



U.S. Department of Justice

United States Attorney

Eastern District of Pennsylvania

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## **LOAN PROCESSORS SENTENCED IN MORTGAGE FRAUD SCHEME**

PHILADELPHIA - Kirk H. Kirby, 40, of Capital Heights, Maryland, and Sholonda Y. Johnson, 39, of Philadelphia, were sentenced today to 60 months and 30 months in prison, respectively, in connection with a real estate investment scheme, announced United States Attorney Zane David Memeger. Kirby and Johnson pleaded guilty to three counts, each, of wire fraud, in connection with a real estate investment scheme that caused millions of dollars in losses to lenders. Kirby owned and operated Invictus Financial Group (“IFG”), located in Havertown, PA. Johnson was a loan officer at various mortgage brokerage companies.

Kirby pretended to be a licensed mortgage broker. His complex and massive mortgage fraud scheme was similar to a Ponzi scheme, having a national impact on victim lenders and duped investors. Between June 2006 and December 2007, Kirby identified many properties across the country, including in Pennsylvania, New Jersey, Georgia, Arizona, and Nevada, for unsuspecting investors to purchase. Kirby and Johnson obtained loans for these properties using bogus documents that were submitted to lenders. Kirby recruited separate investors to purchase several properties each and purposely used separate lenders for the deals. Kirby would then act as a dual agent, negotiating one price with the seller and a higher price for the buyer, taking the difference as his profit. Kirby also obtained financing for the investor through, among others, defendant Johnson, who brokered mortgage loans and who provided false documents to mortgage lenders. Kirby and Johnson routinely concealed from the lenders the fact that they had obtained multiple mortgages in one investor’s name. Kirby intentionally used people that he knew, including local church members, fraternity brothers, and friends and colleagues with modest incomes, to invest in the real estate. In a Ponzi like fashion, Kirby falsely promised investors no risk of loss and guaranteed returns.

In an arrangement that appeared to present little risk for the investor, the indictment alleges that defendant Kirby promised investors that he would manage all aspects of the investment properties, including finding tenants, collecting rents, repairing and maintaining properties, and making mortgage payments. Kirby further promised that he would cover mortgage payments if the property was not rented or if rent payments did not cover the mortgage payments, he assured investors that he had obtained an insurance policy to cover their losses but he did not do so, and he promised to cover any losses on sales of investment properties. When defendant Kirby was unable to obtain tenants for the investment properties and could not make the required mortgage payments, the investors defaulted on the dozens of mortgages the defendants had obtained as part of the scheme. Contrary to Kirby’s false claims, there was no insurance policy to cover the payments to

the lenders. Kirby and Johnson were responsible for causing more than \$6 million in losses to the lenders.

In addition to the prison terms, U.S. District Court Judge Harvey Bartle, III, ordered restitution in the amount of \$3,905,853.27 to be paid by Kirby and \$2,423,401.34 to be paid by Johnson.

This case was investigated by the Federal Bureau of Investigation and was prosecuted by Assistant United States Attorney Jessica Natali.

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