# U.S. ATTORNEY'S OFFICE FOR THE SOUTHERN DISTRICT OF NEW YORK'S WHITE COLLAR CRIME PROSECUTIONS (SELECTED RECENT CASES)

## Insider Trading

**U.S. v. Hafiz Naseem and Ajaz Rahim**

On May 3, 2007, Hafiz Muhammad Zubair Naseem, an investment banker in the Global Energy Group at Credit Suisse, was arrested for trading on tips about nine pending mergers and acquisitions. Naseem provided the information that he learned working at Credit Suisse to his associate Ajaz Rahim, the Country Head of Investment Banking at Pakistan-based Faysal Bank, in advance of a public announcement. Naseem and Rahim executed dozens of securities transactions on the inside information, and the scheme earned a total profit of over $7.8 million. On February 4, 2008, Naseem was found guilty by a Manhattan jury of 29 counts of insider trading. On May 30, 2008, Naseem was sentenced to a term of imprisonment of 10 years. A warrant for Rahim's arrest is outstanding. *[Press releases issued: May 3, 2007; May 29, 2007; February 4, 2008; May 30, 2008]*

**UBS - Morgan Stanley Case**

On March 1, 2007, the U.S. Attorney's Office announced the dismantling of two massive, overlapping insider trading and related bribery schemes that netted over $18 million in illegal profits and involved Wall Street professionals at major investment banks and brokerage firms, including UBS and Morgan Stanley. All 13 charged defendants have pleaded guilty.

- Mitchel Guttenberg, an institutional client manager in UBS's Equity Research Department, pleaded guilty to selling inside information regarding upcoming upgrades and downgrades in UBS analysts' securities recommendations to David Tavdy and Erik Franklin. Tavdy and Franklin in turn pleaded guilty to participating in the scheme by executing trades based on the insider information to earn in excess of $4 million each. Four others also pleaded guilty to trading on the UBS information: Mark Lenowitz, who worked with Franklin at hedge funds Chelsey Capital and Q Capital, obtained the inside information from Franklin; Ken Okada and Robert Babcock, two former registered representatives at Bear Stearns & Co., traded on the UBS inside information by observing Franklin's trading in Bear Stearns accounts; and David Glass, the operator of trading firm Jasper Capital, traded on the inside information provided by Tavdy. *[Press release issued: March 1, 2007]*

- Randi Collotta, an attorney in the global compliance division of Morgan Stanley, was charged with providing her husband, Christopher Collotta, inside information concerning planned merger and acquisition activities of various Morgan Stanley client companies. The Collottas both pleaded guilty to participating in the Morgan Stanley insider trading scheme. On October 16, 2007, Randi Collotta was sentenced to serve 60 days in prison and 4 years probation, including 6 months home confinement, and Christopher Collotta was sentenced to 3 years probation, including 6 months home confinement. The Collottas each were ordered to pay a fine of $3,000 and to forfeit $4,500 in illegal proceeds. In addition to the Collottas, Marc Jurman was charged with and pleaded guilty to trading on Morgan Stanley inside information he received from Christopher Collotta and passing it on to Robert Babcock. Babcock in turn was charged with trading on the Morgan Stanley information and passing it to Franklin and Okada. Ultimately, Babcock, Franklin and Okada pleaded guilty to trading on the Morgan Stanley inside information in addition to pleading guilty to trading on the UBS inside information (described above). Jurman was sentenced on December 10, 2007 to 2 years probation. On May 6, 2008, Okada was sentenced to 3 years probation, including 12 months of home confinement, and ordered to pay a fine of $300,000. *[Press releases issued: March 1, 2007 and May 10, 2007]*

- Samuel Childs, Jr. and Laurence McKeever, two brokers at Assent LLC, a brokerage firm that maintained the account through which Tavdy and Glass executed trades based on the UBS inside information, were charged with agreeing to conceal Tavdy's and Glass's insider trading in exchange for cash kickbacks. Glass agreed to pay a total of approximately $100,000 to Childs and $50,000 to McKeever, and ultimately paid them $30,000. On February 28, 2007, Glass pleaded guilty to conspiracy and securities fraud. On January 23, 2008, and April 10, 2008, respectively, McKeever and Childs pleaded guilty to a conspiracy charge in connection with the scheme. McKeever was sentenced on May 28, 2008 to 2 years probation and ordered to pay a $3,000 fine and to forfeit $30,000. Childs was sentenced on September 8, 2008, to 2 years probation and ordered to pay a $5,000 fine. *[Press releases issued: March 1, 2007; January 23, 2008; and April 10, 2008]*

- Paul Risoli, a registered representative at Banc of America Securities, was charged with allocating shares of IPOs and secondary offerings to Q Capital (Franklin's hedge fund) in exchange for cash kickbacks. Q Capital earned at least $160,000 in profits by selling shares from the allocations on the secondary market; Franklin paid Risoli at least $9,500 as part of the scheme. On August 2, 2007, Risoli pleaded guilty to his involvement in the kickback scheme, and on February 22, 2008, was sentenced to serve 7 months in prison. Franklin also pleaded guilty to participating in and profiting from the same kickback scheme, in addition to participating in the UBS and Morgan Stanley insider trading schemes. *[Press release issued: March 1, 2007]*

**Reebok – Adidas Merger & Businessweek Case**

The cases against the following defendants are the result of a large-scale, international investigation into highly profitable trading in call options for Reebok common stock just prior to Adidas's August 2005 acquisition of Reebok. Defendants were charged with trading ahead of the announcement of various Merrill Lynch deals, as well as on information contained in pre-publication copies of BusinessWeek; the scheme netted more than $6.7 million in illegal profits.

To date, the investigation has produced cases against 6 individuals, all of whom have pleaded guilty.

- On July 14, 2006, Stanislav Shpigelman, a former investment banking analyst with Merrill Lynch & Co., pleaded guilty to insider trading charges and admitted that he passed inside information he learned through his work in Merrill Lynch's Mergers and Acquisitions Department to others whom he knew intended to trade on that information. He provided the information – including the details of the pending Reebok-Adidas merger – in exchange for cash payments and promises of a percentage of the future profits. On January 5, 2007, Shpigelman was sentenced to 37 months in prison. *[Press releases issued: April 11, 2006; July 14, 2006; January 5, 2007]*

- On May 11, 2006, Jason Smith pleaded guilty to illegally disclosing confidential information he obtained while serving on a federal grand jury in New Jersey concerning the progress of the grand jury's investigation of accounting fraud at Bristol-Myers Squibb Company. Smith provided the information to David Pajcin and Eugene Plotkin, who then traded Bristol-Myers securities based on the information they received. Smith was sentenced to 33 months in prison and was ordered to pay a fine of $6,000. *[Press releases issued: May 11, 2006; August 11, 2006; and December 12, 2006]*

- Eugene Plotkin – a former associate in the Fixed Income Research Division at Goldman Sachs & Co. – pleaded guilty on August 28, 2007 to participating in three insider trading schemes, including the one involving the Reebok-Adidas merger. Plotkin ran a multi-faceted scheme to trade on inside information that he received from various sources, including: Shpigelman; Nickolaus Shuster and Juan Renteria, two employees of a Wisconsin printing plant who stole advance copies of BusinessWeek and provided information from the magazine's "Inside Wall Street" column; and former New Jersey federal grand juror Jason Smith. *[Press releases issued: April 11, 2006; August 28, 2007; and January 3, 2008]*

- Juan Renteria and Nickolaus Shuster – former employees of a Quad Graphics printing plant where BusinessWeek is published – were charged with stealing pre-publication copies of the magazine and providing the information from the "Inside Wall Street" column to Pajcin and Plotkin. Shuster pleaded guilty on October 23, 2006 and Renteria pleaded guilty on December 7, 2007. *[Press release issued: April 11, 2006]*

- David Pajcin, a co-conspirator of Plotkin and Shpigelman, was arrested for his involvement in the scheme on November 22, 2005, and he pleaded guilty to the charges on April 13, 2006. On January 18, 2008, Pajcin was sentenced to a term of imprisonment of time served and fined $10,000. *[Press release issued: April 11, 2006]*

**U.S. v. John Marshall, et al.**

On March 13, 2008, John Marshall, Alan Tucker, and Mark Larson, principals at a derivatives consulting and financial engineering firm based in Port Jefferson, New York, surrendered to federal authorities after they were charged with trading on inside information about the acquisition of a Manhattan-based options and stock exchange called International Securities Exchange (ISE). Marshall, a member of the board of ISE, was charged with obtaining inside information about the pending merger and providing it to his business partners, Tucker and Larson. Tucker and Larson then allegedly used that information to purchase ISE stocks and stock options ahead of the market for a net profit exceeding $1 million. The case is pending. *[Press release issued: March 13, 2008]*

**U.S. v. James Gansman and Donna Murdoch**

On May 29, 2008, former Ernst & Young partner James Gansman and investment banker Donna Murdoch were indicted for participating in a scheme to trade on inside information about seven separate, potential merger and acquisition transactions involving E&Y clients. According to the Indictment, in his capacity as a partner at E&Y, Gansman obtained confidential, non-public information about the potential transactions and passed the inside information to Murdoch, who in turn traded on the information, gaining more than $390,000 in illegal profits. The case against Gansman and Murdoch is pending. *[Press release issued: May 30, 2008]*

**U.S. v. Rubin Chen and Jennifer Wang**

On May 10, 2007, Jennifer Wang, a former financial analyst at Morgan Stanley, was arrested for providing information on three planned acquisitions of publicly traded companies to her husband Rubin Chen, a former ING hedge fund analyst, who was also arrested for insider trading. On September 5, 2007, Wang and Chen pleaded guilty to insider trading and admitted to netting over $600,000 from the scheme. Wang and Chen were each sentenced to serve 18 months in prison and ordered to forfeit $611,248 in illicit proceeds. *[Press releases issued: May 10, 2007; September 5, 2007; and December 4, 2007]*

## Options Backdating

**Monster Worldwide**

Between 1996 and 2003, several former senior executives at recruitment services giant Monster Worldwide conspired to systematically backdate stock option grants to Monster employees in an effort to fraudulently suppress Monster's compensation expenses and falsely inflate its earnings and share price. As a result, Monster's public filings with the Securities and Exchange Commission between 1997 and 2005 fraudulently understated the company's compensation expenses and inflated its earnings by over $300 million. On February 15, 2007, Myron Olesnyckyj, former General Counsel at Monster, pleaded guilty to charges of securities fraud and conspiracy in connection with the backdating scheme, and faces a total maximum penalty of 25 years in prison. On January 23, 2008, Andrew McKelvey, a former officer and director of Monster, admitted criminal conduct and, based on his failing health, entered into a deferred prosecution agreement in connection with the backdating scheme. On April 30, 2008, James Treacy, former Chief Operating Officer and President of Monster was indicted on fraud and conspiracy charges for his alleged involvement. The case against Treacy is pending. *[Press releases issued: February 15, 2007; April 30, 2008]*

**SafeNet, Inc.**

On July 25, 2007, Carole Argo, the former Chief Financial Officer of Maryland-based software information security products and services provider SafeNet, Inc., was indicted on securities fraud and conspiracy charges in connection with the backdating of millions of dollars' worth of employee stock options grants at SafeNet. Between 2000 and 2006, Argo engaged in an illegal scheme to deceive SafeNet's Board of Directors, shareholders, and auditors, as well as securities analysts, the SEC, members of the investing public and others, concerning SafeNet's systematic backdating of options grants and SafeNet's failure to record and report compensation expenses in connection with those backdated stock options grants. On October 5, 2007, Argo pleaded guilty to one count of securities fraud and admitted to backdating options grants. On January 28, 2008, Argo was sentenced to six months in prison and ordered to pay a fine of $1 million. *[Press releases issued: July 25, 2007; October 5, 2007; January 28, 2008]*

## Financial Fraud

**U.S. v. David Stockman, et al.**

On March 26, 2007, David A. Stockman, the former Chief Executive Officer and President of Collins & Aikman Corporation, was indicted on charges of conspiracy, securities fraud, bank fraud, wire fraud, and obstruction of an agency proceeding, in connection with his participation, from December 2001 through May 2005, in a scheme to conceal from investors and lenders the truth about C&A's declining operating performance and financial results. The Indictment also charged former C&A Chief Financial Officer J. Michael Stepp; former Controller David R. Cosgrove; and former Director of Purchasing Paul C. Barnaba. On March 22, 2007, former C&A Treasurer John A. Galante entered a plea of guilty to a three-count Information charging him with conspiracy, securities fraud, and bank fraud. On the same date, the former CFO of C&A's Plastics Division, Thomas Gougherty, entered a plea of guilty to a two-count Information charging him with conspiracy and securities fraud. On March 23, 2007, former president of C&A's Fabrics Division Gerald Jones entered a plea of guilty to a one-count Information charging him with obstruction of an agency proceeding. On March 26, 2007, Chris Williams, former head of C&A's commercial group, entered a guilty plea to a one-count Information charging him with conspiracy. The case against Stockman, Stepp, Cosgrove, and Barnaba is pending. *[Press release issued: March 26, 2007]*

**Refco Securities Fraud**

On February 15, 2008, Phillip R. Bennett, the former Chief Executive Officer and 50-percent owner of Refco, Inc., pleaded guilty to a $2.4 billion fraud after being charged with his role in the collapse of the former financial services company. Bennett pleaded guilty to charges of conspiracy, securities fraud, making false filings with the SEC, wire fraud, making false statements to Refco's auditors, bank fraud and money laundering. On February 20, 2008, Robert Trosten, the former CFO of Refco, pleaded guilty to charges of conspiracy, securities fraud, wire fraud, bank fraud, and money laundering. On April 17, 2008, Tone N. Grant -- one of the former owners of Refco -- was found guilty, following a jury trial, of conspiring to commit securities fraud, wire fraud, bank fraud, and money laundering. He was also convicted of substantive charges of securities fraud, wire fraud, bank fraud, and money laundering. On December 18, 2007, attorney Joseph P. Collins was indicted on charges of conspiring with former Refco executives to commit securities fraud, wire fraud, bank fraud, and money laundering; to make material misstatements to auditors; and to make false filings with the SEC. Collins was also charged with substantive counts of securities fraud, making false SEC filings, wire fraud, and bank fraud. The case against Collins is pending. *[Press releases issued: December 18, 2007; February 15, 2008; February 20, 2008; April 17, 2008]*

**Doral Financial Corporation**

On March 6, 2008, Mario S. Levis was indicted on charges stemming from a scheme to defraud investors and potential investors in the stock of Puerto Rico-based Doral Financial Corporation, which took place while he was the Treasurer and Senior Executive Vice President of Doral. The scheme, occurring between 2001 and 2005, involved the alleged fraudulent manipulation of the publicly reported value of certain core assets of Doral in order to inflate artificially the market price of Doral's common stock. An aggregate decline in shareholder value of approximately $4 billion followed the unraveling of the scheme. The case against Levis is pending. *[Press release issued: March 6, 2008]*

**Adelphia**

On May 24, 2007, the United States Court of Appeals for the Second Circuit affirmed all the convictions but one of John Rigas, the founder and former chairman of Adelphia Communications Corportation, and Timothy Rigas, Adelphia's former CFO. The defendants were convicted on July 8, 2004, after a five-month trial, of conspiracy and securities fraud offenses. According to the superseding Indictment filed in Manhattan federal court and the evidence at trial, from approximately 1999 through May 2002, John and Timothy Rigas and others defrauded Adelphia's creditors and investors by, among other things, making false and misleading statements concerning the company's purported deleveraging through a variety of securities transactions; its "off-balance-sheet" debt; Adelphia's compliance with various covenants and financial rations required under its loan agreements and the indentures related to its bonds and other debt securities; the unauthorized and unreimbursed use of Adelphia's funds and assets by the Rigas family; and the company's operating performance. The Rigas family also used billions of dollars in Adelphia's funds and assets for their own benefit. A process is in place whereby victims of the fraud may petition the Attorney General to recover a portion of their financial losses. As directed by the Court of Appeals, Judge Sand held a hearing on the re-sentencing of the defendants on May 22, 2008, and has the sentences under consideration. *[Press releases issued: April 25, 2004; September 13, 2006; February 3, 2007; April 24, 2008]*

## Hedge Funds

### Bayou Hedge Funds

On September 29, 2005, Samuel Israel, III, Chief Executive Officer of the Bayou group of hedge funds, and Daniel E. Marino, the Chief Financial Officer and Chief Operating Officer of Bayou, pleaded guilty to charges they induced investors to invest over $450 million in the collapsed funds. According to publicly filed documents and statements made in court, between 1996, when the funds were set up, and 2005, when the funds collapsed, the funds sustained consistent losses, but investors were regularly told that the funds were reaping substantial gains.
Israel and Marino, along with James G. Marquez, who ran the first Bayou fund with Israel, hatched a scheme in 1998, after the fund sustained a second year of losses. At that time, the three agreed that Marino, a CPA, would form a sham certified public accounting firm named Richmond-Fairfield Associates, to sign off on the fake financial statements that were disseminated to future and current investors. Thereafter, beginning in 1999, they sent out, among other things, annual financial statements, in which Bayou falsely asserted that Richmond-Fairfield Associates was an independent auditor that had audited Bayou and certified its financial statements. The Information to which Israel pleaded guilty contained conspiracy, investment adviser and mail fraud charges. On April 14, 2008, Israel was sentenced to 20 years in prison, as well as 3 years of supervised release to follow his incarceration. He was further ordered to forfeit certain cash, property and interests in partnerships and directed to pay $300 million in restitution to his victims. On Monday, June 9, Israel failed to surrender to begin serving his 20-year prison sentence. At the request of the U.S. Attorney's Office that same day, United States District Judge Kenneth M. Karas issued a bench warrant in White Plains federal court for Israel's arrest. The United States Marshals Service and the Federal Bureau of Investigation are actively searching for Israel. The Information to which Marino pleaded guilty contained conspiracy, investment adviser, mail and wire fraud charges. Marino was sentenced on January 29, 2008 to 20 years in prison, as well as 3 years of supervised release to follow his incarceration. He was further ordered to forfeit certain cash, property and interests in partnerships and directed to pay $300 million in restitution to his victims. Marino is serving his sentence. On December 14, 2006, James G. Marquez pleaded guilty to an Information charging him with conspiracy and he was sentenced on January 22, 2008, to 51 months in prison, to be followed by a term of 2 years of supervised release. Marquez was ordered to pay $6,259,650 in restitution. On October 20, 2006, the United States received over $100 million in funds forfeited in the Bayou hedge fund fraud. It is the intention of the U.S. Attorney’s Office to request that it be distributed pro rata to victims of the fraud in accordance with the federal asset forfeiture laws. *[Press releases issued: September 29, 2005; January 13, 2006; October 20, 2006; December 14, 2006; January 22, 2008; January 29, 2008; April 14, 2008]*

### U.S. v. John H. Whittier

On February 1, 2007, John H. Whittier, the founder, operator and manager of the Wood River Partners, L.P. and Wood River Partners Offshore, Ltd. hedge funds, was indicted on charges of carrying out a securities fraud scheme that resulted in losses of approximately $88 million. On May 30, 2007, Whittier pleaded guilty to one count of securities fraud, and one count of failing to make a filing with the SEC disclosing his beneficial interest of five percent or more in a publicly-traded security, Endwave. Whittier also pleaded guilty to one count of failing to make a filing with the SEC disclosing his beneficial interest of ten percent or more in a publicly-traded security, MediaBay. As part of the guilty plea, Whittier agreed to forfeit to the United States the sum of $5,535,571. On October 15, 2007, Whittier was sentenced to 36 months in prison. *[Press releases issued: February 1, 2007; May 30, 2007; October 15, 2007]*

## Market Manipulation

**Holston, Young, Parker & Associates**
On September 29, 2006, eleven defendants were indicted on charges of wire fraud, mail fraud, and conspiracy to commit wire and mail fraud, in a scheme that resulted in losses of more than $6.5 million to more than 200 investors. The charges arose from the defendants' work at a fraudulent foreign currency exchange firm called Holston, Young, Parker & Associates. According to the Indictment, Boris Shuster, Alexander Dzedets, and Victor Altman operated and managed Holston as a boiler room, where the employees lied to investors and prospective investors over the phone, and used high pressure sales techniques to solicit investments in Holston's purported foreign currency trading program. The defendants lied about how the funds would be used, used false names when they telephoned potential investors throughout the United States, lied about their experience in the industry, lied about the company's history and success generating profits for clients, and lied about their own client-base. All eleven defendants have pleaded guilty and several have been sentenced, including Boris Shuster and Victor Altman. *[Press releases issued: September 29, 2006; February 15, 2008]*

- Boris Shuster pleaded guilty on June 12, 2007 to one count of conspiracy to commit wire and mail fraud, 14 counts of wire fraud, and 13 counts of mail fraud. On February 15, 2008, Shuster was sentenced to 150 months in prison for leading and organizing the fraudulent foreign currency exchange scheme and was ordered to pay a fine of $10,000, to pay $6,432,297 in restitution, and forfeit to the government $7,895,462. *[Press release issued: February 15, 2008]*

- Victor Altman pleaded guilty on December 10, 2007 to one count of wire fraud, and one count of conspiracy to commit mail and wire fraud. On May 9, 2008, Altman was sentenced to 88 months in prison for his managing and participating the scheme. In addition to the term of imprisonment, Altman was ordered to pay restitution in the amount of $1,226,194.52 and to forfeit to the government 1,226,194.52. *[Press release issued: May 9, 2008]*

## Mortgage Fraud

**United States v. Maurice McDowall, et al., and United States v. Aleksander Lipkin, et al.** On June 3, 2008, Aleksander Lipkin and Maurice McDowall pleaded guilty to participating in a wide-ranging home foreclosure rescue scheme. Lipkin also pleaded guilty to participating in a separate large-scale scheme to defraud numerous subprime mortgage lenders. Of the 4 other defendants charged in the foreclosure rescue scheme, 2 have pleaded guilty and the rest await trial. Of the 26 other defendants charged in the subprime fraud scheme, 7 have pleaded guilty. The first 10 of the remaining defendants await trial scheduled for November 17, 2008; the remaining 9 defendants are scheduled for trial starting January 26, 2009. *[Press releases issued: January 4, 2007; July 10, 2007; December 4, 2007; June 3, 2008; and October 2, 2008]*

- Subprime lending scheme: From 2004 through January 2007, Lipkin operated what amounted to a boiler room for mortgages, conspiring with over two dozen other people, including mortgage brokers and processors, real estate appraisers, account executives at the lenders themselves, a real estate paralegal, a lawyer, straw buyers, and others to defraud numerous subprime banks and lending institutions by submitting false information and material omissions in loan applications, bank statements, and other documents to induce them to make loans that otherwise would not have been funded.

- Lipkin and other mortgage brokers recruited people to act as "straw buyers" in order to capitalize on a straw buyer's good credit. Loans were taken out in the name of the straw buyer, who in fact had no intention of living in the property or paying off the mortgage. The defendants obtained these loans by lying to the banks about nearly every aspect of the straw buyer's financial profile including, the straw buyer's employment, income, assets and intent to live in the property. As part of the scheme, the defendants submitted fraudulently inflated appraisals to the banks, and obtained 100 percent financing based on these inflated values, thereby "cashing out" on the properties. Numerous properties immediately went into foreclosure.

- The Indictment also contains over two dozen counts charging some of the defendants with committing mortgage fraud in the purchase of a block of ten rent-regulated condominium apartments at 243 West 98th Street, on the Upper West Side of Manhattan. Specifically, the Indictment alleges that certain defendants obtained millions of dollars in loan proceeds from sub-prime lenders by submitting loan documents containing false information and material omissions regarding the fact that the apartments were subject to New York's rent regulation laws, the borrower's intent to live in the apartment as a primary residence, the borrower's employment and income, and the fair market value of the apartments.

- The brokerages used to facilitate the fraud, including AGA Capital, together brokered more than one thousand home mortgages and home equity loans with a total face value of at least $200 million dollars, and earned a total of at least $4 million in commission fees on the loans. The loss figures are in the tens of millions of dollars.

- Foreclosure rescue scheme: McDowall and Lipkin conspired with others to induce homeowners – often vulnerable people who had recently lost a job or become ill – whose homes were in foreclosure or facing foreclosure to "save" their homes by selling them to third party straw buyers who then would refinance the debt owed on the homes at more favorable terms. The distressed homeowners were promised that, at the end of a year, the title to their homes would be returned to them, with their credit repaired and their homes saved. Dozens of desperate homeowners agreed to participate in the scheme, with the understanding that they would keep their homes. In nearly every case, however, the defendants failed to make the payments, thereby defaulting on the loans and "cashing out" on the properties. As a result, the homeowners lost the titles to their homes and faced eviction, the straw buyers owed the lenders hundreds of thousands of dollars that they were unable to repay, and the lenders suffered losses from the defaulted loans.

- McDowall, who directed the daily operations of the scheme, and Lipkin, a mortgage broker who coordinated the submission of fraudulent information to lenders on behalf of straw buyers, obtained more than eighty home mortgages and/or equity loans valued at over $20 million. The defendants' profit consisted of the difference between the value of the new and old loans; they also earned at least $1.4 million in fees.

On October 1, 2008, Maurice McDowall was sentenced to ten years in prison and ordered to forfeit $2.5 million. Lipkin awaits sentencing.