



U.S. Department of Justice

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*Acting United States Attorney*  
*Eastern District of New York*

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**FOR IMMEDIATE RELEASE**

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**PRESS RELEASE**

**UNITED STATES FILES CIVIL FRAUD SUIT AGAINST THREE INDIVIDUALS AND  
MULTIPLE REAL ESTATE COMPANIES ALLEGING MORTGAGE FRAUD  
SCHEME**

***Defendants Allegedly Engaged in a Scheme to Purchase Real Estate at Fraudulently  
Depressed Short Sale Prices Resulting in Millions of Dollars in False Claims Submitted to  
HUD's FHA Mortgage Insurance Program***

The United States has filed a civil complaint in federal court in Brooklyn seeking damages and penalties against three individuals and multiple companies alleged to have engaged in a wide-ranging mortgage fraud scheme to defraud the government. The complaint, unsealed this afternoon by United States District Judge Margo K. Brodie, alleges that Iskyo Aronov, Ron Borovinsky, Michael Konstantinovskiy, and companies that they owned or controlled, engaged in fraudulent short sales of residential properties insured by the Federal Housing Administration (FHA) of the United States Department of Housing and Urban Development (HUD). The suit is brought pursuant to the False Claims Act (FCA) and the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

Seth D. DuCharme, Acting United States Attorney for the Eastern District of New York, Christina Scaringi, Special Agent-in-Charge, U.S. Department of Housing and Urban Development, Office of the Inspector General, Northeast Region (HUD-OIG), and Robert Manchak, Special Agent-in-Charge, Federal Housing Finance Agency, Office of Inspector General, Northeast Region (FHFA-OIG), announced the filing.

Pursuant to HUD's Pre-Foreclosure Sale Program, qualifying homeowners with defaulted, FHA-insured mortgages may sell their properties in a "short sale" for less than the balance of the mortgage if the sale is for the fair market value of the property. If a homeowner obtains approval for a short sale, the lender releases the mortgage after the short sale and submits an FHA insurance claim to HUD to cover the outstanding mortgage balance net of the short sale proceeds, plus approved costs and interest. HUD, in turn, pays the lender's claim from federal funds.

Aronov was the founder, Chief Executive Officer and President of defendants My Ideal Property Inc., My Ideal Property Group LLC and MIP Management Inc., and also controlled other affiliated corporate entities that he allegedly established to help him fraudulently acquire residential properties. Borovinsky identified himself as a co-founder with Aronov of My Ideal Property. Konstantinovskiy worked as an agent for My Ideal Property where he allegedly conspired with others to fraudulently obtain properties.

As alleged in the complaint, from at least 2013 through 2016, the defendants defrauded HUD by manipulating the short sale process to acquire residential properties from numerous distressed homeowners for below-fair market value prices in non-arm's-length transactions. The individual defendants used various corporate entities in furtherance of the fraudulent scheme. In the process, defendants made a host of material misrepresentations in critical transaction documents. As a result, defendants not only acquired the properties for below-fair market value prices, but obtained broker fees in the transactions and induced lenders to release the FHA-insured mortgages at a loss. In turn, HUD paid the lenders' claims for FHA insurance from federal funds. These payments by HUD were artificially inflated as a result of the defendants' fraudulent conduct.

"As alleged, these defendants fraudulently obtained homes at depressed prices at the expense of a taxpayer-funded program designed to assist borrowers seeking the American Dream of home ownership," stated Acting U.S. Attorney Seth DuCharme. "This Office is committed to protecting the integrity of the FHA insurance program from those who try to enrich themselves through predatory mortgage fraud schemes."

"The defendants allegedly engaged in a scheme of wholesale deception when they provided false, misleading, and incomplete information to lending institutions, homeowners, and the Federal Housing Administration (FHA) causing millions of dollars in damages to the FHA, which typically results in higher premiums being charged to future first-time homeowners. In addition, the artificial devaluation of residential properties will slow the recovery of market values at a time of economic challenge when affordable housing is at a premium," stated HUD-OIG Special Agent-in-Charge Scaringi.

"The Federal Housing Finance Agency, Office of Inspector General (FHFA-OIG) is committed to holding accountable those who waste, steal, or abuse the resources of the Government-Sponsored Enterprises regulated by FHFA. We are proud to have partnered with the U.S. Attorney's Office for the Eastern District of New York in this case," stated FHFA-OIG Special Agent-in-Charge Manchak.

The government's complaint intervenes in a lawsuit originally brought by under the *qui tam* provisions of the FCA. Under the FCA, private citizens with knowledge of fraud against the government can bring a lawsuit on behalf of the United States and share in the recovery. The act also permits the government to intervene in such actions, as the government has done in this case. The government's case is being handled by Assistant United States Attorney Michael J. Castiglione, with assistance from Affirmative Civil Enforcement Auditor Michael Gambrell.

**The Defendants:**

ISKYO ARONOV (also known as “Isaac Aronov”)  
Middle Village, New York

RON BOROVINSKY  
Hollis Hills, New York

MICHAEL KONSTANTIOVSKI  
Roslyn Heights, New York

175 Vernon Ave Inc.

308 LINDE ST. LLC

725 MANAGEMENT LLC

1021 B HOLDINGS LLC

1083 LAFAYETTE AVE. LLC

1178 GATES AVE. INC.

2320 BAEUMONT AVE UNIT 3D LLC

1S8C HOLDINGS LLC

AG2 EQUITIES, INC.

ARBIE MANAGEMENT INC.

BEDSTUY GROUP LLC

BERT HOLDINGS LLC

BNE MANAGEMENT LLC

ETUY EQUITIES LLC

IA INVESTORS LLC

IJ DEVELOPMENT LLC

LL FUND INC.

LL ORGANIZATION INC.

MI 1 HOLDINGS LLC

MIP MANAGEMENT INC.

MY IDEAL PROPERTY GROUP LLC

MY IDEAL PROPERTY ROCKAWAY BLVD. LLC

NATIONAL HOMEOWNERS ASSISTANCE INC.

PHASE 2 DEVELOPMENT LLC

PIMEQUITIES INC.

SETTLE NY CORP

ZOR EQUITIES LLC

ZT EQUITIES LLC

E.D.N.Y. Docket No. 16-CV-4853 (MKB)