



*United States Attorney
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**ATTORNEY SENTENCED IN MANHATTAN FEDERAL COURT TO
20 MONTHS IN PRISON FOR DECEIVING CLIENTS IN
REAL ESTATE DEALS**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that HUGH ZUBER -- a lawyer formerly employed by the Office of the Corporation Counsel for the City of New York -- was sentenced today in Manhattan Federal court to 20 months in prison for defrauding two former clients whom ZUBER had represented in a personal capacity in connection with their sale of real estate. ZUBER previously pleaded guilty to two counts of mail fraud in December 2009. The sentence was imposed by United States District Judge RICHARD M. BERMAN.

According to the Information to which ZUBER pleaded guilty, other documents filed in this case, and statements made during the guilty plea and sentencing proceedings:

In April 2006, a property owner retained ZUBER to represent him in the sale of a building located in the Bronx. ZUBER arranged the sale of the property to Alana Property Management LLC for \$950,000 -- but did not disclose to the client that ZUBER's 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. ZUBER himself also received approximately \$55,000 in fees in connection with the deal.

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 took a number of steps to further defraud his client, including, among

other things, presenting 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 through 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.

In addition to the prison term, Judge BERMAN also sentenced ZUBER to three years of supervised release and ordered ZUBER to pay \$384,001 in restitution to his victims, and to forfeit \$301,250 which constitutes the proceeds of his offenses.

"Licensed attorneys like Hugh Zuber who abuse their positions of trust and trick their clients will be held to account for their actions," said United States Attorney PREET BHARARA. "I am grateful for the hard work of the Federal Bureau of Investigation in this case, and for the assistance of the Bronx District Attorney's Office, the Rockland County District Attorney's Office, and the New York City Department of Investigation"

Mr. BHARARA praised the Federal Bureau of Investigation for its outstanding work. 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.

The case is being prosecuted by the Office's Complex Frauds Unit. Assistant United States Attorney MARK LANPHER is in charge of this prosecution.