



Department of Justice

United States Attorney Carter M. Stewart
Southern District of Ohio

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CONTACT: Fred Alverson
(614) 469-5715

COLUMBUS MAN SENTENCED ON MONEY LAUNDERING CHARGES RELATED TO MORTGAGE FRAUD SCHEME

COLUMBUS – Charles E. Townsend, 40, of Columbus was sentenced in United States District Court here to one day in prison, followed by three years of supervised release, and was ordered to pay restitution in the amount of \$333,206 to the victim financial institutions. During the term of supervised release, Townsend was ordered to serve six months in a half-way house and another six months in home incarceration. On September 11, 2009, Townsend pleaded guilty to one count of money laundering for his involvement in a mortgage fraud scheme that exaggerated property values to out of state investors in order to secure funding for the purchase of properties in primarily low income neighborhoods in Columbus.

Carter M. Stewart, United States Attorney for the Southern District of Ohio, Jose A. Gonzalez, Special Agent in Charge, Internal Revenue Service Criminal Investigation, and Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation, announced the sentence handed down today by United States District Judge Algenon L. Marbley.

According to court documents, Townsend helped two co-conspirators, Aryeh Schottenstein and Jeffery Lieberman, fraudulently secure funding from Stillwater Investments Group of New York for real estate transactions involving properties in Columbus. Townsend exaggerated the value of properties in order to induce Stillwater to fund real estate transactions in amounts well in excess of the true value of the properties involved. Townsend also promised to use certain funds provided by Stillwater to renovate houses involved in those real estate transactions, which renovations were not undertaken. In some of these transactions, Townsend also retained funds as purported “consulting fees” when no commercially valuable consulting services were performed.

The court documents cited an instance in which Stillwater wired \$227,500 from New York to Ohio to purchase and renovate property actually worth no more than \$50,000. At closing on the following day, May 11, 2004, Townsend received a check in the amount of \$43,815 as a “consulting fee,” which he deposited in his personal bank account. That transaction constitutes the laundering of funds procured through the wire fraud scheme.

Schottenstein pleaded guilty in May 2008 to one count each of conspiracy and money laundering and was sentenced in February 2009 to 42 months imprisonment, followed by three years of supervised release, 416 hours of community service, and ordered to pay \$3,740,173 in restitution to the victim financial institutions, jointly and severally. Lieberman pleaded guilty in April 2008 to one count each of conspiracy and money laundering. He was sentenced in February 2009 to 16 months imprisonment, followed by three years of supervised release, 416 hours of community service, and ordered to pay \$400,000 in restitution to Stillwater Capital Partners.

Stewart commended the cooperative investigation by IRS and FBI agents and Assistant U.S. Attorneys Daniel A. Brown and Deborah Sanders, who prosecuted the case.

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