

NEWS

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Major Camden Drug Dealer Convicted in Scheme That Used Drug
Profits to Buy Rundown Houses and Reap Huge Profits
Through Unwitting Buyers and Fraudulent Mortgages

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CAMDEN – A major Camden drug wholesaler was convicted by a federal jury today for running a \$1 million scheme that used powder and crack cocaine profits to buy abandoned and dilapidated residential properties in Camden, used crack cocaine as payment to workers for cosmetic repairs and then reaped enormous profits from the sales of those properties by arranging fraudulent mortgages for unsophisticated and unqualified buyers, U.S. Attorney Christopher J. Christie announced.

After 8 hours of deliberations, which began at 1 p.m. on Jan. 12, a jury convicted Kenneth D. Jenkins, 36, of Mt. Laurel, on 23 of 35 counts against him, including three counts of conspiracy, one count of mail fraud, 10 wire fraud counts and nine counts of money laundering.

The 35-count Indictment was returned in October 2003. The case was tried by Assistant U.S. Attorneys Marc-Philip Ferzan and Ronald Chillemi.

U.S. District Judge Freda L. Wolfson, who presided over the 6-week trial, scheduled sentencing for April 22. Judge Wolfson continued Jenkins' detention pending sentencing.

According to the Indictment, Jenkins was the leader of an organization, which purchased substantial quantities of powder cocaine in Philadelphia and New York City. The cocaine was then transported to "stash houses" in the Camden area, where it was "cooked" to produce crack cocaine. According to trial testimony, during the time period covered in the Indictment, from 1996 through 2003, Jenkins brought more than 2000 kilograms of cocaine into Camden, where he converted sixty percent of it into crack cocaine and then sold the powder and crack in Camden, Delaware, Maryland and other southern New Jersey communities. Testimony was presented that Jenkins obtained to 10 kilograms of cocaine at a time and that the enterprise sometimes exceeded sales of \$800,000 per week.

The jury heard testimony and viewed evidence which showed that Jenkins conspired with his live-in girlfriend, Sabena L. Ingalls, 33, a licensed real estate agent; his father, Walter U. Jenkins, 64, of Pennsauken, who at the time was a City of Camden maintenance worker; Ingalls' mother, Rita L. Jackson-Paulk, 50, of Camden, who at the time was a Camden school crossing guard; Ronald Rogers, 44, of Camden, a purported handyman and proprietor of an entity known as Newmark Construction; Thomas Harper, age unknown, of Lindenwold, who was a maintenance worker for the Camden City School Board; and the late Dolores Lewis Jones, formerly of Camden. All six coconspirators pleaded guilty prior to the start of Jenkins' trial. During the trial, all but Rita Jackson-Paulk testified against Jenkins.

During the trial, the jury heard testimony and viewed evidence that showed Jenkins purchased cheap, run-down properties in Camden, and then "flipping" them at inflated

prices by securing fraudulent mortgage loans for unsophisticated and unqualified borrowers. Jenkins, in concert with Ingalls and her experience as licensed real estate agent, targeted naive, sometimes illiterate or even mentally disabled individuals to purchase the homes.

According to the testimony of government witnesses, after targeting a particular buyer Jenkins would then create false and fraudulent paperwork, such as, fake pay-stubs, credit verifications, employment histories, W-2 Forms, and IRS tax returns. Jenkins also used fake names and social security numbers to qualify individuals for mortgage loans. Furthermore, for one property transaction he used the identity of a seven-year-old child to gain financing approval.

According to the testimony of Rogers, Jenkins told him to make cosmetic repairs on the homes to make them appear habitable and conceal material deficiencies. Rogers and his laborers testified that Jenkins paid Rogers, and in turn his crew, in crack cocaine as much as three times daily in exchange for the cosmetic repairs. According to testimony, Jenkins paid Rogers and his crew more than two kilograms of crack cocaine over the course of the scheme for the work they performed. Rogers testified that he and his crew used the crack cocaine for their own personal use.

In order to avoid detection by law enforcement, Jenkins and Ingalls conspired with family members and others to buy and sell the properties and to launder their ill-gotten gains, according to testimony. Testimony and evidence presented showed that properties were purchased and sold in the names of Jenkins, Ingalls, Jenkins' father and Ingalls' mother, Thomas Harper and a company named Panache Enterprises, LLC. Panache Enterprises, controlled by Ingalls, was purported to be an investment firm that purchased and sold residential real estate, with addresses located in Pennsauken and Mt. Laurel.

“This was a deplorable crime against the residents of Camden who are trying to rebuild their neighborhoods,” said Deputy U.S. Attorney Lee A. Solomon. “Not only did this defendant flood Camden’s streets with crack and powder cocaine, but he also sought to illegally enrich himself through the use of deplorable housing and exploitation of unknowing buyers.” Solomon continued, “Today’s verdict once again demonstrates our commitment to helping Camden fight back, and we will not back down from that commitment.”

Various homebuyers testified that the properties were in such poor physical condition that they were forced to move out within weeks or months because of faulty plumbing, electrical hazards, water damage, wood rot and holes in roofs, and that they were left with mortgage payments that they were unable to afford.

Since most of the buyers defaulted on their mortgage loans, costing private lenders and the federal government hundreds of thousands of dollars, the government and taxpayers were also victimized. The majority of the mortgages were backed by the federal government through a home-ownership assistance program operated by the Federal Housing Administration (FHA), a division of the U.S. Department of Housing and Urban Development (HUD). The FHA administers the Mortgage Loan Insurance Program, which assists low- and moderate-income borrowers to obtain financing for home purchases. As compared to conventional mortgages, FHA-insured mortgage loans typically have less stringent income and credit eligibility guidelines, lower down payment requirements and reduced closing costs.

The FHA-administered Mortgage Loan Insurance Program encourages private lenders designated by HUD under its Direct Endorsement Program to make mortgage loans to qualified low- and moderate-income borrowers by protecting the lenders against loan defaults through a government-backed payment guarantee.

The three-year investigation was a cooperative effort of the FBI's Cherry Hill Field Office, the IRS Criminal Investigation Newark Field Office, the HUD Office of Inspector General, the Drug Enforcement Administration and the Social Security Administration Office of Inspector General.

Count One of the Indictment charges conspiracy to commit mail and wire fraud; Counts Two and Three charge substantive mail fraud counts; Counts Four through 21 charge substantive wire fraud counts; Count 22 charges conspiracy to distribute more than five kilograms of powder cocaine and more than 50 grams of crack cocaine; Count 23 charges conspiracy to commit money laundering; Counts 24 through 35 charge substantive money laundering.

The maximum penalty for the charge of conspiracy to commit mail and wire fraud in Count One is 5 years in prison and a \$250,000 fine. The mail fraud and wire fraud charges each carry a maximum penalty of 30 years in prison and a \$250,000 fine. The charge of conspiracy to distribute more than 5 kilograms of powder cocaine and more than 50 grams of crack cocaine carries a mandatory minimum sentence of 20 years imprisonment (with the enhanced penalty information file by the government) and a maximum penalty of life and a \$4 million fine. The charge of conspiracy to commit money laundering and charge of substantive money laundering carries maximum penalty of 10 years in prison and a \$250,000 fine. Finally, the charges of money laundering/concealment each carry a maximum penalty of 20 years in prison and a \$500,000 fine.

Parole has been abolished in the federal sentencing system. Defendants who are

sentenced to custodial terms must complete nearly all of the sentence before being released

Christie credited Special Agents of the FBI Cherry Hill Field Office, under the direction of Special Agent in Charge John C. Eckenrode; the IRS-CI Newark Field Office, under the direction of Special Agent in Charge Patricia J. Haynes; HUD New Jersey Office of Inspector General - Criminal Investigation, under the direction of Special Agent in Charge Ruth Ritzema of the N.Y.- N.J. Regional Office for Housing Urban Development Office of Inspector general Investigations; the Drug Enforcement Administration, under the direction of Special Agent in Charge Michael Pasterchick, Jr.; and the Social Security Administration Office of Inspector General, under the direction of Edward J. Ryan, Regional Inspector General for the New York Field Division, for developing the investigation which results in today's Indictment and arrests.

Christie also thank the member agencies of the High Intensity Drug Traffic Area Task Force, including the Camden County Prosecutor's Office, the Camden County Sheriff's Department, and the Camden Police Department, for their assistance in enforcement activities.

The Government is represented by Assistant U.S. Attorneys Marc-Philip Ferzan and Ronald Chillemi of the United States Attorney's Office Criminal Division in Camden.

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Defense Attorney: Michael Riley, Esq. Moorestown