



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
APRIL 23, 2007

CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER,
REBEKAH CARMICHAEL
PUBLIC INFORMATION OFFICE
(212) 637-2600

LOAN COMPANY PRESIDENT CONVICTED IN FEDERAL COURT
FOR FRAUDULENT ADVANCE-FEE SCHEME EXPOSED
BY FBI STING OPERATION

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that LEONARD KALISH, 58, president and owner of The Funding Solutions, Inc. ("TFS"), was found guilty today by a jury in Manhattan federal court of conspiracy, mail fraud and wire fraud in connection with a scheme to fraudulently induce people looking for loans to pay TFS up-front fees of as much as \$100,000. As established by the evidence at trial and statements made in open court:

From approximately 2000 through 2006, KALISH owned and operated TFS, a Stamford, Connecticut-based firm which held itself out on the Internet, in trade magazines, and to the loan industry as a company that had successfully matched prospective borrowers with numerous private investors. KALISH claimed these investors had funded loans for his customers in the past. As part of this scheme to defraud prospective borrowers, KALISH made -- and caused as many as 15 employees at TFS to make -- numerous false, misleading and deceptive representations to induce potential TFS customers to pay an up-front fee. Customers were told that TFS had worked with approximately three dozen private investors for many years, and had successfully obtained loans through these private investors for numerous clients in the past. Customers were also told that the required up-front fees would be fully refunded if TFS did not obtain actual funding for the customer on terms set forth in the TFS fee agreement. As part of the fraud, KALISH relied on certificates known as "Tombstones" that hung on the walls of TFS's offices which falsely claimed that his firm had secured millions of dollars in loans for various projects, including golf resorts in St. Lucia and Colorado.

The scheme generated millions of dollars in advance

fees from dozens of prospective borrowers who traveled from all over the United States to meet KALISH at TFS's offices in Connecticut. At various points during the scheme, KALISH employed up to 15 loan officers to bring in customers and set up the required face-to-face meetings with him in Connecticut.

KALISH was arrested in 2005 after undercover Federal Bureau of Investigation ("FBI") agents posing as a loan broker and prospective borrower conducted a sting operation into TFS and recorded KALISH as he made numerous false and misleading statements about TFS's business, history, and ability to obtain a loan for a small restaurant in Red Bank, New Jersey, for which the undercover agents had sought funding.

Following the jury's verdict, United States District Judge ROBERT P. PATTERSON revoked KALISH's bail and ordered him detained pending sentencing, which is scheduled for July 24, 2007.

Mr. GARCIA praised the efforts of the FBI in the investigation and prosecution of this case.

Assistant United States Attorneys NICHOLAS S. GOLDIN and RITA M. GLAVIN are in charge of the prosecution.

07-102

###