



Department of Justice

United States Attorney Nicholas A. Klinefeldt
Southern District of Iowa

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CONTACT: Kevin VanderSchel
(515) 473-9300
Kevin.VanderSchel@usdoj.gov

Des Moines Man Sentenced to 90 Months in Prison for Mortgage Fraud

DES MOINES, IA – On August 19, 2013, Paul Kramer, age 43, of Granger, Iowa, was sentenced by Chief United States District Judge James E. Gritzner to 90 months in prison for wire fraud, bank fraud, and conspiracy, announced United States Attorney Nicholas A. Klinefeldt. Judge Gritzner also sentenced Kramer to five years of supervised release following incarceration.

From 2006 through 2009, Kramer knowingly used his mortgage company, Kramer Mortgage, and his real estate closing company, Iowa Closing and Escrow, to defraud multiple lenders out of over \$1 million. Kramer executed the fraud, in part, in connection with a real estate development company, LDF. Kramer and the members of LDF, including Lane Anderson, orchestrated straw sales of thirteen properties to another LDF member, Shannon Flickinger. LDF was the true buyer but LDF could not qualify for financing for the purchase of the properties because the company already had too much debt. Flickinger was used as a straw buyer to obtain the financing to purchase the additional homes. At Kramer's direction and with Kramer's oversight Kramer Mortgage submitted loan applications in which Flickinger was named as the buyer despite the fact that Kramer knew that LDF was the true buyer. With Kramer's knowledge, Flickinger's income was grossly inflated in the applications in order to qualify him for the loans. After Flickinger's fraudulent loan applications were approved, the

straw sales were closed at Kramer's mortgage company with Kramer's knowledge. Kramer closed the sales despite the fact that Flickinger paid no down payments for any of the properties, contrary to the documentation that was provided to the lenders.

Kramer defrauded one particular bank by intentionally concealing the sales of properties that had been pledged to the bank as collateral for a \$4 million line of credit for Kramer. After the sales of multiple properties in which the proceeds were owed to the bank, Kramer kept the proceeds and used them to pay his own personal or business expenses. Kramer also pledged several properties to more than one bank, without the banks' knowledge, to obtain additional loans. Kramer's activities resulted in the primary bank suffering significant losses and also left many homeowners unable to sell or refinance their homes because they did not have clear title to their properties. Some homeowners were threatened with foreclosure due to Kramer's activities.

This case was investigated by the Federal Bureau of Investigation, and the case was prosecuted by the United States Attorney's Office for the Southern District of Iowa.

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