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**MANHATTAN REAL ESTATE DEVELOPER SENTENCED TO FOUR YEARS
IN PRISON FOR \$27 MILLION MORTGAGE FRAUD
AND PONZI SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that Manhattan real estate developer MICHAEL HERSHKOWITZ was sentenced today to four years in prison for his participation in a \$27 million Ponzi scheme involving fraudulent loans secured by nonexistent mortgages.

According to the documents filed in the case in Manhattan federal court:

HERSHKOWITZ, working through a Manhattan real estate development company, The Kingsland Group, Inc., and related entities (collectively, "The Kingsland Group"), fraudulently induced approximately 100 individuals to lend the Kingsland Group over \$27 million to fund the renovation of approximately sixteen multi-family apartment buildings located in upper Manhattan. HERSHKOWITZ and a co-conspirator, IVY WOOLF-TURK, falsely represented that the lenders would hold, as collateral for the loans, interests in bona fide first mortgages in the various properties in which they thought they were investing. In truth and in fact, HERSHKOWITZ did not record mortgages on behalf of the lenders. Some interest was paid to some of the defrauded lenders with loans made by other victims, and HERSHKOWITZ or WOOLF TURK made false statements to investors about the status of their loans. Ultimately the principal on the loans was not repaid when due, and the lenders learned that they did not have valid first mortgages on the properties in question, as had been falsely promised to them.

Numerous victims wrote letters to the Court, describing the impact of HERSHKOWITZ and WOOLF-TURK's Ponzi scheme. One stated that she had "lost my life savings of a little over \$200,000 because I trusted MICHAEL HERSHKOWITZ's integrity," and

that her "life had changed completely, and I fight depression every day." Another victim stated that because of the fraud, she "can no longer afford health insurance," and "ha[s] no way to get decent health care despite having spinal cord and health problems." Another complained that HERSHKOWITZ "preyed upon unsuspecting retirees, such as myself, with promises of safe, secure investments supported by New York City real estate." Victims also complained that the fraud had decimated their retirement savings and their childrens' college funds, and made them unable to make mortgage payments.

HERSHKOWITZ, 53, of New York, New York, previously pleaded guilty to one count of conspiracy to commit mail and wire fraud. He was sentenced today by United States District Judge P. KEVIN CASTEL. In addition to the four-year prison term, Judge CASTEL ordered forfeiture of \$27,184,750, representing the funds obtained through the fraud.

In sentencing HERSHKOWITZ, Judge CASTEL said, "this was a systematic course of criminal conduct."

WOOLF TURK, of Port Washington, New York, previously pleaded guilty to a related charge and was sentenced on November 23, 2009, to five years in prison and restitution of \$27,184,750.

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Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation.

"Michael Hershkowitz and Ivy Woolf Turk defrauded nearly 100 victims out of more than \$27 million dollars. Their victims entrusted sometimes a lifetime's worth of hard-earned savings, only to lose everything. We will continue to work with our partners at the FBI to combat fraud and to bring those responsible to justice," said U.S. Attorney PREET BHARARA.

This prosecution is being handled by the Complex Frauds Unit of the United States Attorney's Office. Assistant United States Attorney HARRY A. CHERNOFF is in charge of the prosecution.

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