

Press Release

New Jersey Co-Conspirators Plead Guilty in Connection With Scheme to Fraudulently Obtain Loans from Small Business Administration

Wednesday, April 9, 2025

For Immediate Release

U.S. Attorney's Office, District of Maryland

Baltimore, Maryland – Mehul Ramesh Khatiwala, aka “Mike Khatiwala,” 43, of Voorhees, New Jersey, Rajendra G. Parikh, 64, of Monroe, New Jersey, and Jennifer H. Watkins, 48, of Marlton, New Jersey, pled guilty in federal court for their roles in a multi-million-dollar bank fraud conspiracy. According to their plea agreements, Khatiwala, Parikh, Watkins, and their co-conspirators fraudulently obtained more than \$35 million in Small Business Administration (SBA) loans from financial institutions that they used to purchase hotels.

Kelly O. Hayes, U.S. Attorney for the District of Maryland, announced the guilty pleas with Special Agent in Charge Robert Manchak, Federal Housing Finance Agency Office of Inspector General (FHFA-OIG), and Special Agent in Charge Jeffrey D. Pittano, Federal Deposit Insurance Corporation Office of Inspector General (FDIC-OIG), Mid-Atlantic Region.

Khatiwala, Parikh, and Watkins each pled guilty to conspiracy to commit bank fraud.

According to the factual stipulations in the guilty pleas, Khatiwala was the owner and managing member of Delaware Hotel Group LLC (DHG), and an operator of GMK Consulting LLC (GMK) and KPG Hotel Mgmt. LLC (KPG). These LLCs were hotel management and loan brokerage companies located in Mount Laurel, New Jersey. Watkins served as a project coordinator for DHG and managing member of Forza Consulting LLC (Forza), a hotel consulting and loan brokerage company located in Marlton, New Jersey. Parikh was an owner of KPG. Co-defendant Rebecca Marie Cohn a/k/a Rebecca Marie Stanton, 38, was a settlement and title processor for Residential Title & Escrow Company, a real estate title company located in Owings Mills, Maryland, that offered escrow and loan-settlement services.

The guilty pleas outline how from August 2018 through February 2020, Khatiwala, Parikh, and Watkins conspired to obtain loan proceeds to buy and sell hotels in connection with a hotel flipping scheme. “Flipping” is a real estate investment strategy that involves purchasing property to hold for a short period before selling it to make a quick profit. During the SBA-loan application process, the co-conspirators made and caused others to make material misrepresentations and omissions to financial institutions regarding the sellers’ identity, familial relationships between parties, and the nature and amount of the equity injected by the borrowers. The defendants sought loans through the SBA’s Section 7(a) Program, which guaranteed and insured approximately 75-85 percent of these loans, and required that the small business owner/borrower invest a certain amount of their own money into the business to qualify for the loan.

In their guilty pleas, Khatiwala and Parikh admitted that they acted as managers or supervisors in connection with the scheme. Additionally, Khatiwala, Parikh, and Watkins admitted that they

created shell companies using co-conspirators as straw owners of the entities. These straw owners had no actual ownership interest in the entities as Khatiwala and Parikh were the true owners. The straw owners signed purchase contracts, operating agreements, and related documents to buy hotel properties in the name of the shell companies.

Co-conspirators then created a second company to purchase the hotels from the shell companies at substantially higher prices. After the co-conspirators formed the companies to control both sides of the flip transaction, they solicited banks for small-business loans to finance the buying company's purchase of the hotel from the straw companies. The co-conspirators helped the buying companies qualify for the loans by falsely representing investors' equity injections to the banks, among other material false statements, misrepresentations, and omissions. The financial institutions extending the loans relied on the false statements and misrepresentations.

Khatiwala, Parikh, and Watkins are each facing a maximum sentence of 30 years in federal prison for conspiracy to commit bank fraud.

Actual sentences for federal crimes are typically less than the maximum penalties. A federal district court judge determines sentencing after considering the U.S. Sentencing Guidelines and other statutory factors.

U.S. Attorney Hayes commended the FHFA-OIG and FDIC-OIG for their work in the investigation. Ms. Hayes also thanked Assistant U.S. Attorneys Harry M. Gruber, Evelyn L. Cusson, and Ari D. Evans, who are prosecuting the federal case, and recognized Paralegal Specialists Joanna B.N. Huber and Zharde Todman.

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