



*United States Attorney
Southern District of New York*

**FOR IMMEDIATE RELEASE
JUNE 4, 2009**

**CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER,
REBEKAH CARMICHAEL,
JANICE OH
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**EIGHT SENTENCED IN MULTIMILLION-DOLLAR MORTGAGE FRAUD
AND FORECLOSURE RESCUE SCHEMES**

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, announced that ALEKSANDER LIPKIN, a/k/a "Alex," GARRI ZHIGUN, GALINA ZHIGUN, JOSEPH PAPERNY, FAINA PETROVSKAYA, JOHN GELIN, TOMER SINAI, and DANIEL MIKHLIN were each sentenced by United States District Judge RICHARD J. HOLWELL in Manhattan federal court for their roles in a multimillion-dollar, sub-prime mortgage fraud scheme, as charged in United States v. Aleksander Lipkin, et al., S2 06 Cr. 1179. LIPKIN was sentenced to 110 months in prison for his role as a leader of the mortgage fraud scheme as well as his involvement in another foreclosure rescue scheme charged in United States v. Maurice McDowall, et al..

According to the Indictment, other documents filed in the case, and statements made during the various guilty plea and sentencing proceedings:

From 2004 through January 2007, LIPKIN was a leader in a wide-ranging mortgage fraud scheme involving mortgage brokers and loan processors who worked at the Brooklyn mortgage brokerage firm, AGA Capital NY, Inc., and its successors, as well as real estate appraisers, loan account executives, a paralegal, a lawyer, straw buyers, and others. LIPKIN and his co-defendants submitted loan applications containing false information and material omissions, as well as other false documentation such as bank statements, to obtain loans that otherwise would not have been funded. For example, acting through straw purchasers, LIPKIN and his partner, GARRI ZHIGUN, purchased a block of ten rent-regulated condominium apartments in a building on Manhattan's Upper West Side. LIPKIN, GARRI ZHIGUN and their associates obtained mortgages for the straw purchasers to finance 100 percent of the purchase price of the Apartments. However, none of the documents submitted to the lenders disclosed that certain buyers were seeking to purchase more than one apartment as a "primary residence," or that the apartment was already

occupied and therefore unsuitable for a primary residence, or that the apartment was subject to rent regulation laws.

Then, only months after initial purchase of the block of apartments, LIPKIN, GARRI ZHIGUN and their co-defendants resold, or "flipped," the apartments to other straw-buyers, at prices almost twice the amount of the initial purchase price. They did so by submitting false information and documents to various lenders, and thus obtained almost \$13 million in additional loans. Most of those additional loans are now in foreclosure.

During the course of the mortgage fraud scheme, AGA Capital, and its successors, brokered over one thousand home mortgages and home equity loans with a total face value of at least \$200 million dollars and earned at least \$4 million in commission fees on the loans. The various lenders defrauded by the scheme have claimed actual losses of approximately \$11.6 million on loans that have completed foreclosure.

Of the 27 defendants charged in United States v. Aleksander Lipkin, et al., 25 pleaded guilty; one of the defendants -- ALEXANDER KAPLAN -- was found guilty following a jury trial and is scheduled to be sentenced on September 10, 2009.

In addition to the 110-month prison term, LIPKIN, 30, was sentenced to five years' supervised release. Judge HOLWELL also sentenced LIPKIN to a concurrent term of 110 months' in prison for his role in a separate mortgage foreclosure rescue scheme to which LIPKIN pleaded guilty in United States v. Maurice McDowall, et al., 07 Cr. 1054. LIPKIN was also ordered to forfeit \$7 million and pay approximately \$11.6 million in restitution.

GARRI ZHIGUN and JOSEPH PAPERNY were sentenced by Judge HOLWELL on May 28, 2009. GARRI ZHIGUN, 32, supervised the operations of AGA Capital and was LIPKIN's business partner, as described above. GARRI ZHIGUN was sentenced to 100 months in prison, three years' supervised release, and was ordered to forfeit \$2.5 million and pay approximately \$11.6 million in restitution. JOSEPH PAPERNY, 36, was a mortgage broker and was sentenced to 30 months in prison, three years' supervised release, and was also ordered to forfeit \$1 million and pay approximately \$11.6 million in restitution.

GALINA ZHIGUN and FAINA PETROVSKAYA were sentenced by Judge HOLWELL on May 21, 2009. GALINA ZHIGUN, 55, was the record

owner and registered broker of AGA Capital and was sentenced to 38 months in prison and three years' supervised release. In addition, GALINA ZHIGUN was ordered to pay a fine of \$7,500, forfeit \$1 million, and pay \$1 million in restitution. PETROVSKAYA, 36, was a loan processor and was sentenced to time served, 30 months' supervised release with six months of home confinement, and was also ordered to pay a fine of \$2,000.

JOHN GELIN, TOMER SINAI, and DANIEL MIKHLIN were sentenced by JUDGE HOLWELL on May 20, 2009. JOHN GELIN, 41, was one of the investors who recruited and used straw buyers to purchase real estate and created fake bank statements and other fraudulent documents to submit to lenders. GELIN was sentenced to 36 months in prison, three years' supervised release and was ordered to forfeit \$1 million and pay approximately \$11.6 million in restitution. SINAI, 31, was a licensed real estate appraiser who inflated appraisals for the defendants. SINAI was sentenced to 9 months in prison, three years' supervised release, and was ordered to forfeit \$70,000. MIKHLIN, 32, was a mortgage broker and was sentenced to 27 months in prison, three years' supervised release, and was ordered to forfeit \$240,000 and pay approximately \$11.6 million in restitution.

Mr. DASSIN praised the efforts of the Federal Bureau of Investigation, the New York City Police Department, and the United States Immigration and Customs Enforcement. He also thanked the New York State Attorney General's Office for its outstanding work in the investigation.

Assistant United States Attorneys JONATHAN B. NEW and AVI WEITZMAN are in charge of the prosecutions in United States v. Alexander Lipkin et al. Assistant United States Attorneys JULIAN J. MOORE and JOHN T. ZACH are in charge of the prosecutions in United States v. Maurice McDowall, et al.

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