

DEPARTMENT OF JUSTICE



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CLEARWATER PROPERTY MANAGER SENTENCED FOR EQUITY SKIMMING AND BANKRUPTCY FRAUD

Tampa, Florida – U.S. District Judge James D. Whittemore has sentenced Michael Rubino (59, Clearwater) to 13 months in federal prison for bankruptcy fraud and equity skimming. Rubino had pleaded guilty on January 31, 2018.

According to court documents, Rubino devised a scheme to defraud mortgage lenders that were holding recorded mortgage notes, as well as the Federal National Mortgage Association (“Fannie Mae”) and the Federal Housing Agency (“FHA”), which guaranteed the mortgage notes. In furtherance of his scheme, Rubino searched Pinellas County Clerk of Court records to find properties in various stages of foreclosure. He then contacted distressed homeowners who had already defaulted on their mortgages and had vacated their properties. Rubino offered to take control of, manage, and rent the properties to new tenants. Rubino told the homeowners that he would use the rental income he obtained to pay the mortgages and, in some instances, pay the homeowner a portion of the rent he collected. At no time did

Rubino hold any legal or equitable interest in these properties, or have authorization from the mortgage lenders, Fannie Mae, or FHA, to rent out the properties. Further, he failed to remit any of the collected rent monies to FHA, as required by law.

Additionally, in order to prevent Fannie Mae and the mortgage lenders from lawfully foreclosing on properties secured by mortgage notes, Rubino engaged in a bankruptcy fraud scheme whereby he filed fraudulent bankruptcy petitions in the names of the distressed homeowners, without their knowledge or consent, just prior to the scheduled foreclosure sale. These fraudulent bankruptcies triggered the automatic stay provision of the bankruptcy code, preventing the mortgage note holders from conducting the foreclosure sale. The fraudulent bankruptcy petitions filed by Rubino allowed him to continue to collect rent monies to which he was not entitled.

This case was investigated by the U.S. Department of Housing and Urban Development - Office of Inspector and the Federal Housing Finance Agency - Office of Inspector General. The Office of the U.S. Trustee for the Middle District of Florida also provided substantial assistance. It was prosecuted by Special Assistant United States Attorney Chris Poor.