



U.S. Department of Justice

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For Immediate Release:

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EVENT: Sentenced

Defendant: Kalil Khalil

**DEARBORN HEIGHTS TAX ACCOUNTANT SENTENCED TO FIVE
YEARS IN PRISON IN \$21 MILLION MORTGAGE FRAUD**

A resident of Dearborn Heights was sentenced today to 60 months' imprisonment on a conviction for wire fraud based on a 2½-year scheme to defraud mortgage lenders that resulted in over \$21 million in losses, announced Stephen J. Murphy, United States Attorney for the Eastern District of Michigan, and Andrew G. Arena, Special Agent in Charge of the Detroit Division of the Federal Bureau of Investigation.

Receiving the sentence from U.S. District Judge David M. Lawson was **Kalil Khalil**, 36, a tax accountant. When he pleaded guilty in May 2007, Khalil admitted that during a 2½-year period beginning in January 2001, he participated in the preparation of fraudulent loan applications and related documents that were submitted to mortgage lenders. Each of the loan packages submitted to a mortgage lender was fraudulent in one or more of the following ways: the purpose of the loan was not to buy or refinance a residence; the borrower described on the application was not the true borrower; the description of the borrower's employment was false; documents purporting to substantiate the borrower's employment (W-2 Forms, check stubs) were bogus; the appraisal was inflated and forged; title to the property was not free and clear,

and the title company purporting to guarantee clear title was merely a name used by Khalil and his codefendant, Tariq Hamad, to carry out the scheme; and photographs were included that depicted a property other than the property identified in the loan application.

Many of the fraudulent loan packages were approved and the loan proceeds were wired from the mortgage lenders, which were located outside of the State of Michigan, to bank accounts controlled by Khalil and Hamad that were located in metropolitan Detroit in the names of the straw title companies. Khalil used most of the fraud proceeds to buy and sell stocks.

Judge Lawson also ordered Khalil to serve a 3-year term of supervised release following his release from prison and pay approximately \$11.1 million restitution to the mortgage lenders and a legitimate appraisal company whose name he used on bogus appraisals. In addition, as a part of his plea agreement with the government, Khalil agreed to forfeit his interest in bank and securities accounts containing about \$300,000 that were seized by the government.

United States Attorney Murphy said, "Mortgage fraud costs lenders millions and undermines the credibility of the market to the detriment of all. Such criminal conduct makes it harder for average people and first-time entrants into the market to get loans to support their aspirations for home ownership. The FBI deserves kudos for pursuing this kind of significant fraud."

Khalil's codefendant, Tariq Hamad, 37, of Dearborn, pleaded guilty to one count of wire fraud before Judge Lawson in December 2006 and was sentenced in September 2007 to 110 months' imprisonment and ordered to pay restitution in the amount of \$11.4 million. Judge Lawson noted that he would have imposed a similar term of imprisonment on Khalil had it not been for Khalil's substantial cooperation with the government in unrelated investigations being supervised by the U.S. Attorney's Office.

The investigation of this case was conducted by the FBI. The case was prosecuted by

Assistant U.S. Attorneys Stephen Hiyama and Julie Beck.