United States Attorney
Southern District of New York

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CONTACT: U.S. ATTORNEY'S OFFICE
ELLEN DAVIS,
JERIKA RICHARDSON,
CARLY SULLIVAN
PUBLIC INFORMATION OFFICE
(212) 637-2600

MANAGER OF MORTGAGE BROKERAGE FIRM, BRIDGEWATER FUNDING, LLC, SENTENCED IN MANHATTAN FEDERAL COURT TO 60 MONTHS IN PRISON FOR HIS PARTICIPATION IN A MULTI-MILLION DOLLAR MORTGAGE FRAUD SCHEME

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that MICAH MEYERS was sentenced today in Manhattan federal court to 60 months in prison for his role in a sub-prime mortgage fraud scheme involving dozens of residential mortgages that totaled more than $10 million. MEYERS previously pled guilty to one count of conspiracy to commit bank and wire fraud on May 27, 2010. His sentence was imposed by United States District Judge DEBORAH A. BATTS.

According to court documents and proceedings:

From 2005 through 2007, MEYERS engaged in an illegal scheme to defraud lenders by preparing and submitting applications and supporting documentation for home mortgage loans with false or misleading information, to induce them into making loans that they otherwise would not have approved. MEYERS, a former manager at Bridgewater Funding, LLC ("Bridgewater"), a mortgage brokerage firm located in Islip, New York, submitted the fraudulent loan applications through Bridgewater.

As part of the scheme, MEYERS identified properties for sale primarily in New York City and Long Island (the "target properties"). In some instances, he identified target properties whose homeowners were facing foreclosure, and fraudulently convinced them that selling their properties would be a way to pay off their debts and save their homes. In other instances, MEYERS identified target properties that he believed could be resold quickly, or "flipped," so that he would bear minimal risk of loss should the properties' values decline.

To further his scheme, MEYERS recruited individuals, or "straw buyers" to act as purchasers of the target properties. In exchange for fees paid by MEYERS, these individuals gave up control over the target properties upon completion of the mortgage closing. In some instances, MEYERS recruited his friends and family members to be straw buyers. In other instances, he recruited individuals with minimal real estate experience.

Once a potential straw buyer had been identified and agreed to purchase property in exchange for payment, MEYERS then submitted loan applications to the lenders, through Bridgewater, on behalf of the straw buyer. MEYERS typically obtained mortgages on behalf of these straw buyers for amounts that were greater than the actual sale price of the homes. To do so, he misrepresented to the lenders various material facts about the straw buyers' income, assets, debts, and intent to live in the properties they were purchasing, as well as the nature of the transaction with the sellers. The difference between the amount of the loans and the properties' actual sale price (the "spread") represented, in part, MEYERS' profits from the scheme.

Once the purchase of the target properties had been funded, MEYERS often failed to make mortgage payments as he had promised, causing some of the straw buyers to default on their mortgages. As a result, mortgage lenders were forced either to foreclose on those properties or to re-purchase the properties from the straw buyers for less than the face amount of the loan. This often left the original homeowner -- who had been promised that selling his or her home would be a way to save it -- facing eviction. With respect to other target properties, MEYERS rented them to tenants and used the rent and other monies earned from the scheme to make mortgage payments on behalf of the straw buyers for a certain period of time before allowing the mortgages to go into default. With respect to still other target properties, MEYERS made mortgage payments for several months before reselling, or "flipping," the property to yet another straw purchaser, who fraudulently obtained a new mortgage with the defendant's assistance, restarting the fraudulent scheme.

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In addition to his prison term, Judge BATTS sentenced MEYERS, 32, of Copiague, New York, to three years supervised release and ordered him to forfeit $1,000,000.

Mr. BHARARA praised the work of the Federal Bureau of Investigation, the United States Secret Service, the Federal

Deposit Insurance Corporation Office of Inspector General, and the United States Postal Inspection Service. He also thanked the New York State Banking Department for its assistance in the investigation.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. 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.

This case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorney JULIAN J. MOORE is in charge of the prosecution.

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