEASE

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Managing Partner of T.E.H. Realty Indicted for Wire Fraud and Bank Fraud Tied to Twenty-Eight Million Dollars in Bank Loans

St. Louis, MO – Michael Fein was indicted today with two felony charges of wire fraud and bank fraud related to bank loans made to T.E.H. Realty connected to the purchase and operations of various multi-family apartment complexes in St. Louis, Kansas City, and elsewhere.

According to the Indictment, Fein was an owner and vice president of T.E.H. Management, and an owner and manager of a number of T.E.H. affiliated companies which owned and operated multi-family apartment complexes throughout the United States. Fein was responsible for the day-to-day operations of T.E.H. Management and the various T.E.H. affiliated companies. T.E.H. Management and its affiliated companies owned and operated the Pinnacle Ridge apartment complex in the St. Louis area, as well as the Green Village Townhomes apartment complex in Kansas City, Missouri and the Ivy Place Apartments apartment complex in Tulsa, Oklahoma.

Between 2016 and 2018, Fein, on behalf of a T.E.H. affiliated company, entered into an agreement for the purchase of the Pinnacle Ridge apartment complex in the St. Louis, Missouri area. In order to purchase Pinnacle Ridge, Fein applied for and obtained a \$2,800,000 loan from a financial institution lender. In order to obtain the loan, Fein submitted false documents to the lender, including substantially inflated rent rolls for Pinnacle Ridge, inflated income statements for Pinnacle Ridge, and inflated summaries of real estate purportedly owned by T.E.H. affiliated companies. Fein also submitted a false loan application to the lender which inflated the occupancy rate for Pinnacle Ridge, and inflated monthly net rental income for Pinnacle Ridge. Based upon the false documents submitted and false representations made by Fein, the purchase loan closed on May 16, 2018, at which time Fein and the T.E.H. affiliated company took over ownership and management of Pinnacle Ridge.

Between 2016 and 2017, Fein, on behalf of a T.E.H. affiliated company, applied for and obtained a \$12,500,000 refinance loan from a financial institution and Fannie Mae (the Federal National Mortgage Association) to refinance the outstanding loan on the Green Village apartment complex in the Kansas City, Missouri area. A T.E.H. affiliated company owned and managed Green Village. In order to obtain the refinance loan, Fein submitted false documents to the lender and Fannie Mae, including inflated rent rolls for Green Village which falsely inflated the occupancy rates for Green Village, and false operating statements which inflated the rental income for Green Village. Based upon the false documents submitted and false representations made by Fein, the \$12,500,000 refinance loan closed on February 13, 2017. As part of the refinance transaction, and in addition to paying off the outstanding loan balance on Green Village, the T.E.H. affiliated company received \$6,000,080.27 at the time of closing.

During 2017, Fein, on behalf of a T.E.H. affiliated company, applied for and obtained a \$7,700,000 refinance loan from a financial institution and Freddie Mac (the Federal Home Loan Mortgage Corporation) to refinance the outstanding loan on the Ivy Place apartment complex in the Tulsa, Oklahoma area. A T.E.H. affiliated company owned and managed Ivy Place. In order to obtain the refinance loan, Fein submitted false documents to the lender and Freddie Mac, including inflated rent rolls for Ivy Place which

falsely inflated the occupancy rates for Ivy Place, and false operating statements which inflated the total property income for Ivy Place. Based upon the false documents submitted and false representations made by Fein, the \$7,700,000 refinance loan closed on December 28, 2017. As part of the refinance transaction, and in addition to paying off the outstanding loan balance on Ivy Place, the T.E.H. affiliated company received \$977,754.52 at the time of closing.

During 2019, Fein, on behalf of a T.E.H. affiliated company, applied for a \$5,225,000 loan from a financial institution, insured by FHA (the U.S. Department of Housing and Urban Development, Federal Housing Administration), to purchase the Hanley Crossings apartment complex in the St. Louis, Missouri area. In order to obtain the loan, Fein submitted false documents to the lender and FHA, including a falsely inflated summary of real estate purportedly owned by T.E.H. affiliated entities, which falsely inflated the occupancy rates of twenty-six of the listed multi-family apartment complexes by approximately 18% each. This loan was not ultimately funded by the lender and FHA.

During March 2020, as a result of substantial tenant complaints concerning substandard living conditions in T.E.H. owned and operated apartment complexes, the federal government suspended taxpayer-subsidized housing contracts and funding to T.E.H. affiliates in the St. Louis and Kansas City, Missouri areas. As many of the residents living in T.E.H. apartment complexes were members of low-income households, receiving federal housing assistance, the federal government provided transfer vouchers to those residents to assist them in moving to appropriate housing.

“A \$12.5 million refinance loan for a Kansas City, Missouri, apartment complex was just one part of a \$28 million dollar fraud scheme alleged to have occurred in three cities. Today’s indictment alleges the owner of T.E.H. Management and affiliated companies defrauded several financial institutions, illegally enriching himself even as he provided substandard living conditions for his low-income tenants,” said United States Attorney Tim Garrison, of the Western District of Missouri.

United States Attorney Jeff Jensen, of the Eastern District of Missouri, stated, “I want to thank the victims of this defendant’s alleged predatory practices for having the willingness to stand up and speak out. Without the courage of these tenants, this case may never have come to be. As a group, they shed light on the unacceptable living conditions being forced upon them and served as the spark that uncovered this entire fraud.”

This case was investigated by the Federal Housing Finance Agency – Office of Inspector General and the United States Department of Housing and Urban Development – Office of Inspector General. Assistant United States Attorney Hal Goldsmith is handling the case for the Eastern District of Missouri, and Assistant United States Attorney Kate Mahoney is handling the case for the Western District of Missouri.

Charges set forth in the Indictment are merely accusations and do not constitute proof of guilt. Every defendant is presumed to be innocent unless and until proven guilty.

Topic(s):
Financial Fraud

Components(s):
[USAO- Missouri, Eastern](#)