



*United States Attorney
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**FORMER PRESIDENT OF TITLE INSURANCE AGENCY PLEADS
GUILTY IN MANHATTAN FEDERAL COURT TO MISAPPROPRIATING
MILLIONS OF DOLLARS WORTH OF CLIENT FUNDS**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced today that BRIAN H. MADDEN, the former president and co-founder of Liberty Title Agency, LLC ("Liberty Title"), one of the largest independently-owned title insurance agencies in New York State, pled guilty in Manhattan federal court to defrauding his clients by misappropriating and embezzling millions of dollars of escrow and other client funds entrusted to Liberty Title and two other entities controlled by MADDEN. MADDEN pled guilty before U.S. Magistrate Judge HENRY B. PITMAN.

Manhattan U.S. Attorney PREET BHARARA said: "Brian Madden brazenly stole millions of dollars from his clients, who included not only sophisticated commercial developers, but also not-for-profit organizations and Mom-and-Pop real estate owners. In the process, he not only breached his fiduciary and legal duties to his clients, he sunk his own business. This Office, with its partners at the FBI, is committed to prosecuting individuals such as Madden who threaten the integrity of mortgage loan transactions."

According to the Indictment and Complaint and statements made during the plea proceeding:

MADDEN's company, Liberty Title, sold title insurance to purchasers of property or lenders financing the purchase of property. Such insurance is meant to protect the owner's or lender's financial interest in real property against loss due to title defects or liens. 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. In addition to issuing title insurance policies, MADDEN's three companies also provided escrow services to clients, and collected and paid taxes and fees.

Beginning around early 2008, MADDEN misappropriated millions of dollars of escrow and other client funds by transferring and commingling those funds among various bank accounts held by Skyline Title, GNY Liberty, and Liberty Title. MADDEN then used the misappropriated funds to sustain Liberty Title's operations and to make significant withdrawals of monies 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 -- a practice called "playing the float." 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.

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MADDEN, 56, of Greenlawn, New York, pled guilty to one count of wire fraud and one count of insurance fraud. He faces a statutory maximum sentence of 20 years in prison on the wire fraud charge, and 10 years in prison on the insurance fraud charge. He is scheduled to be sentenced before U.S. District Judge ROBERT W. SWEET on March 29, 2010, at 4:30 p.m.

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

This matter is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorney AVI WEITZMAN is in charge of the prosecution.