

Press Release

Houston resident sentenced to decade in prison for laundering proceeds from \$40 million fraud scheme

Friday, February 20, 2026

For Immediate Release

U.S. Attorney's Office, Southern District of Texas

HOUSTON – A 44-year-old man has been sentenced for laundering proceeds from a large-scale bank fraud scheme, announced U.S. Attorney Nicholas J. Ganjei.

Bun Khath pleaded guilty Feb. 11, 2025.

U.S. District Keith Ellison has now ordered Khath to serve 120 months in federal prison to be immediately followed by three years of supervised release. At the hearing, the court heard additional evidence that the bank fraud scheme involved more than \$60 million in loans and that Khath directed numerous participants, including bankers, co-defendants, tax preparers and borrowers. The court also heard evidence related to alleged Medicare fraud he committed while on bond. In imposing the sentence, the court described the offense as a heinous crime.

As part of his plea, Khath admitted he opened and maintained shell companies and bank accounts to collect proceeds from the scheme. He also acknowledged laundering the funds by wiring them to accounts controlled by coconspirators.

Khath and others carried out the bank fraud by submitting loan applications containing false and fraudulent information and supporting documents, including fabricated equipment sales invoices, income tax returns and financial and bank statements.

Previously released on bond, Khath was taken into custody following sentencing and will remain in custody pending transfer to a Federal Bureau of Prisons facility to be determined in the near future.

Another Houston resident charged in the case, Hugo Villanueva, 71, was recently apprehended in Peru and is expected to be extradited soon.

The Federal Housing Finance Agency-Office of Inspector General, IRS-Criminal Investigation, FBI and Federal Deposit Insurance Corporation-OIG conducted the investigation. Assistant U.S. Attorney Belinda Beek prosecuted the case.

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