

# NEWS

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***Ralph J. Marra, Jr., Acting U.S. Attorney***

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FOR IMMEDIATE RELEASE  
Sept. 23, 2009

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Phoenixville, Pa., Man Sentenced to 97 Months in Federal Prison for  
Operating Ponzi Schemes Upon Members of a Toms River Church

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(More)

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CAMDEN – A Phoenixville, Pa., man was sentenced to 97 months in prison today for his leadership role in operating two Ponzi schemes upon members of a Toms River church, which resulted in total losses of more than \$1 million, Acting U.S. Attorney Ralph J. Marra, Jr., announced.

U.S. District Judge Joseph H. Rodriguez also ordered Terence Mayfield, 47, to serve three years of supervised release upon the completion of his prison term. The amount of restitution Mayfield must pay to the victims will be determined at a hearing on Dec. 2, 2009.

On April 2, 2009, Mayfield pleaded guilty before Judge Rodriguez to a two-count Information that charged him with one count each of mail and wire fraud. Judge Rodriguez continued the defendant's release on a \$100,000 bond pending his surrender to officials with the U.S. Bureau of Prisons on a date to be determined by prison authorities.

According to the Information, Mayfield operated two frauds from November 2006 through July 2008. In Count One, Mayfield is charged with mail fraud in connection with his scheme to defraud numerous members of The Church of Grace and Peace of more than \$1 million through a phony real estate investment scheme. Count Two charges Mayfield with wire fraud relating to his scheme to defraud three sets of homeowners, who participated in three "foreclosure bailouts" purportedly involving two properties in Georgia and one in Pennsylvania, of more than \$75,000.

At his plea hearing, Mayfield stated that in November 2006 he spoke to church members about an investment opportunity he had developed through his company "4 Life, LLC," with offices in Phoenixville. According to Mayfield, the "My Home Banc" ("MHB") program would help investors eliminate debt and build wealth through investments in income-generating real estate. Mayfield also suggested investing in distressed real estate, or what he referred to as "foreclosure bailouts."

Soon after he first spoke to congregants, Mayfield began soliciting money from church members and holding meetings at the church and elsewhere, he admitted. During these meetings, the defendant portrayed himself as a legitimate investment advisor and required each potential investor to pay between approximately \$1,000 and \$1,500 as an "entry fee" to the MHB program. After paying the fee, potential investors met with Mayfield regarding the investment program, at which time Mayfield told the potential investors that he would identify and provide them with information about available income-generating properties which would generate positive cash flow for the potential investor, he admitted.

Mayfield admitted that he told his victims that they had to provide the investment funds directly to him and that after he received the funds he would begin working to identify a suitable investment property for the investor. Furthermore, Mayfield stated that once he identified a suitable investment property, he would work on behalf of the investor to facilitate the purchase of the property. Furthermore, in some instances when potential investors did not have the cash required, Mayfield advised them to refinance their homes, he admitted.

Mayfield admitted that he did not maintain the funds in escrow accounts as he told investors would be the case. Mayfield also admitted that aside from helping two investors identify and

arrange for the purchase of an investment property in Charlotte, N.C., he never purchased or arranged for the purchase of investment properties for investors from the church as part of the mail fraud. Mayfield used the investors' funds to repay earlier investors and to pay his personal expenses, he admitted.

In regards the second scheme, Mayfield admitted that beginning in May 2007 he solicited potential investors to invest in the program he referred to as "foreclosure bailouts." To induce these individuals to invest in this program, Mayfield explained that the investor would buy the home of a homeowner who was at risk of foreclosure and then lease the home back to the homeowner for a two-year period. The homeowner would then use a portion of the proceeds to pay the investor an "investment fee" and Mayfield a "broker's fee." Additionally, the homeowner would place two years' worth of rent payments into an escrow account, which would be maintained by Mayfield, as a security deposit. At the end of the two-year period, Mayfield explained, the homeowner would have the opportunity to repurchase the home from the investor.

Mayfield, as part of the scheme and to induce a homeowner to participate in a "foreclosure bailout," made substantially the same representations to homeowners with a significant exception: That the escrow account funds would not serve as security for the investor, but rather would be "drawn down" on a monthly basis and used to pay the homeowner's monthly rent payments.

Mayfield admitted that at the closing of the "foreclosure bailout" transactions, he directed the homeowner to either wire transfer or directly deposit funds intended to be maintained in an escrow account into his company's bank account. Mayfield admitted he did not maintain the funds in escrow, but instead used the funds for his own benefit.

In determining the actual sentence, Judge Rodriguez consulted 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. 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.

Marra credited Postal Inspectors with the U.S. Postal Inspection Service, under the direction of Inspector in Charge David L. Collins, and Special Agents of the FBI's Trenton Resident Agency, under the direction of Special Agent in Charge Weysan Dun, with investigation of the case.

The government is represented by Assistant U.S. Attorney Matthew T. Smith of the Criminal Division in Camden.

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Defense Attorney: Kenneth A. Young, Esq. Philadelphia