



Department of Justice

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JURY CONVICTS MASON HOMEBUILDER FOR ROLE IN MORTGAGE FRAUD SCHEME INVOLVING LUXURY HOMES

CINCINNATI - A jury in U.S. District Court found Bernard J. Kurlemann, 57, of Mason guilty of conspiracy and fraud.

Kurlemann participated in a mortgage fraud scheme to deceive lending institutions by agreeing to sell high-end luxury properties to "straw buyers" and submitting false information on purchase contracts and other loan documents regarding down payments that were never made to the defendant's companies. The defendant benefitted from the fraud by walking away from approximately \$3.5 million in mortgage debt and receiving approximately \$500,000 in seller's proceeds.

Carter M. Stewart, United States Attorney for the Southern District of Ohio, Ohio Attorney General Richard Cordray, Warren County Prosecuting Attorney Rachel Hutzel, Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation (FBI), Daniel M. McDermott, U.S. Trustee, Region 9, and other task force participants announced the verdict returned today at the conclusion of a trial that began with jury selection on October 20, 2010 before U.S. District Judge Timothy S. Black.

The jury convicted Kurlemann of all counts against him in an indictment returned in January 2010 including one count of conspiracy to commit loan fraud, punishable by up to five years imprisonment, and two counts of loan fraud, each punishable by up to 30 years imprisonment. The law also requires restitution to the lenders.

The scheme involved "straw buyers" - individuals who would purchase properties in name only. According to testimony presented at the trial, Kurlemann was a homebuilder who was part of the scheme. Kurlemann owned and operated a number of residential development construction businesses, two of which were known as Kurlemann Homes of Long Cove and Long Cove Management, LLC, Mason, Ohio.

The jury also convicted Kurlemann of one count each of bankruptcy fraud, concealment of assets, and making false oaths, for hiding an asset from the bankruptcy trustee and his creditors when his company, Kurlemann Builders, Inc., filed for bankruptcy in 2008. Those crimes are each punishable by five years imprisonment.

Three others charged with Kurlemann in January 2010 have pleaded guilty.

Eric D. Duke, 36, Newport, Kentucky pleaded guilty on September 14, 2010 to three counts of conspiracy, and four counts of fraud. Duke is a self-employed tax preparer and interior designer.

He also owned a property management company called Rivendale Property Management Group, L.P., in Maineville, Ohio.

Terrence J. Monahan Jr., 36, Cincinnati, formerly with Huntington National Bank, pleaded guilty on October 18, 2010 to one count of making a false statement to the U.S. Department of Housing and Urban Development.

Bryan Sanneman, 38, of Mason, owner of Sanneman Homes, Inc. pleaded guilty on September 3, 2010 to two counts of conspiracy to commit loan fraud. All three are awaiting sentencing.

The charges were the result of a two-year investigation by the Greater Cincinnati Mortgage Fraud Task Force. Judge Black has set sentencing for February 9, 2011.

Two of the straw buyers also pleaded guilty to charges connected with their roles in the scheme. Francisca Webster, 46, of Cincinnati, pleaded guilty to conspiracy to commit wire fraud. Christopher Gagnon, 37, of Florence, Kentucky pleaded guilty to loan fraud.

Stewart commended the investigation by the Greater Cincinnati Mortgage Fraud Task Force. The Greater Cincinnati Mortgage Fraud Task Force is a multi-agency, multi-jurisdictional initiative dedicated to combating the mortgage fraud problem in the Southern District of Ohio. The case was prosecuted by Assistant United States Attorney Jennifer C. Barry and Special Assistant United States Attorney Bruce A. McGary of the Warren County Prosecutor's Office.

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