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### **COOPERATOR IN PROBE OF \$12 MILLION MORTGAGE FRAUD SENTENCED TO 15 MONTHS IN FEDERAL PRISON**

KANSAS CITY, KAN. – **Joseph Balano**, 51, Kansas City, Mo., has been sentenced to 15 months in federal prison for mortgage fraud, Acting U.S. Attorney Marietta Parker said today. He also was ordered to pay \$454,945 in restitution.

In December 2008, Balano pleaded guilty to one count of conspiracy to commit wire fraud and money laundering. In his plea, Balano admitted he conspired with co-defendant **David Kostelec** and others to submit fraudulent loan applications and property appraisals to lenders. As a result of the conspiracy, lenders made more than \$12.5 million worth of mortgage loans based on false information. Balano and other co conspirators laundered the proceeds of the fraudulent loans by moving the money into accounts controlled by Balano and others.

On Jan. 29, 2003, for instance, Balano submitted to lenders a property appraisal fraudulently inflating the value of a house in the 4000 block of Harrison in Kansas City, Mo. On April 8, 2003, he submitted documents fraudulently representing that the house was subject to a first mortgage of \$98,771. As a result, the conspirators obtained \$105,523 from National City Mortgage.

Co-defendant **David Kostelec** was sentenced in February 2009 to 154 months in federal prison. Co-defendants **Alexandra Davidson**, **Craig Long** and **Gregory Stevenson** have pleaded guilty and are awaiting sentencing.

Prosecutors cited Balano's cooperation in the investigation when they recommended a sentence of 15 to 21 months.

Parker, who prosecuted the case, commended the Internal Revenue Service - Criminal Investigation and Housing and Urban Development - Office of Inspector General for their work on the case.

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