



***United States Attorney  
Southern District of New York***

**FOR IMMEDIATE RELEASE  
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**PRESIDENT OF TITLE INSURANCE AGENCY ARRESTED  
FOR MISAPPROPRIATING MILLIONS OF DOLLARS**

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, JOSEPH M. DEMAREST, JR., the Assistant Director-in-Charge of the New York Field Office of the Federal Bureau of Investigation ("FBI"), and ERIC DINALLO, the Superintendent of the New York State Department of Insurance, announced that BRIAN H. MADDEN, who controlled and operated three title insurance agencies in New York and Suffolk counties, was arrested today for misappropriating millions of dollars of escrow and other client funds and embezzling a portion of those funds for his own benefit. As alleged in the Complaint unsealed today in Manhattan federal court:

MADDEN was the president and co-founder of Liberty Title Agency, LLC ("Liberty Title"), one of the largest independently-owned title insurance agents in New York State. Liberty Title issued title insurance policies on behalf of several title insurance underwriters in connection with commercial and residential real estate transactions, primarily in the northeastern United States. MADDEN also controlled and operated two other title insurance agencies: Skyline Title, LLC, and GNY Liberty Abstract, LLC. Liberty Title closed down in April 2009 after several of its agency contracts with title insurance underwriters were terminated.

Commencing around early 2008, MADDEN misappropriated escrow and other client funds from Liberty Title, Skyline Title, and GNY Liberty Abstract in order to sustain operations at Liberty Title, and to support the significant cash draws he was

taking from the company. In particular, between January 2008 and April 2009, MADDEN took approximately \$2.2 million in cash draws from Liberty Title. Those cash draws, which at times amounted to \$300,000 or more in a single month, far exceeded MADDEN's draws in prior years, and were taken despite the deterioration in the real estate market throughout 2008. To sustain Liberty Title's operations in the face of such draws, and to pay current client debts, MADDEN misappropriated escrow and client funds of other clients, essentially using new funds from clients to pay off older debts on behalf of other clients.

For example, Liberty Title provided title insurance services to a large New York City developer in connection with a closing in December 2008. Liberty Title received funds from the developer to pay approximately \$2.1 million in mortgage real estate taxes for the transaction and to record the transaction. However, Liberty Title did not use these funds for their intended purpose. In February 2009, when Liberty Title issued a check for approximately \$2.1 million on the transaction, it lacked sufficient funds to cover the check, even after moving funds from another account. Therefore, Liberty Title used escrow funds misappropriated from another of its clients, as well as escrow funds entrusted to GNY Liberty Abstract, to pay a portion of the tax due on the transaction. It was also later discovered that Liberty Title had failed to timely record dozens of real estate transactions, despite having already received payments to record such transactions. Many of these recording files were kept in MADDEN's office away from where Liberty Title typically kept such files.

MADDEN, 55, of Greenlawn, New York, is charged with one count of insurance fraud and one count of wire fraud. The insurance fraud count carries a maximum sentence of 10 years in prison and a maximum fine of the greater of \$250,000 or twice the gross pecuniary gain or loss from the offense. The wire fraud count carries a maximum sentence of twenty years in prison and a maximum fine of \$1 million or twice the gross pecuniary gain or loss from the offense. MADDEN is expected to be presented later today before United States Magistrate Judge GABRIEL W. GORENSTEIN, in Manhattan federal court.

Mr. DASSIN praised the investigative work of the FBI and the New York State Department of Insurance.

Assistant United States Attorney AVI WEITZMAN 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.