

NEWS

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Assistant U.S. Attorney
DONNA GALLUCIO

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FOR IMMEDIATE RELEASE
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Former Owner of Home Savers Consulting Corp.
Pleads Guilty to Mortgage Foreclose Rescue Scheme

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NEWARK – A Brooklyn man pleaded guilty today to conspiracy to commit wire fraud in connection with a mortgage fraud scheme that falsely promised to help homeowners facing foreclosure keep their homes and repair their damaged credit, U.S. Attorney Paul J. Fishman announced.

Garth Celestine, 44, of Brooklyn, New York – formerly an owner of Home Savers Consulting Corp., which was located in Brooklyn and Freeport, New York – pleaded guilty today to the conspiracy charge before U.S. District Judge Dennis M. Cavanaugh. Celestine was remanded to the Hudson County Correctional Facility pending his sentencing, which is scheduled for July 12, 2010, at 10:30 a.m.

On August 5, 2009, Celestine was arrested pursuant to a Complaint along with former Home Savers co-owner Phil A. Simon.

According to the Information to which Celestine pleaded guilty, other documents filed in this case, and statements made during Celestine’s guilty plea proceeding:

Celestine and Simon owned and operated Home Savers, which held itself out as a foreclosure rescue company, at 946 Fulton Street, Brooklyn, New York, and 350 North Main Street, Freeport, New York. Celestine and Simon allegedly conspired with each other and others to defraud both homeowners facing foreclosure and mortgage lenders by making materially false representations and promises.

At his plea hearing, Celestine admitted that, doing business as Home Savers, he and his partner Simon advertised to homeowners and promised to help them avoid foreclosure, keep their homes, and repair their damaged credit. Celestine told the homeowners that they could avoid foreclosure by signing contracts of sale and transferring title to their homes to individuals who would act as “straw buyers” of the properties. Celestine promised the homeowners that after they transferred their title to these straw buyers, Home Savers would improve their credit ratings, help them obtain more favorable mortgages on their homes, and ultimately direct the straw buyers to transfer the title to their homes back to the homeowners within six months to one year. Celestine and Simon typically told the homeowners that the equity withdrawn from their properties would be kept in a separate account and used to pay the mortgages and expenses on their homes.

After the homeowners were signed up, Celestine and Simon recruited individuals with good credit scores to act as straw buyers and paid them about \$10,000 per property. Using the homeowners’ properties and the good credit ratings of the straw buyers, Celestine and Simon applied for mortgages in the names of the straw buyers to extract the maximum available equity from the homes.

To increase the credit-worthiness of the straw buyers and to ensure they would be approved for the loans, Celestine and Simon submitted to the mortgage lenders loan applications that contained false personal and financial information about the straw buyers, such as their stated employment history and income; they also falsely represented to the mortgage lenders that the straw buyers intended to occupy the property that would secure each mortgage loan as their primary residence, when, in fact, the homeowners would continue to reside in their homes.

After each homeowner's debt was paid off and other fees were satisfied, Celestine and Simon deposited the remainder of the loan proceeds into the bank accounts of Home Savers, 527 Maple Court Corporation, 858 Atlantic Avenue Corporation, and Keep What's Yours, Inc. – companies that he and Simon owned and controlled.

Celestine admitted that as a result of their actions, he and Simon fraudulently obtained more than \$1 million and caused the mortgage lenders to fund dozens of fraudulent loans worth more than \$10 million.

U.S. Attorney Fishman said, "Garth Celestine admitted today that he schemed to swindle homes from their owners by making false representations and false promises. At a time when so many have been hurt by the housing market, Celestine made a million dollars through the exploitation of hope. Homeowners should beware of the existence of foreclosure rescue scams, and the con artists who would perpetrate them should know we are taking aggressive steps to protect homeowners and the housing market."

The charge to which Celestine pleaded guilty carries a maximum statutory penalty of 20 years in prison and a \$250,000 fine, or twice the pecuniary gain or loss from the offense. However, in determining an actual sentence, Judge Cavanaugh will consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendant's criminal history, if any, and other factors, including acceptance of responsibility. The judge has wide discretion and is not bound by those guidelines in determining a sentence.

Parole has been abolished in the federal system. Defendants who are given custodial terms must serve nearly all of that time.

U.S. Attorney Fishman credited the Special Agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward, and the Postal Inspectors of the U.S. Postal Inspection Service, under the direction of Inspector in Charge David L. Collins, for their investigation leading to the guilty plea.

Fishman also thanked Kings County District Attorney Charles J. Hynes for the assistance and cooperation that was provided by his Office.

The investigation is continuing.

The Government is represented by Assistant U.S. Attorney Donna Gallucio of the Commercial Crimes Unit in Newark.

The charge contained in the Complaint against Simon is merely an accusation, and the defendant is presumed innocent unless and until proven guilty.

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Defense Attorney: Earle C. Roberts, Esq.

Brooklyn, NY