

Department of Justice

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Western District of New York

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FORMER HOMEFRONT HOUSING COUNSELOR PLEADS GUILTY TO DEFRAUDING CLIENTS

BUFFALO, N.Y.– U.S. Attorney William J. Hochul, Jr. announced today that Lori J. Macakanja, 35, of Dunkirk, New York, pleaded guilty to mail fraud and theft of government money before U.S. District Court Judge Richard J. Arcara. The charges carry a maximum penalty of 20 years in prison, a fine of \$ 250,000, or both.

Assistant U.S. Attorney Trini E. Ross, who is handling the case, stated that Macakanja, in her capacity as a housing counselor employed by HomeFront, Inc., inappropriately requested money from clients. The defendant told HomeFront clients that the money would be used toward loan modifications to prevent foreclosure on their homes. However, after receiving the funds, Macakanja used the money for her own personal use, including gambling, and failed to obtain the loan modifications for the victims. A total of 136 HomeFront clients were defrauded with losses totaling \$300,000. In addition, Macakanja also obtained federal grant monies from the Buffalo Urban Renewal Agency (BURA) for HomeFront clients. On two occasions, she diverted \$2,000 worth of BURA money to pay her own personal mortgage.

"For many, owning a home is the American dream," said U.S. Attorney Hochul. "The victims in this case turned to the defendant for help in holding on to that dream. The defendant took advantage of her clients' trust, and gambled away her victims' hard earned money. This Office will vigorously prosecute anyone who takes advantage of our most vulnerable citizens."

Christy L. Romero, Acting Special Inspector General for the Troubled Asset Relief Program (SIGTARP), said, "Sadly, this plea again demonstrates how a person who is in a position of trust, a housing counselor, can and will abuse that trust by preying upon the most vulnerable victims of the housing crisis -- homeowners who could not pay their mortgage. SIGTARP and its law enforcement partners will tenaciously pursue criminal charges against those who steal from homeowners by taking advantage of TARP's Home Affordable Modification Program (HAMP) and other legitimate government programs."

SIGTARP investigates fraud, waste, and abuse related to HAMP and all other TARP-funded programs. HAMP encourages loan servicers and investors to modify mortgages to reduce the monthly payments of homeowners who are risk of default. There is no fee to homeowners to apply for a modification under HAMP.

The plea is the result of an investigation by the Mortgage Fraud Task Force of WNY which includes agents and personnel from the U.S. Postal Inspection Service under the direction of Inspector in Charge Robert Bethel; the Housing and Urban Development Office of Inspector General under the direction of Acting Special Agent in Charge Steven Perez; SIGTARP, under the direction of Special Agent in Charge John Feiter; the United States Secret Service under the direction of Special Agent in Charge Tracy Gast; the Federal Bureau of Investigation under the direction of Special Agent in Charge Christopher M. Piehota; and the Internal Revenue Service under the direction of Special Agent in Charge Charles R. Pine. The Mortgage Fraud Task Force of WNY is led by the U.S. Attorney's Office and also includes Veterans Affairs Office of Inspector General and the U.S. Bankruptcy Trustee.

Sentencing is scheduled for February 2, 2012 at 12:30 p.m. before Judge Arcara.