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FOR IMMEDIATE RELEASE**

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**MORTGAGE BROKERAGE COMPANY OWNER PLEADS GUILTY IN
MORTGAGE FLIPPING SCHEME**

BALTIMORE, Maryland - Allen F. Loucks, United States Attorney for the District of Maryland, announced that Pantelis I. "Pete" Karsos, age 45, of Towson, Maryland, pleaded guilty today to mail fraud before United States District Judge Andre Davis. Karsos is the owner of Nations Mortgage in Towson and admitted to brokering loans for investors in a mortgage fraud scheme involving "flipped" properties in Baltimore City. Sentencing is set for March 25, 2005.

According to the statement of facts presented to the court, Karsos incorporated a company called "Knoll Housing" and recruited investors. From approximately April, 1998 to December, 1999, Knoll Housing purchased properties in Baltimore City for a low price and then "flipped" the properties to an investor/borrower for an inflated price. One of Karsos' co-conspirators, Anthony J. DiChiara, 41, of Westminster, Maryland, who was a licensed appraiser in Maryland, provided inflated appraisals and Karsos, as Nations Mortgage, brokered the mortgage without disclosing to the lender the inflated value of the house, or that "Knoll Housing" was owned by Karsos. Settlements were handled by attorney Nicholas Pisotlas and Barbara Prichard and their title

company, All County Title. Losses to lenders through the Knoll Housing scheme exceed \$700,000.

DiChiara, who pleaded guilty to mail fraud on October 21, 2004, was sentenced earlier today by Judge Davis to one year in prison, followed by two years of supervised release. Pistolas and Prichard both pleaded guilty to fraud charges on December 3, 2003 and December 18, 2003, respectively.

The criminal charges in this case are the result of a joint investigation by the Federal Bureau of Investigation and the United States Attorney's Office. The case is being prosecuted by Assistant U.S. Attorney Joyce K. McDonald.