



U.S. Department of Justice

United States Attorney

Eastern District of Pennsylvania

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*615 Chestnut Street  
Suite 1250  
Philadelphia, Pennsylvania 19106-4476  
(215) 861-8200*

FOR IMMEDIATE RELEASE

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## **HUSBAND AND WIFE CONVICTED IN FORECLOSURE RESCUE AND MORTGAGE FRAUD SCHEME**

Scam involved lawyers, mortgage brokers and more than \$14.6 million in property

PHILADELPHIA – Edward G. And Jacqueline McCusker, both 47, of New Hope, PA, were convicted today in connection with a \$14.6 million mortgage fraud scheme that resulted in at least 35 fraudulent mortgage loans, announced United States Attorney Zane David Memeger. The couple was convicted of conspiracy to commit mail and wire fraud, conspiracy to commit money laundering, six counts of wire fraud and three counts of mail fraud. Edward McCusker was also convicted of an additional count of mail fraud. The McCuskers operated Axxium Mortgage, Inc., along with co-defendant John Bariana who pleaded guilty and is awaiting sentencing. Co-defendants Jeffrey A. Bennett and Stephen G. Doherty, owners of the Doylestown law firm Bennett & Doherty, P.C., also pleaded guilty and are awaiting sentencing.

The defendants targeted financially distressed homeowners facing foreclosure, falsely promised them help in saving their homes, engaged in real estate transactions with straw purchasers, and obtained dozens of fraudulent mortgages. The defendants took whatever equity the homeowner had left, funneled it through shell corporations they controlled, used some of it to pay the new mortgages, and put the rest of the equity into their own bank accounts.

The defendants promised financially distressed homeowners that they would find an “investor” who would help them save their home. The defendants would then arrange for a straw purchaser to obtain a fraudulent mortgage and then transfer of the title of the homeowner’s residence to the straw purchaser. The McCuskers, along with Bariana, obtained the fraudulent mortgages by submitting false documents to mortgage lenders and making false claims about the purchasers’ finances. The defendants also concealed from the lender the fact that the homeowner was going to continue to reside in the home and that the mortgage payments were going to continue to be made, in part, by the distressed homeowner and funneled through the straw purchaser. Bariana and Jacqueline McCusker each acted as straw purchasers for ten homes. The defendants also recruited at least seven other persons to act as straw owners in order to obtain additional fraudulent mortgages.

Doherty solicited and referred distressed homeowners to Edward McCusker, and used fraudulent bankruptcy filings for some of the distressed homeowners to delay foreclosure until McCusker had obtained an investor and a mortgage. Bennett handled the closings for the real

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estate transfers, manipulating the information provided to the lender in order to hide the nature of the scheme until after the loan was funded.

U.S. District Court Judge Mary McLaughlin has not yet scheduled sentencing. The McCuskers are facing maximum sentences of 240 years in prison, fines of up to \$3.25 million, possible forfeiture of the proceeds of the fraudulent scheme which is alleged to be approximately \$14.6 million, up to three years supervised release, and a special assessment.

This case was investigated by the Federal Bureau of Investigation and the Pennsylvania Department of Banking. It is being prosecuted by Assistant United States Attorney Nancy Rue.

**UNITED STATES ATTORNEY'S OFFICE  
EASTERN DISTRICT, PENNSYLVANIA  
Suite 1250, 615 Chestnut Street  
Philadelphia, PA 19106**

**Contact: PATTY HARTMAN  
Media Contact  
215-861-8525**