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**BALTIMORE MAN PLEADS GUILTY IN MORTGAGE FRAUD SCHEME
RESULTING IN OVER \$1 MILLION IN LOSSES FROM FRAUDULENTLY
OBTAINED LOANS**

Baltimore, Maryland - Kenneth Koehler, age 42, of Baltimore, pleaded guilty today to conspiracy to commit wire fraud in connection with a mortgage fraud scheme in which fraudulent loans were obtained on six properties, all of which subsequently went into foreclosure. Five of those properties, accounting for over \$790,000 in losses, were on the same street - four of them in the same block

The guilty plea was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Acting Special Agent in Charge Timothy P. Groh of the Federal Bureau of Investigation; Inspector General Steve A. Linick of the Federal Housing Finance Agency; Postal Inspector in Charge Gary R. Barksdale of the U.S. Postal Inspection Service - Washington Division.

According to Koehler's guilty plea, from 2004 through 2008 Koehler invested in Baltimore residential real estate. Koehler obtained financing for both the purchase and sale of his properties from Worthington Mortgage Group, LLC, a mortgage brokerage company which was controlled by a former business partner of Koehler.

Koehler admitted that beginning in 2006, he conspired with his former business partner to obtain loans for Worthington Mortgage clients under false pretenses. Specifically, Koehler's former business partner arranged with Koehler to use Voicebank, the technology employee leasing company that they had previously owned, as a fictitious employer for Worthington borrowers who needed fraudulent verifications of their employment. Voicebank had ceased doing business in 2001. The Voicebank phone number activated a voice mail message accessible to both Koehler and his former business partner. If called upon by the lender, either Koehler or his co-conspirator would verify the employment or income information supplied on the loan application. Koehler himself obtained two loans by fraudulently inflating his monthly income. In 2006, Koehler signed a loan application for the refinance of a loan on property located at 229 S. Chapel Street in Baltimore, prepared by his co-conspirator, which falsely stated that Koehler earned \$20,000 per month with Voicebank, when in fact, both Koehler and the co-conspirator

knew that he was self-employed. In 2007 the same false information was submitted on a loan application for the purchase of property located at 2217 Gough Street in Baltimore. Both properties went into foreclosure, resulting in losses of more than \$221,000.

In 2007 and 2008, Koehler and his co-conspirator also arranged for another individual to purchase three properties, and for that individual's brother to purchase a fourth property, all located on S. Chapel Street and all owned by Koehler. In all four cases, Koehler concealed the true purchase price of the properties from the lenders, by signing the HUD-1 stating that he had received a substantial downpayment from the buyers, when in fact no such payments had occurred. In addition, Koehler kicked back part of the sales proceeds from each loan to the buyers, further reducing the sales price of the property. By concealing the true sales price for the properties, the conspirators manipulated the lenders into funding more than 100% of the purchase price. All four properties went into foreclosure, resulting in losses of more than \$686,000.

Koehler faces a maximum sentence of 20 years in prison and a fine of \$250,000. U.S. District Judge James K. Bredar scheduled his sentencing for January 3, 2013, at 10:00 a.m.

Today's announcement is part of efforts underway by President Obama's Financial Fraud Enforcement Task Force (FFETF) which was created in November 2009 to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. With more than 20 federal agencies, 94 U.S. attorneys' offices and state and local partners, it's the broadest coalition of law enforcement, investigatory and regulatory agencies ever assembled to combat fraud. Since its formation, the task force has made great strides in facilitating increased investigation and prosecution of financial crimes; enhancing coordination and cooperation among federal, state and local authorities; addressing discrimination in the lending and financial markets and conducting outreach to the public, victims, financial institutions and other organizations. Over the past three fiscal years, the Justice Department has filed more than 10,000 financial fraud cases against nearly 15,000 defendants including more than 2,700 mortgage fraud defendants. For more information on the task force, visit www.stopfraud.gov.

United States Attorney Rod J. Rosenstein commended the FBI, Federal Housing Finance Agency - Office of Inspector General, and U.S. Postal Inspection Service. Mr. Rosenstein thanked Assistant U.S. Attorney Gregory R. Bockin and Special Assistant U.S. Attorney Stephen Learned, assigned from the Federal Housing Finance Agency's Office of Inspector General, who are prosecuting the case.