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Western District of Washington

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Friday, June 5, 2015

Developer Who Falsified Loan Documents Submitted to Westsound Bank Sentenced to Five Years in Prison For Bank Fraud and Filing False Tax Returns

Couple Fled to Moldova after learning of Law Enforcement Investigation

A King County man who fled to Moldova, in Eastern Europe before being indicted by a federal grand jury for loans fraudulently obtained from Westsound Bank, was sentenced today in U.S. District Court in Seattle to five years in prison, announced U.S. Attorney Annette L. Hayes. ALEKSANDR KRAVCHENKO, 36, pleaded guilty in March 2015 to conspiracy to commit bank fraud and filing a false income tax return.

His wife, GALINA KRAVCHENKO, 35, was sentenced to just over five months in prison and one year of supervised release following her plea to filing a false income tax return. The couple profited from a mortgage fraud scheme in which ALEKSANDR KRAVCHENKO submitted phony loan applications to Westsound Bank. GALINA KRAVCHENKO acted as the real estate agent in the scheme earning large commissions on the fraudulent sales. ALEKSANDR KRAVCHENKO's plea agreement estimates the loss amount on the bank fraud scheme at more than \$10 million, and the tax loss on the false returns at more than \$370,000. Chief U.S. District Judge Marsha J. Pechman imposed three years of supervised release on ALEKSANDR KRAVCHENKO.

According to records filed in the case, the KRAVCHENKOs were indicted in May 2009 for an extensive bank fraud scheme involving straw buyers and false statements on mortgage applications. According to facts admitted in the plea agreements, ALEKSANDR KRAVCHENKO had his wife GALINA, a real estate agent, locate real property that was available for purchase. ALEKSANDR KRAVCHENKO then recruited otherwise unqualified buyers to participate in purchasing and building on



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the properties. ALEKSANDR KRAVCHENKO submitted false and fraudulent construction loan applications and related documents to Westsound Bank, thereby causing Westsound Bank to make unsound loans. A portion of the fraudulently-obtained loan proceeds were diverted for ALEKSANDR KRAVCHENKO's personal use and benefit, and to further the fraud scheme. GALINA KRAVCHENKO made substantial real estate commissions on the deals. ALEKSANDR KRAVCHENKO submitted 55 loan packets to Westsound Bank worth \$49 million. Ultimately the bank suffered a \$10.7 million loss on the loans and was closed by regulators on May 8, 2009.

Aware of the investigation, but before the indictment was returned, the two KRAVCHENKOs fled the U.S. and went to Moldova where ALEKSANDR KRAVCHENKO retains citizenship. The two were out of the reach of U.S. law enforcement until December 2014, when GALINA KRAVCHENKO was returned to the U.S. based on an extradition warrant. GALINA KRAVCHENKO had been arrested in Moldova in September 2014 for having false Moldovan and Russian travel documents. ALEKSANDR KRAVCHENKO returned to the U.S on February 23, 2015 to resolve the criminal charges.

The court has ordered ALEKSANDR KRAVCHENKO to make restitution of \$10,759,722 for the bank fraud scheme and \$370,541 for filing a false tax return. GALINA KRAVCHENKO has also been ordered to pay back the \$370,541 in tax loss caused by filing a false tax return.

The case was investigated by the FBI, the Federal Deposit Insurance Corporation, Office of Inspector General, the Internal Revenue Service, Criminal Investigations, and the Washington State Department of Financial Institutions. The case is being prosecuted by Assistant United States Attorneys Tessa Gorman and Thomas Woods.

Topic(s):
 Financial Fraud
 Mortgage Fraud
 Tax

Component(s):
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