



U.S. Department of Justice

*United States Attorney
Southern District of Mississippi*

188 East Capitol Street, Suite 500
Jackson, Mississippi 39201-0101
Telephone 601-965-4480

FOR IMMEDIATE RELEASE
July 20, 2009

Former Real Estate Loan Closing Agents Are Charged
With \$9 Million Mortgage Loan Fraud

Jackson, Mississippi – Acting United States Attorney Stan Harris announced today that a federal grand jury has returned a 38 count indictment charging J. Larry Kennedy and Keith M. Kennedy with conspiracy to commit mail and wire fraud, conspiracy to launder money, multiple counts of wire fraud, and multiple counts of money laundering in relation to their roles in a mortgage fraud conspiracy and scheme with Mark J. Calhoun, April Calhoun and Willie Jones to obtain fraudulent loans totaling in excess of \$9 million. This indictment supercedes an earlier indictment returned by the federal grand jury in January, 2009, charging Mark J. Calhoun, April Calhoun, and Willie Jones for their roles in the mortgage fraud conspiracy and scheme.

In addition to the charges against the Kennedys, this new indictment includes additional money laundering charges against Mark J. Calhoun, April Calhoun, and Willie Jones for engaging in monetary transactions with criminally derived property. All defendants are scheduled to appear for arraignment on Tuesday, July 21, 2009, at 2:30 p.m. before Magistrate Judge James Sumner.

The offenses charged in the indictment carry the following maximum statutory penalties:

- (a) conspiracy to commit mail and/or wire fraud carries up to 20 years imprisonment and/or fines up to \$200,000.00;
- (b) each wire fraud offense carries a maximum statutory penalty of 20 years imprisonment and/or fines up to \$250,000.00;
- (c) each money laundering conspiracy and each promotion money laundering offense carries a maximum statutory penalty of 20 years imprisonment and/or fines up to \$500,000.00 or twice the value of the property involved in the transaction, whichever is greater;
- (d) each charge for engaging in a monetary transaction over \$10,000.00 with criminally derived property carries a maximum statutory penalty of 10 years imprisonment and/or a fine of \$250,000.00 or twice the value of the property involved in the transaction, whichever is greater.

The superceding indictment alleges that between September 2004, and at least through September 2006, while operating in the Jackson-metro area as Loan Closing & Title Services, Inc., the Kennedys were the closing agents involved with the fraudulent mortgage loans charged in the indictment. The indictment alleges that during the conspiracy and scheme, the Kennedys and their co-conspirators provided fraudulent loan documents to various lenders; thereafter, the Kennedys disbursed proceeds from the fraudulent loans to Mark J. Calhoun, April Calhoun, Willie Jones, and their respective companies as fictitious creditors.

According to the indictment, as part of the conspiracy and scheme, on some of the fraudulent loans the Kennedys falsely notarized loan documents during the loan closing process that were relied upon by the lenders to demonstrate that the specific borrower personally appeared at the loan closing and signed the closing documents in the presence of the loan closing agent in order to retrieve the

mortgage loan proceeds.

Acting U.S. Attorney Stan Harris praised the federal, state and local cooperative efforts of the Jackson Financial Crimes Task Force. "This is a good example of the kind of quality case that can be put together when multi-jurisdictional resources are combined. While financial crime can be complex, potential perpetrators should take warning that the citizens of Mississippi are protected by an interagency team with the specific expertise to root out, investigate and vigorously prosecute financial fraud," said Harris.

Michael J. De Palma, Special Agent in Charge of Internal Revenue Service Criminal Investigation stated, "These types of crimes create a significant loss of tax revenue, drive buyers into foreclosure, leave lenders burdened with bad loans and neighborhoods with abandoned and deteriorating properties. Special Agents of IRS Criminal Investigation are highly skilled investigators who will continue to work with the US Attorney's Office to ensure that those engaged in illegal activities are brought to justice."

Frederick T. Brink, Special Agent in Charge of the FBI in Mississippi stressed the importance of working jointly with other state and federal agencies to investigate mortgage fraud schemes. "The FBI strongly supports joint investigations to effectively utilize all of our limited resources while strengthening investigations by tapping into each agency's expertise."

This mortgage fraud investigation has been ongoing for over three years and is a joint investigation by the Federal Bureau of Investigation and the Internal Revenue Service, assisted by other participating agencies in the Jackson Financial Crimes Task Force, including United States Postal Inspection Service, Federal Deposit Insurance Corporation-Office of Inspector General, Housing and Urban Development-Office of Inspector General, Mississippi Secretary of State's

Office, Mississippi Real Estate Commission and Appraisal Board, Mississippi Department of Banking and Consumer Finance, Hinds County Sheriff's Office, Madison Police Department and the Madison-Rankin District Attorney's Office.

Acting United States Attorney Harris stressed that this indictment represents an accusation only and all defendants are entitled to a presumption of innocence.

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