

*United States Attorney
District of Connecticut*

www.justice.gov/usao/ct

FOR IMMEDIATE RELEASE

July 11, 2012

CONTACT:

Tom Carson

Public Information Office

(203) 821-3722

(203) 996-1393 (cell)

**WATERBURY ATTORNEY ADMITS
PARTICIPATING IN \$10 MILLION MORTGAGE FRAUD SCHEME**

David B. Fein, United States Attorney for the District of Connecticut, today announced that JEFFREY WEISMAN, 43, of New Haven, waived his right to indictment and pleaded guilty yesterday before United States District Judge Janet C. Hall in Bridgeport to one count of conspiracy to commit mail fraud, wire fraud and bank fraud. The charge stems from WEISMAN's role as a closing attorney in a multimillion dollar mortgage fraud scheme in New Haven.

According to court documents and statements made in court, between approximately 2006 and 2008, WEISMAN, who had offices in Waterbury, along with Ronald E. Hutchison, Menachem Levitin and others conspired to defraud mortgage lenders and financial institutions by obtaining millions of dollars in fraudulent mortgages for the purchase of dozens of multi-family properties in New Haven. As part of the scheme, sellers of the properties agreed to accept sale prices that were significantly lower than the contract prices. The lower prices were not disclosed to lenders from which the buyers obtained financing to purchase the properties, and scheme participants submitted to mortgage lenders false HUD-1 forms that often did not match another, undisclosed HUD-1 form that was actually used to disburse the fraudulently obtained proceeds at the closing. As a result of the submission of the false HUD-1 forms and other false documentation in support of the loans, including falsified monthly rental income and fictitious leases, the mortgage lenders would issue mortgages based on the inflated sales price.

Scheme participants used the fraudulently obtained mortgage proceeds to pay themselves and others.

In most of the fraudulent transactions, the buyers did not make any deposits or down payments for the properties they purchased. Rather, the co-conspirators used some of the fraudulently obtained mortgage proceeds to cover the down payments and deposits. In addition, at or shortly after a closing, a borrower would often receive several thousand dollars, although this payment was not disclosed to the lender.

WEISMAN acted as a closing attorney in approximately 35 fraudulent transactions in connection with 26 properties. In connection with many of these closings, WEISMAN prepared false HUD-1 forms that were submitted to lenders. In some of these transactions, while the

HUD-1 form that WEISMAN sent to the lender indicated that the borrower brought funds to the closing, WEISMAN actually distributed funds to the borrower at the closing.

In total, more than \$10 million in fraudulent mortgages on more than 40 properties were obtained during the conspiracy. Many of the houses purchased during the scheme went into default and have been foreclosed upon, causing losses of more than \$7 million to lenders.

Judge Hall has scheduled sentencing for October 2, 2012, at which time WEISMAN faces a maximum term of imprisonment of 30 years and a maximum fine of approximately \$20 million. As part of his plea agreement, WEISMAN agreed to pay at least \$4 million in restitution.

This case is being investigated by the Federal Bureau of Investigation, the United States Postal Inspection Service, the U.S. Department of Housing and Urban Development – Office of Inspector General, and the Federal Housing Finance Agency – Office of Inspector General. The criminal case is being prosecuted by Assistant United States Attorney David T. Huang, and the parallel civil forfeiture cases are being handled by Assistant United States Attorney Julie G. Turbert.

In July 2009, the U.S. Attorney's Office and the Federal Bureau of Investigation announced the formation of the Connecticut Mortgage Fraud Task Force to investigate and prosecute mortgage fraud cases and related financial crimes occurring in Connecticut. Citizens are encouraged to report any suspected mortgage fraud activity by calling 203-333-3512 and requesting the Connecticut Mortgage Fraud Task Force, or by sending an email to ctmortgagefraud@ic.fbi.gov.

The Connecticut Mortgage Fraud Task Force includes representatives from the U.S. Attorney's Office; Federal Bureau of Investigation; Internal Revenue Service – Criminal Investigation; U.S. Postal Inspection Service; U.S. Department of Housing and Urban Development, Office of Inspector General; Federal Deposit Insurance Corporation, Office of Inspector General, and State of Connecticut Department of Banking.

This case was brought in coordination with the President's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

To report financial fraud crimes, and to learn more about the President's Financial Fraud Enforcement Task Force, please visit www.stopfraud.gov.

###