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**FIVE INDICTED IN SCHEME TO FRAUDULENTLY OBTAIN BANK AND SMALL BUSINESS
ADMINISTRATION LOANS IN PROPERTY FLIPPING SCHEME**

*Lead Defendant Also Faces a Charge Known as the Financial Crime Kingpin Statute—the First Time the
Charge has Ever Been Used in Maryland*

Baltimore, Maryland – A federal grand jury has returned an indictment charging five individuals for a fraud scheme intended to obtain over \$35 million from financial institutions by providing false documentation in support of SBA loan applications for the purchase of hotels. Defendant Mehul Ramesh Khatiwala, a/k/a “Mike Khatiwala,” age 41, of Voorhees, New Jersey, also faces a continuing financial crimes enterprise charge, also known as the financial crime kingpin statute—the first time this statute has been charged in Maryland. The indictment was returned on November 1, 2023. In addition to Khatiwala, the following defendants are charged in the indictment with bank fraud, making false statements to financial institutions, and money laundering:

Rajendra G. Parikh, age 63, of Monroe, New Jersey;
Jennifer H. Watkins, age 47, of Marlton New Jersey;
Rebecca Marie Cohn, a/k/a Rebecca Marie Stanton, age 36, of Fallston, Maryland; and
Rajnikant I. Patel, age 59, of North Brunswick, New Jersey.

Rajnikant Patel and Jennifer Watkins will have initial appearances on November 9, 2023, at 11:00 a.m. and 11:30 a.m., respectively, in U.S. District Court in Baltimore before U.S. Magistrate Judge A. David Copperthite. Cohn had her initial appearance on November 6, 2023. Khatiwala and Parikh had initial appearances in the U.S. District Court in New Jersey on November 3, 2023, and were ordered to be detained.

The indictment was announced by United States Attorney for the District of Maryland Erek L. Barron; Special Agent in Charge Robert Manchak, Federal Housing Finance Agency Office of Inspector General (“FHFA-OIG”); and Special Agent in Charge Jeffrey D. Pittano, Mid-Atlantic Region, Federal Deposit Insurance Corporation Office of Inspector General (“FDIC-OIG”).

According to the 31-count indictment, Khatiwala was the owner and managing member of Delaware Hotel Group LLC (“DHG”), and an operator of GMK Consulting LLC (“GMK”) and KPG Hotel Mgmt. LLC (“KPG”), which were hotel management and loan brokerage companies located in Mount Laurel, New Jersey. Jennifer Watkins was a project coordinator for DHG and managing member of Forza Consulting LLC (“Forza”), a hotel consulting and loan brokerage company located in Marlton,

New Jersey. Rajendra Parkih was an owner of KPG and Rebecca Cohn was a settlement and title processor for Residential Title & Escrow Company (“Residential Title”), a real estate title company located in Owings Mills, Maryland, that offered escrow and loan settlement services. Rajnikant Patel worked as the manager of a convenience store owned by Parikh and Parikh’s brother.

The indictment alleges that from August 2018 until February 2020 the defendants conspired to obtain loan proceeds for the defendants and others to buy and sell hotels in a hotel flipping scheme by making material misrepresentations and omissions to financial institutions during the loan application process regarding the identity of the sellers, the familial relationships between the parties, and the nature and amount of the equity injected by the borrowers, under the SBA’s Section 7(a) Program. The SBA’s Section 7(a) Program guaranteed and insured 75 percent to 90 percent of qualified loans made and administered by participating lending institutions and required that the small business owner/borrower invest a certain amount of their own money into the business to qualify for the loan.

Specifically, the indictment alleges that Khatiwala, Parikh, and Watkins created shell companies using Patel and a co-conspirator as the straw owners of the companies, then had the straw owners sign purchase contracts, operating agreements, and related documents to buy hotel properties in the names of the shell companies created by Khatiwala, Parikh, and Watkins, while at the same time soliciting investors, including family members, and creating other companies to serve as buying entities (the “Buyers”) so they could quickly resell the hotels at a much higher price.

As detailed in the indictment, Khatiwala, Parikh, Watkins, and Cohn collected, compiled, and submitted documentation needed by financial institutions to determine whether the Buyers qualified for the SBA loans, including records proving that the Buyers provided sufficient cash upfront to satisfy SBA’s equity injection requirements for Section 7(a) funding, such as checks, bank statements, and wire transfer records. Cohn maintained the equity injection funds in designated Residential Title escrow accounts pending the loan settlements and kept ledgers to track the use of those escrow funds.

The indictment alleges that Khatiwala, Parikh, Watkins and Cohn: fraudulently diverted some of the Buyers’ equity injections to make down payments on hotels that were under contract to shell companies controlled by Khatiwala and Parikh; submitted the same wire transfer records and gift letters as support for equity injections that had been already been used to satisfy the buyer’s equity injection obligations for other SBA loan applications; and fraudulently submitted falsified bank statements and wire transfers to satisfy the equity injections.

The indictment also alleges that the defendants engaged in roundtrip transactions, whereby they falsely represented to financial institutions that over \$1.5 million on deposit in a Residential Title escrow account would be used to satisfy the Buyer’s equity injection obligations, when, the indictment alleges, the funds were temporarily withdrawn from that account prior to the loan closings and redeposited back into the same escrow account subsequent to the loan closings.

Further, the indictment alleges that Khatiwala, Parikh, Watkins, and Cohn falsely represented to financial institutions that the buying entities had purchased the hotels from the shell companies when, in fact, the shell companies had not yet owned the properties. Khatiwala, Parikh, Watkins, and Cohn diverted loan proceeds intended for the buyers to purchase hotels from the shell companies so that the shell companies could first purchase the property and then flip it to the buyer.

If convicted, Khatiwala faces a mandatory minimum sentence of 10 years and up to life in prison for a continuing financial crime enterprise. All of the defendants face a maximum of 30 years in federal prison for the conspiracy to commit bank fraud and for each count of bank fraud; a maximum of 5 years in federal prison for a conspiracy to make a false statement to a financial institution. Khatiwala, Parikh, Watkins, and Cohn also face a maximum of 30 years in federal prison

for each count of making a false statement a financial institution and a maximum of 10 years in federal prison for conspiracy to launder money and for each count of money laundering. Actual sentences for federal crimes are typically less than the maximum penalties. A federal district court judge will determine any sentence after taking into account the U.S. Sentencing Guidelines and other statutory factors.

An indictment is not a finding of guilt. An individual charged by indictment is presumed innocent unless and until proven guilty at some later criminal proceedings.

United States Attorney Erek L. Barron commended the FHFA-OIG and FDIC-OIG for their work in the investigation. Mr. Barron thanked Assistant U.S. Attorneys Martin J. Clarke, and Harry M. Gruber, who are prosecuting the federal case.

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