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DISBARRED ATTORNEY SENTENCED IN FEDERAL FRAUD CASE

MICHAEL J. GARCIA, United States Attorney for the Southern District of New York, announced that HOWARD THALER, a disbarred New York attorney, was sentenced today to seven years' imprisonment, in connection with THALER's conviction last fall on multiple counts of fraud and false statements relating to his procurement of numerous bank loans through fraudulent means and his deception of individuals for whom, despite his disbarment, he acted as an attorney. The evidence at trial showed that THALER schemed to defraud banks and others of more than \$1.2 million.

In addition to the prison sentence, United States District Judge CHARLES L. BRIEANT ordered THALER to pay \$522,496.54 in restitution, and \$250,000 in fines.

THALER, age 61, of Manhattan, was disbarred in 1998 in connection with numerous acts of fraud and deceit related to real estate transactions, as well as attempts to obstruct the inquiry into his professional misconduct. The evidence at trial showed that despite the court's order disbaring THALER -- which directed, among other things, that he not practice law or hold himself out as an attorney -- he continued to practice law and to represent clients in real estate transactions.

The evidence at trial showed that THALER, using various corporate entities, bought homes in Westchester and the Bronx that were about to go into foreclosure and shortly thereafter sold or "flipped" the properties to others at a substantial profit. The purchasers, however, did not have the means to obtain the mortgage loans they needed to close on the purchases. Instead, THALER orchestrated the creation of false loan applications for them. He typically accomplished this by depositing his own funds into the purchasers' accounts to make it appear that they had sufficient assets, and then, after the lending banks had verified that the purchasers had adequate funds on deposit, transferred the monies back into his own account.

The evidence at trial showed that on one occasion, THALER, through a corporation he owned, sold a home in Yonkers to a woman for \$240,000 and also acted as her attorney at the closing without making the required disclosure that he had purchased the same home on the same day for \$160,000. On a second occasion THALER, acting as attorney for a man who was selling a home and an adjacent lot in the Bronx, had his client unknowingly deed the lot (without compensation) to a corporation THALER owned without disclosing his ownership to his client and without disclosing that he had a prior agreement to sell the lot to a third person for \$35,000. In a third instance in 2000, THALER found a vacant house in the Bronx which belonged to the estate of a man who had passed away in 1997; found a buyer to purchase the home; paid a stand-in to pose as the owner; had the stand-in sell the house to the purchaser he had found; and then pocketed the proceeds for himself, to the detriment of both the buyer and the estate of the deceased.

MR. GARCIA also announced that THALER's co-defendant SALVATORE LOBREGGIO, a former New York City Police Officer, pleaded guilty to Misprision of a Felony in connection with his attempts to cover up THALER's crimes, and was sentenced on September 29, 2005 to probation. Tape recordings introduced at THALER's trial showed that THALER had participated in the attempted procurement of a fraudulent loan for LOBREGGIO in exchange for what THALER thought would be LOBREGGIO's purported influence with judges and others to assist THALER in being readmitted to the bar. The recordings also showed that THALER and LOBREGGIO suggested to a third person that he make false statements to federal agents investigating some of the loans in the case.

MR. GARCIA also announced that charges in connection with this investigation had been brought against THALER's former law partner, WILLIAM FALOW, formerly of Scarsdale, New York, and were dismissed after FALOW died of natural causes in the fall of 2004.

MR. GARCIA thanked the Federal Bureau of Investigation, the Postal Inspection Service, and the Office of Inspector General of the United States Department of Housing and Urban Development, whose agents jointly investigated this case.

Judge BRIEANT ordered THALER to surrender on May 8th to begin serving his sentence.

Assistant United States Attorneys ELLIOTT B. JACOBSON and DAVID B. MASSEY are in charge of this prosecution.

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