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FORMER SOUTH HOLLAND MAN SENTENCED TO 17½ YEARS IN PRISON FOR DIRECTING \$35 MILLION MORTGAGE FRAUD SCHEME INVOLVING MORE THAN 120 RESIDENCES IN THE CHICAGO AREA

CHICAGO — A former South Holland man was sentenced to 17½ years in federal prison for directing a \$35 million mortgage fraud scheme involving more than 120 residences on the city's south side. The scheme caused various lenders and financial institutions to lose approximately \$16 million on mortgage loans that were not repaid by the borrowers or fully recovered through subsequent foreclosure sales. The sentence imposed yesterday on **Kenneth Steward** is one of the longest ever given to a mortgage fraud defendant in Federal Court in Chicago, federal law enforcement officials announced today.

Steward, 45, who was arrested and charged in July 2010, pleaded guilty in June to nine counts of wire fraud, four counts of bank fraud and three counts of mail fraud. During nearly four years between 2004 and 2008, Steward personally orchestrated the fraudulent purchase and resale of dozens of residences, and he was responsible for approximately 109 fraudulent transactions, causing lenders to issue nearly \$27.8 million in loans and lose more than \$14.5 million against those mortgages. Of the 109 residences in sprinkled through the city's south side in neighborhoods like

Englewood, Back of the Yards and Roseland, at least 74 fell into foreclosure. Steward pocketed undisclosed payments and kickbacks from each transaction and Steward controlled approximately \$3.1 million in post-closing funds during the course of the scheme, according to court records. Steward directed a larger scheme that overall involved a total of 122 residences and caused losses totaling approximately \$16 million.

Despite almost no prospect of recovery, Senior U.S. District Judge George Lindberg yesterday ordered Steward to pay more than \$13.1 million in mandatory restitution and indicated he will enter a preliminary forfeiture judgment of \$35 million.

“Steward accomplished a wide-ranging fraud scheme that caused massive losses to lenders and blighted communities because many of the properties ... have been abandoned or are in poor condition,” the government told Judge Lindberg in urging a sentence within the advisory guideline range of 210 to 260 months.

Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois, announced the sentence today with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation, and Thomas P. Brady, Inspector-in-Charge of the U.S. Postal Inspection Service in Chicago.

Charges remain pending against six co-defendants. The charges contain merely allegations and are not evidence of guilt. These defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

The government is being represented by Assistant U.S. Attorneys Megan Church and Kenneth Yeadon.

The case is part of a continuing effort to investigate and prosecute mortgage fraud in northern Illinois and nationwide under the umbrella of the interagency Financial Fraud Enforcement Task Force, which was established to lead an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. For more information on the task force, visit: www.StopFraud.gov.

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