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**LEADER OF FORECLOSURE RESCUE SCHEME
SENTENCED TO 10 YEARS IN PRISON**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that MAURICE McDOWALL was sentenced yesterday by United States District Judge ROBERT P. PATTERSON to ten years in prison for his participation in a wide-ranging home foreclosure rescue scheme, which defrauded homeowners who were facing foreclosure and banks and other lenders who made mortgage and home equity loans. According to the Indictment to which McDOWALL pleaded guilty in June 2008, other documents filed in this and related cases, and statements made in Manhattan federal court:

From November 2003 through April 2005, McDOWALL engaged in a fraud scheme targeting homeowners whose homes, primarily in Brooklyn and Bronx, were in foreclosure or facing foreclosure, by offering them a plan to "save" their homes. The plan included the refinancing of the homeowners' debt with new, larger mortgages. Because the distressed homeowners typically had poor credit and were not eligible to refinance their debt at favorable terms, the defendants induced them to "sell" their homes to third parties, or "straw buyers," who would apply for loans to be used to "save" the home. The defendants promised that once the straw buyer obtained the mortgage, the proceeds would be used to pay off the homeowners' old debt and make one year's worth of payments on the new loans. The homeowners were told that, during that year, they could continue to live in their homes and work on improving their finances and credit. Finally, the defendants explained to the homeowners that, at the end of the year, the title to their homes would be returned to them by the straw buyers, with their credit repaired and their homes saved. There were also cases in which the defendants did not explain to homeowners that the plan to "save" their home required them to deed their house to a third party and did not obtain permission to deed the homes to others. In such cases, the defendants effectively stole the property of the homeowners by forging the homeowners' signatures on various documents that transferred the

homes to straw buyers without the homeowners' knowledge.

In furtherance of the scheme, McDOWALL submitted loan applications to various banks and lending institutions on the straw buyer's behalf. In submitting these applications, the defendants regularly used documents containing false or misleading information, including information concerning the straw buyer's income, assets, and existing debt, to improve the straw buyer's credit-worthiness. In addition to false statements concerning the straw buyers' financial profile, the defendants misrepresented to lenders that the straw buyers intended to reside in the property that would secure each mortgage or loan, when, in fact, the properties were already occupied by the distressed homeowners.

McDOWALL, who directed the daily operations of the scheme, obtained more than eighty home mortgages and/or equity loans valued at over \$20 million. In some instances, the defendants failed to make even one payment on the loans, causing the loans to default immediately; in nearly every other case, they eventually failed to make the payments and defaulted on the loans, thereby "cashing out" on the properties. As a result, the distressed homeowners lost the titles to their homes and faced eviction, the straw buyers owed the lenders hundreds of thousands of dollars that they were unable to repay, and the lenders suffered losses from the defaulted loans.

The defendants' profit consisted of the difference between the value of the new and old loans; they also earned at least \$1.4 million in fees.

McDOWALL, 50, was sentenced to 120 months in prison and three years of supervised release, with 100 hours of community service to be performed in the first year after release. In addition, Judge PATTERSON ordered McDOWALL to forfeit \$2.5 million and indicated that restitution would be determined at a later date.

Of the five other defendants charged in United States v. Maurice McDowall, et al.: ALEKSANDER LIPKIN, MARINA DUBIN, and KERRI CLARKE have pleaded guilty and await sentencing; and ANDREA MOORE and MICHAEL IRVING await trial, which is scheduled for October 20, 2008, before Judge PATTERSON. As to the defendants awaiting trial, the charges are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

Mr. GARCIA praised the work of the Federal Bureau of Investigation, New York City Police Department, and U.S.

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 KATHERINE R. GOLDSTEIN and JONATHAN B. NEW are in charge of the prosecution.

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