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Three Found Guilty of Mortgage Loan Fraud Scheme

Jackson, Mississippi – U.S. Attorney Donald R. Burkhalter, FBI Special Agent in Charge Daniel McMullen, and IRS Criminal Investigation Special Agent in Charge Michael J. De Palma announced that on Monday, March 22, 2010, a federal jury convicted former loan closing agents J. Larry Kennedy and Keith M. Kennedy on 35 total counts of conspiracy to commit mail and wire fraud, conspiracy to launder money, multiple counts of wire fraud, and multiple counts of money laundering in relation to their roles in a mortgage fraud conspiracy and scheme. Also convicted on 33 of the counts was former mortgage loan originator Mark J. Calhoun. All defendants are scheduled to appear for sentencing on July 16, 2010, at 9:00 a.m. before U.S. District Judge Daniel P. Jordan III. Mark J. Calhoun's daughter, April Calhoun, who was one of Mark Calhoun's co-conspirators previously pled guilty on January 26, 2010, and testified against both Mark Calhoun and against the Kennedys during the trial. Willie Jones, also a co-conspirator, previously pled guilty on January 29, 2010, and testified against both Mark Calhoun and the Kennedys during the trial.

The offenses charged in the indictment carry the following maximum statutory penalties:

- (a) conspiracy to commit mail and/or wire fraud carries up to 20 years imprisonment and/or fines up to \$200,000.00;
- (b) each wire fraud offense carries a maximum statutory penalty of 20 years imprisonment and/or fines up to \$250,000.00;
- (c) each money laundering conspiracy and each promotion money laundering offense carries a maximum statutory penalty of 20 years imprisonment and/or fines up to \$500,000.00 or twice the value of the property involved in the transaction, whichever is greater;
- (d) each charge for engaging in a monetary transaction over \$10,000.00 with criminally derived property carries a maximum statutory penalty of 10 years imprisonment and/or a fine of \$250,000.00 or twice the value of the property involved in the transaction, whichever is greater.

Information in the court record revealed that between September 2004 and at least through September 2006, while operating in the Jackson-metro area as Loan Closing & Title Services, Inc., the Kennedys were the closing agents involved with the fraudulent mortgage loans. During the conspiracy and scheme, the Kennedys and their co-conspirators provided fraudulent loan documents to various lenders; thereafter, the Kennedys disbursed proceeds from the fraudulent loans to Mark J. Calhoun, April Calhoun, Willie Jones, and their respective companies as fictitious creditors. As part of the conspiracy and scheme, on some of the fraudulent loans the Kennedys falsely notarized loan documents during the loan closing process that were relied upon by the lenders to demonstrate that the specific borrower personally appeared at the loan closing and signed the closing documents in the presence of the loan closing agent in order to retrieve the mortgage loan proceeds.

Michael J. De Palma, Special Agent in Charge of Internal Revenue Service Criminal Investigation stated, "We are pleased with today's guilty verdict. It is the goal of IRS Criminal

Investigation to work with the Department of Justice to ensure that those engaged in illegal activities are brought to justice. These types of crimes create a significant loss of tax revenue, drive buyers into foreclosure, leave lenders burdened with bad loans and neighborhoods with abandoned and deteriorating properties. Special Agents of IRS Criminal Investigation are united with the rest of the law enforcement community in our commitment to pursuing individuals who create such havoc and threaten our country's financial foundation. Special Agents of IRS Criminal Investigation are highly skilled investigators who will continue to work with the US Attorney's Office to ensure that those engaged in illegal activities are brought to justice.”

Daniel McMullen, Special Agent in Charge of the FBI's Jackson Division stated, "The investigation and trial of this case were cooperative efforts between the FBI, the IRS, the FDIC and the United States Attorney's Office. We are pleased that the guilty verdict rendered today will provide both a measure of relief to the victims of this scheme and a deterrent to others who would attempt to commit similar crimes."

The case was prosecuted by Assistant United States Attorneys Carla J. Clark and Jerry L. Rushing as a result of a joint investigation by federal agents with IRS-CI, FBI, and FDIC-OIG who participate with other federal, state, and local agencies in the Jackson Financial Crimes Task Force.