



**United States Department of Justice  
United States Attorney's Office  
District of Minnesota**

## **News Release**

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### **Bloomington accountant pleads guilty to bank fraud**

MINNEAPOLIS—Earlier today in federal court, the former senior vice president and chief financial officer for Centennial Mortgage and Funding, Inc. (“Centennial”), pleaded guilty to defrauding a bank of approximately \$8 million through material omissions and misrepresentations regarding Centennial’s operations and mortgage loans entered by Centennial. Joseph W. Traxler, age 63, of Bloomington, pleaded guilty to one count of aiding and abetting bank fraud. Traxler, who was charged on September 28, 2011, entered his plea before United States District Court Judge David S. Doty.

In his plea agreement, Traxler, an accountant, admitted that from 2007 through 2008, he fraudulently used funds intended for mortgage loans to cover Centennial’s operating losses and to fund the company’s payroll and other expenses. Specifically, when a home buyer applied to Centennial for a mortgage loan, Centennial requested an advance from one of the lines of credit it held with other banks. Once the advance was approved, funds were deposited into an account that Centennial used to make mortgage loans to buyers at the transaction closings. Instead of using the funds for that purpose, however, Traxler used them to cover Centennial’s operating losses.

Specifically, Centennial, through Traxler, others acting at his direction, and other corporate executives acting in concert with Traxler: (1) made misrepresentations to lenders about the status of existing mortgage loans to induce them to advance additional funds; (2) concealed from lenders existing mortgage loan defaults; (3) concealed that he had secured double funding

for 23 mortgage loans; and, (4) wrote checks between Centennial's accounts at different banks in an effort to falsely inflate account balances and thereby allow checks that would have otherwise bounced to clear. Traxler also admitted that others committed these acts and that he did nothing to stop it.

For his crime, Traxler faces a potential maximum penalty of 30 years in prison. Judge Doty will determine his sentence at a future hearing, yet to be scheduled. This case is the result of an investigation by the Federal Bureau of Investigation. It is being prosecuted by Assistant U.S. Attorneys Tracy L. Perzel and Kimberly A. Svendsen.

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