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Southern District of New York*

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**MANHATTAN U.S. ATTORNEY CHARGES PRESIDENT OF TITLE
INSURANCE AGENCY WITH MISAPPROPRIATING MILLIONS OF
DOLLARS WORTH OF FUNDS**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that BRIAN H. MADDEN was indicted today on charges that he misappropriated and embezzled over \$4.7 million of escrow, client, and other operating funds from three title insurance agencies that he controlled and operated in New York. The three-count Indictment returned today by the Grand Jury adds a money laundering charge to the wire fraud and insurance fraud charges for which MADDEN was previously charged in a Complaint and arrested on May 19, 2009.

According to the Indictment filed today in Manhattan federal court and the previously-unsealed Complaint against MADDEN:

MADDEN was the president and co-founder of Liberty Title Agency, LLC ("Liberty Title"), one of the largest independently-owned title insurance agencies in New York State. Title insurance is sold to purchasers of property or lenders financing the purchase of property, and is meant to protect the owner's or lender's financial interest in real property against loss due to title defects or liens. Liberty Title issued title insurance policies on behalf of several title insurance underwriters in connection with commercial and residential real estate transactions, primarily in the northeastern United States. MADDEN also controlled and operated two other title insurance agencies: Skyline Title, LLC, and GNY Liberty Abstract, LLC. Liberty Title closed operations in April 2009.

Beginning around early 2008, MADDEN misappropriated millions of dollars of escrow and other client funds by transferring and commingling between and among various bank

accounts held by Skyline Title, GNY Liberty, and Liberty Title, and into other accounts used by Liberty Title. MADDEN then used the misappropriated funds to sustain Liberty Title's operations and permit significant withdrawals for his personal use. In particular, between January 2008 and April 2009, MADDEN took more than \$2 million in cash draws from Liberty Title. Those cash draws, which at times amounted to hundreds of thousands of dollars in a single month, far exceeded MADDEN's draws in prior years, and were taken despite the deteriorating real estate market and Liberty Title's increasingly precarious financial position. To sustain Liberty Title's operations in the face of such withdrawals and to pay current client debts, MADDEN misappropriated escrow and client funds of other clients, essentially using new funds from clients to pay off debts on behalf of other clients. In addition, because MADDEN misappropriated the funds of title insurance agencies, he failed to timely and properly record and pay taxes on dozens of mortgages and other real estate transactions, further exposing his clients to loss.

As a result of MADDEN's illegal activities, Skyline Title, GNY Liberty, several of their clients, various title insurance underwriters, and various clients of Liberty Title have sustained losses of at least approximately \$4.7 million.

MADDEN, 55, of Greenlawn, New York, is charged with one count each of wire fraud, money laundering, and insurance fraud. If convicted, MADDEN faces a maximum penalty of 20 years in prison on each of the wire fraud and money laundering counts, and 10 years in prison on the insurance fraud count. MADDEN also faces a maximum fine of the greater of \$500,000 or twice the gross pecuniary gain or loss from the offense in connection with the money laundering count, as well as \$250,000 or twice the gross pecuniary gain or loss from the offense on each of the wire fraud and insurance fraud counts. He also faces forfeiture of the proceeds of his crimes, including his interest in a variety of properties and bank accounts, and approximately \$108,000 in cash and \$400,000 in cashier's checks seized during a court-authorized search.

The case has been assigned to United States District Judge ROBERT W. SWEET.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation and the New York State Department of Insurance in this case.

Assistant United States Attorneys AVI WEITZMAN and
JEFFREY ALBERTS are in charge of the prosecution.

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

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