



*United States Attorney
District of New Jersey*



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THREE ARRESTED AND CHARGED IN FORECLOSURE RESCUE SCHEME

NEWARK, N.J. – Three members of an alleged mortgage fraud scheme that falsely promised to help homeowners facing foreclosure keep their homes and repair their damaged credit were arrested this morning on wire fraud conspiracy charges, United States Attorney Paul J. Fishman announced.

Ronald Harris Jr., 40, of West Orange, New Jersey; Sterling Bruce, 36, of Old Bridge, New Jersey, and Sabir Muhammad, 46, of South Plainfield, New Jersey, were arrested this morning by Postal Inspectors of the United States Postal Inspection Service (USPIS) and Special Agents of the Federal Bureau of Investigation (FBI). The defendants are charged by Complaint with conspiring to commit wire fraud in a scheme which allegedly defrauded numerous mortgage lenders of over \$10 million, making \$1.5 million for themselves by causing dozens of fraudulently obtained loans to be made between 2005 and 2008. All three defendants are expected to appear before United States Magistrate Judge Claire C. Cecchi today at approximately 2:00 p.m. in Newark.

According to the Complaint filed in Newark federal court:

Harris is the owner and operator of Harris Capital and Skyline Capital Group, both of which held themselves out as foreclosure rescue companies and operated out of offices in Newark and later, Maplewood, New Jersey. Harris and Bruce promised to help homeowners avoid foreclosure, keep their homes, and repair their damaged credit by directing the homeowners to allow title to their homes to be put in the names of third party purchasers (the "straw buyers") for approximately six months to a year, during which time the defendants would supposedly help the homeowners obtain more favorable mortgages and improve their credit ratings. The homeowners were told that the titles to their homes would be returned to them.

After the homeowners were signed up, Harris, Bruce, and Muhammad recruited individuals with good credit scores to act as straw buyers of the distressed properties. The straw buyers were told that they were helping someone save their home and that they would make money when they sold the property back to the current owner after approximately one year. The defendants then applied for mortgages in the name of the straw buyers to extract the equity from the homes.

To increase the credit-worthiness of the straw buyers and to ensure that they would be approved for the loans, the defendants submitted loan applications containing material false personal and financial information about the straw buyers, such as misstating their employment,

income, and assets. For example, many of the straw buyers' loan applications stated that they worked for one of Harris' companies making a substantial salary – though the straw buyers had never been employed by Harris or one of his companies. Fraudulent supporting documents were regularly submitted with the loan applications to support the false statements, such as fake employment records and fake investment account statements.

Fraudulent settlement statements were also prepared that indicated the buyers had paid large sums of money to the sellers at the closings, though the straw buyers never paid any money in connection with the transactions. To further the scheme, fraudulent checks were regularly submitted with the closing documents to make it look as though the buyers had paid the required amount.

Prior to the closings of these fraudulent transactions, Harris and Bruce regularly filed fraudulent liens on the properties, usually for tens of thousands of dollars and in the name of one of Harris' or Bruce's shell companies. At the closing of the transactions, the liens would be paid off with the proceeds of the fraudulently obtained loans and Harris and Bruce would enrich themselves. With money derived from the scheme, Harris spent tens of thousands of dollars on golf and golf equipment, electronics, and clothing.

In addition to recruiting straw buyers, Muhammad also sold a property to a straw buyer as part of the scheme and caused his wife to act as a straw buyer to purchase a property. For his role, Muhammad was paid thousands of dollars for each person he recruited, as well as over \$14,000 in connection with his fraudulent sale.

Each of the defendants is charged with wire fraud conspiracy, which carries a maximum potential penalty of 30 years in prison and a \$1 million fine. In determining an actual sentence, the judge to whom the case is assigned would, upon a conviction, consult the advisory U.S. Sentencing Guidelines, which provide appropriate sentencing ranges that take into account the severity and characteristics of the offense, the defendants' criminal history, if any, and other factors. The judge, however, 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 that time.

U.S. Attorney Fishman credited Postal Inspectors of the USPIS, under the direction of Inspector in Charge David Collins, and Special Agents of the FBI, under the direction of Special Agent in charge Michael B. Ward, with the investigation leading to the criminal Complaint. Fishman added that the investigation is ongoing.

The Government is represented by Assistant United States Attorney Matthew E. Beck of the U.S. Attorney's Office Economic Crimes Unit in Newark.

The charges and allegations contained in the Complaint are merely accusations, and each defendant is presumed innocent unless and until proven guilty.

This case was prosecuted as part of the District of New Jersey's Mortgage Fraud Task Force (MFTF), which was formally started in 2008 as among the first in the nation with FBI-funded task force agents. The agencies participating in the MFTF include the FBI; U.S. Department of Housing and Urban Development, Office of Inspector General; U.S. Postal Inspection Service; Internal Revenue Service; and local law enforcement. The U.S. Attorney's Office has played an active role in prioritizing and spearheading investigations and prosecutions of mortgage fraud and related financial crimes in this District.

This case was also brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

If you believe you have been a victim of or otherwise have information concerning mortgage fraud in New Jersey, you are encouraged to contact the FBI at 973-792-3000. If you believe you are a victim of this scheme, contact Postal Inspector Patricia Mathews at 973-792-3291.

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Defense counsel:

Ronald Harris Jr.: Alan Dexter Bowman, Esq., Newark, NJ

Sterling Bruce: David Holman, Assistant Federal Public Defender, Newark, NJ

Sabir Muhammad: Wanda Akin, Esq., Newark, NJ