



# Department of Justice

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Southern District of Ohio

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## **INVESTIGATION BY FEDERAL, STATE AND LOCAL TASK FORCE LEADS TO MORTGAGE FRAUD CHARGES AGAINST SIX PEOPLE INVOLVING MILLION-DOLLAR PLUS HOUSES**

### *Two home builders and former banker charged*

CINCINNATI – A two-year investigation by the Greater Cincinnati Mortgage Fraud Task Force has resulted in a seven-count indictment charging two Cincinnati area home builders, a former Huntington National Bank vice president, and a self-employed tax preparer and interior designer with participating in a mortgage fraud scheme to sell four high-end luxury properties to “straw buyers.” A straw buyer is someone who is listed as the owner of a house, but is not really the one buying the house.

Carter M. Stewart, United States Attorney for the Southern District of Ohio, Ohio Attorney General Richard Cordray, Warren County Prosecuting Attorney Rachel Hutzel, and Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation (FBI) and other task force participants announced the indictment today.

The grand jury returned charges against:

Eric D. Duke, 35, Newport, Kentucky. 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.

Bernard J. Kurlemann, 56, of Mason, owner of Kurlemann Homes of Long Cove and Long Cove Management, LLC.

Bryan Sanneman, 38, of Mason, owner of Sanneman Homes, Inc.

The charges stem from the sale of four residential properties in 2006 to 2007, three of which were sold for approximately \$2 million each. The indictment alleges that Monahan, Sanneman, and Kurlemann, each conspired with Duke to defraud lenders involved with the sales.

The scheme, as alleged in the indictment, involved Duke locating two people willing to buy the properties in name only and let their names be used on loan applications. The indictment alleges that Duke worked with a mortgage broker who submitted fraudulent loan applications that contained false income and assets. According to the indictment, Monahan gave Duke a customer bank account statement to be used as a “go-by” to create fictitious account statements to support fraudulent assets on the loan applications.

The indictment also alleges that Sanneman and Kurlemann provided documentation to the lenders falsely stating that they had received down payments from the borrowers when they had

not. The indictment alleges that the defendants conspired with Duke to have the fraudulent loans approved in order to sell their properties.

The indictment alleges that the defendants benefitted from the scheme because they were able to sell their expensive properties, get out from under substantial mortgages, and receive additional loan proceeds.

The indictment charges all four defendants with conspiracy. Duke and Monahan are charged with conspiracy to commit wire fraud and wire fraud, both crimes punishable by up to 20 years imprisonment.

Duke and Kurlemann are charged with conspiracy to commit loan fraud, punishable by up to five years imprisonment, and two counts of loan fraud. Each count of loan fraud is punishable by up to 30 years imprisonment.

Duke and Sanneman are charged with conspiracy to commit loan fraud and loan fraud.

The indictment also seeks forfeiture of any property or assets derived as a result of the crimes.

Loan proceeds from the alleged fraud totaled approximately \$6.7 million.

Charges have been filed separately against the straw buyers. Francisca Webster, 46, of Cincinnati, has been charged in a separate information, with conspiracy to commit wire fraud punishable by up to 30 years imprisonment. Christopher Gagnon, 37, of Florence, Kentucky has been charged with loan fraud, punishable by up to 30 years imprisonment.

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 defendants will be summoned for their initial appearances before a U.S. Magistrate Judge.

The case is being prosecuted by Assistant United States Attorney Jennifer C. Barry, and Special Assistant United States Attorneys Bruce McGary of the Warren County Prosecutor's Office and Christopher Wagner with Ohio Attorney General Richard Cordray's Office.

An indictment is merely an accusation. All defendants are presumed innocent unless and until proven guilty in court.

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