



*United States Attorney
Southern District of New York*

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**ATTORNEY EMPLOYED BY NEW YORK CITY CORPORATION COUNSEL
ARRESTED FOR MORTGAGE AND REAL ESTATE FRAUD AND FORGERY
OF A BANKRUPTCY JUDGE'S SIGNATURE**

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, and JOSEPH M. DEMAREST, JR., the Assistant Director-in-Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), announced today the arrest of HUGH ZUBER -- a lawyer employed by the Office of the Corporation Counsel for the City of New York -- for fraud, including mortgage fraud, in connection with the purchase and sale of two buildings, and for forging the signature of a bankruptcy judge on a false bankruptcy court order concerning one of the purchases.

According to the criminal Complaint unsealed today in Manhattan federal court:

In April 2006, a property owner in the Bronx retained ZUBER to represent him in the sale of a building. ZUBER arranged the sale of the property to Alana Property Management LLC for \$950,000 -- but did not disclose to his client that he had created Alana Property, and that his sister managed the company. At ZUBER's urging, his client agreed to sell the property to Alana Property for \$400,000 in cash and a \$550,000 ten-year note, purportedly secured by a mortgage, that ZUBER's client issued directly to Alana. Alana Property then financed the February 2007 purchase of the property in part via a \$705,000 mortgage which it obtained based on a loan application that omitted material facts regarding the transaction. Alana Property diverted a portion of those loan proceeds for its own, unrelated purposes, and provided only approximately \$400,000 to ZUBER's client. After the closing, ZUBER made payments for some months

on both the mortgage and the note. When ZUBER and Alana Property failed to make payments additional on the note, ZUBER, among other things, presented to the client documents relating to a lawsuit he had purportedly filed against Alana Property in New York State court, and a May 2008 "Order Confirming Plan" that had purportedly been issued in bankruptcy proceedings involving Alana Property. There were in fact no such proceedings in New York State or federal bankruptcy court.

In 2006, ZUBER represented a Spring Valley, New York, property owner in the sale of a house to an individual for \$625,000. ZUBER did not disclose to his client that he had a business relationship with the purchaser. At ZUBER's urging, his client agreed to sell the property to the purchaser for \$425,000 in cash and a \$200,000 ten-year note, purportedly secured by a mortgage, that ZUBER's client issued directly to the purchaser. The purchaser then funded the transaction in part via a \$500,000 mortgage obtained via a loan application that omitted material facts regarding the transaction. Following the July 2007 closing ZUBER made payments for some months on both the mortgage and on the note. When payments on the note ceased and the seller advised the purchaser that he was in default, the purchaser denied that he had issued a mortgage to the seller. ZUBER then told his client that he had "messed up" and that he would try to make it up to the client, but failed to do so.

ZUBER, 38, of Monsey, New York, was charged with one count of conspiring to commit wire and mail fraud, and one count of forging a judicial signature. The conspiracy charge carries a maximum sentence of 20 years in prison and a fine of \$250,000 or twice the gross gain or loss from the offense. The forged judicial signature charge carries a maximum sentence of 5 years in prison and a fine of \$250,000 or twice the gross gain or loss from the offense. ZUBER is expected to be presented later today before United States Magistrate Judge THEODORE H. KATZ, in Manhattan federal court.

Mr. DASSIN praised the FBI for its outstanding work in the investigation. He also thanked the Bronx District Attorney's Office for referring the investigation to the United States Attorney's Office, and thanked the Rockland County District Attorney's Office and the New York City Department of Investigation for their assistance.

Assistant United States Attorney MARK D. LANPHER is in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.