



*United States Attorney
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**U.S. CHARGES 26 IN MULTI-MILLION
DOLLAR SUB-PRIME MORTGAGE FRAUD SCHEME**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, MARK J. MERSHON, Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), PETER J. SMITH, the Special Agent-in-Charge of the New York Office of the Department of Homeland Security's U.S. Immigration and Customs Enforcement ("ICE"), and RAYMOND W. KELLY, Police Commissioner of the City of New York ("NYPD"), announced today the unsealing of a superseding Indictment charging 26 individuals with participating in a wide-ranging scheme to commit mortgage fraud. According to the superseding Indictment filed in Manhattan federal court:

The defendants committed the fraud by submitting loan applications and supporting documents, which contained false information and material omissions, to sub-prime lenders in order to induce the lenders to make loans that otherwise would not have been funded.

The superseding Indictment added over two dozen new counts charging some of the defendants with committing mortgage fraud in the purchase of a block of ten rent-regulated condominium apartments at 243 West 98th Street, on the Upper West Side of Manhattan. Specifically, the Indictment alleges that certain defendants obtained millions of dollars in loan proceeds from sub-prime lenders by submitting fraudulent loan documents containing false information and material omissions regarding the fact that the apartments were subject to New York's rent regulation laws, the borrower's intent to live in the apartment as a primary residence, the borrower's employment and income, and the fair market value of the apartments, among other things.

Three additional defendants are also named in the Indictment, including GALINA ZHIGUN, the owner of the mortgage brokerage AGA Capital NY, Inc. ("AGA Capital"), in Brooklyn, New York, where many of the co-defendants worked as mortgage brokers and/or loan processors. From 2004 through December 2006, AGA Capital, and its successor, Lending Universe Corporation, and another related brokerage, Northside Capital, brokered over one thousand home mortgages and home equity loans -- with various sub-prime banks and lending institutions -- with a total face value of at least \$200 million dollars. AGA Capital, Lending Universe and Northside Capital earned a total of at least \$4 million in commissions and fees on the loans. The sub-prime

lenders that issued the mortgages and loans brokered by Northside Capital, AGA Capital and Lending Universe have suffered actual losses of at least \$4.5 million as a result of the defendants' scheme to defraud.

If convicted, each defendant faces a maximum sentence of thirty years in jail on each count of the Indictment, and a fine of the greater of \$250,000, or twice the gross gain or loss resulting from the crime.

The charges were investigated by a joint task force composed of the FBI, NYPD, and ICE.

Mr. GARCIA praised the efforts of the investigating agents.

Assistant United States Attorneys JONATHAN B. NEW, KATHERINE R. GOLDSTEIN, and CHRISTINE MEDING are in charge of the prosecution.

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

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