

Press Release

Towson Attorney Sentenced for Role in Real Estate Bank Fraud Scheme

Tuesday, June 23, 2026

For Immediate Release

U.S. Attorney's Office, District of Maryland

Baltimore, Maryland – A Baltimore man is headed to federal prison for orchestrating a real-estate scheme.

U.S. District Judge Matthew J. Maddox sentenced Jacob Rappaport, 41, to 15 months in prison, today, for conspiracy to commit bank fraud. Rappaport, an attorney, represented Alexander Schultz, 31, formerly of Pikesville, Maryland, and Schultz's company, Limitless Management — a company that bought, sold, and managed real estate in Maryland — on various real estate transactions.

Kelly O. Hayes, U.S. Attorney for the District of Maryland, announced the sentence with Special Agent in Charge Jimmy Paul, FBI Baltimore Field Office; Special Agent in Charge Edwin Bonano, Federal Housing Finance Agency – Office of Inspector General (FHFA-OIG), Southeast Region; and Special Agent in Charge Jeffrey Pittano, Federal Deposit Insurance Corporation – Office of Inspector General (FDIC-OIG), Mid-Atlantic Region.

According to court documents, in January 2020, Coventry Realty, LLC, an organization controlled by Schultz and others, purchased Coventry Manor, a Baltimore apartment complex, for \$5.5 million. Then in March 2021, Coventry Realty, LLC obtained a new loan from Bank B for approximately \$6.2 million for Coventry Manor.

In December 2021, Schultz and others agreed to sell Coventry Manor to Buyer #1. According to the agreement, Buyer #1 would assume the Bank B loan instead of seeking new financing. Rappaport, acting on behalf of Limitless Management, prepared two separate contracts for sale.

The first contract given to Bank B reflected that Buyer #1 was purchasing Coventry Manor from Coventry Realty for \$7.8 million. Rappaport also drafted a side agreement that he did not disclose to Bank B.

In this side agreement, which Schultz and Buyer #1's representative signed, it listed Coventry Manor's true purchasing price as approximately \$6.9 million. It also stated that Coventry Realty would provide approximately \$847,619.05 in "seller credits" to account for the difference between the fake purchase price of \$7.8 million and the actual purchase

price of \$6.9 million. Rappaport prepared both the \$7.8 million contract of sale and the separate \$6.9 million agreement.

Rappaport participated in conversations with Schultz, and others to plan the scheme. Additionally, when the attorney who initially represented Buyer #1 indicated that he would not participate in the scheme, Rappaport assisted in identifying a different lawyer who would participate in the fraud scheme.

Prior to settlement, Rappaport and his co-conspirators determined that only \$512,251.12 of the agreed upon seller credits should appear on the HUD-1 Settlement Statement as concessions from the seller to the buyer. The co-conspirators agreed to reflect a fictitious "Reno Credit," for \$85,000 on the HUD-1 Settlement Statement to lower the amount owed by Buyer #1 at closing. Bank B was unaware that Rappaport agreed to hold \$335,367.93 in his attorney trust account for the purpose of concealing from the bank where the funds would eventually go, namely back to Buyer #1.

On April 14, 2022, Coventry Realty completed the settlement to execute the sale. As agreed upon, the HUD-1 Settlement Statement reflected a fraudulent sale price of \$7.8 million, fraudulent a "Reno Credit" of \$85,000, and a \$335,367.93 "seller fee" that was paid to the law firm where Rappaport was employed.

Settlement Company A initiated a wire transfer to Rappaport's attorney trust account for \$351,617.93. Then on April 19, Rappaport's attorney trust account initiated a \$335,367.93 wire transfer to Buyer #1's company, which the lender thought was the "seller fee," payable to Rappaport's law firm. As a result of this transaction, Rappaport received a \$16,250 payment.

Additionally, Rappaport negotiated contracts for Schultz and other co-conspirators in connection with a residential homes wholesaling scheme. Through the scheme, Schultz and his co-conspirators identified homes for sale under market value and then placed contracts on these residences. Schultz and others only owned the homes for a short period of time, sometimes for less than a day, and then sold the properties to a third-party buyer at or near market value.

In September 2021, Schultz and other co-conspirators identified 42 residential homes in Baltimore. Rappaport assisted Schultz and the other co-conspirators by negotiating a contract sales price of \$87,500 per home or \$3,675,000 collectively. As part of the scheme, the homes were sold to Buyer #2 for \$112,500 per home or \$4,725,000 collectively. Then the co-conspirators agreed to fraudulently inflate the purchase price to \$165,000 per home or \$6,930,000 collectively. Lender A did not know the true purchase price was \$112,500 per home.

On December 9, 2021, the 42 residential homes were purchased for \$3,675,000 and then sold to Buyer #2 on the same day for \$6,930,000. The HUD-1 Settlement Statement reflected that Buyer #2 provided \$1,931,545.96 as a down payment that came from a third-party not affiliated with the transaction, but Lender A believed the funds came from Buyer #2. The co-conspirators, including Schultz, received \$2,921,604.09 from the sale that went to Rappaport's attorney trust account in order to conceal from Lender A the true sales price and the source of the down payment. After settlement, approximately \$2 million was wired by Rappaport from his attorney trust account back to the unaffiliated third party. As a result of this transaction, Rappaport received \$5,500.

U.S. Attorney Hayes commended the FBI, FHFA-OIG, and FDIC-OIG for their work in the investigation. Ms. Hayes also thanked Assistant U.S. Attorney Sean R. Delaney who prosecuted the federal case.

For more information about the Maryland U.S. Attorney's Office, its priorities, and resources available to report fraud, visit justice.gov/usao-md and justice.gov/usao-md/report-fraud.

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Updated June 23, 2026