



Department of Justice

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MORTGAGE FRAUD DEFENDANTS SENTENCED TO PRISON

Two Defendants Also Engaged In Major Credit Card Fraud

Atlanta, GA - ERIC FRIEDMAN, 46, of Atlanta, Georgia, BRIANNE FRIEDMAN, 28, of Tucker, Georgia, and TIMOTHY BAUER, 51, of Braselton, Georgia were sentenced today by United States District Judge Orinda D. Evans. Last Friday, November 16, 2007, Judge Evans also sentenced co-defendant and former attorney MICHAEL HIPE, 43, of Cumming, Georgia.

“The defendants were part of a mortgage, credit card, and tax fraud scheme that caused hundreds of thousands of dollars in losses. This is yet another unfortunate example of people committing mortgage and credit card fraud to further their own selfish interests,” said United States Attorney David E. Nahmias. “For several years they fed their greed for real estate, cars, and other property by lying to lenders. They will now spend several years in federal prison.”

ERIC FRIEDMAN was sentenced to 5 years, 10 months in prison to be followed by 3 years of supervised release, and ordered to pay restitution in the amount of \$1,689,222. He pleaded guilty to conspiracy to commit mail fraud, tax evasion, credit card fraud and interstate transportation of property obtained by fraud on August 23, 2006.

MICHAEL HIPE was sentenced to 2 years, 6 months in prison to be followed by three years supervised release, and ordered to make \$289,370 in restitution. He pleaded guilty to conspiracy to commit mail fraud on September 26, 2006.

BRIANNE FRIEDMAN was sentenced to 1 year, 1 day in prison to be followed by 6 months of home confinement and then 3 years of supervised release. She was also ordered to pay restitution in the amount of \$196,058. She pleaded guilty to credit card fraud on May 31, 2007.

TIMOTHY BAUER was sentenced to 1 year of probation and ordered to pay restitution in the amount of \$545. He pleaded guilty on July 13, 2007 to submitting a

false income tax return.

According to Nahmias, the indictment, and evidence in court: Beginning in 2000, ERIC FRIEDMAN and MICHAEL HIPE became involved in a mortgage fraud scheme in order to finance "Hipe Motors," an Atlanta-based used car business in which HIPE was an investor and ERIC FRIEDMAN ran daily operations. They purchased and sold properties to finance Hipe Motors, drawing money out of each loan under false pretenses. Some of the lenders were part of the sub-prime mortgage industry. For each property the defendants obtained a loan in their own names or in the names of family or friends using false financial information and tax returns to qualify for the loans. For example, in the summer of 2000, HIPE purchased four new condominiums in the metropolitan Atlanta area. FRIEDMAN prepared loan applications, including false tax returns, which misrepresented HIPE's income as a practicing criminal defense attorney in Gwinnett County. At the real estate closings, HIPE signed the false loan applications, certifying them as accurate and true. To pull money from the closings, ERIC FRIEDMAN and HIPE misrepresented to the lenders that a portion of the loan proceeds would be used for the renovation and construction of the properties, even though the condominiums were new and did not need renovation or upgrades. FRIEDMAN and HIPE misrepresented that the construction work was to be performed by "The Fabricators, Inc.," which was a non-existent shell company. Instead, FRIEDMAN and HIPE used the moneys to finance Hipe Motors and for ERIC FRIEDMAN's personal expenses.

When HIPE was unable to obtain further financing, he introduced his mother and his mother-in-law's boyfriend who lived and worked in Massachusetts to ERIC FRIEDMAN. ERIC FRIEDMAN persuaded HIPE'S mother to act as a straw purchaser/borrower on the purchase of three condominiums in Atlanta so that he could obtain additional funds to finance Hipe Motors. ERIC FRIEDMAN prepared loan applications, including false tax returns, which misrepresented her employment and income. At two of the three real estate closings, HIPE and ERIC FRIEDMAN acted as her attorneys in fact. In June 2002, at ERIC FRIEDMAN's urging, the boyfriend purchased a high end home in Braselton, Georgia, for ERIC FRIEDMAN and his wife, BRIANNE FRIEDMAN. ERIC FRIEDMAN prepared a false loan application for him, which he signed at the closing. In 2003, ERIC FRIEDMAN financed a high end Lexus and a high end Range Rover through Chase Bank using HIPE'S mother-in-law's boyfriend's identity and credit and had the cars transported from New York to Georgia. Initially, ERIC and BRIANNE FRIEDMAN drove the cars, but later sold the cars without revealing that there were liens on them. The loss to Chase exceeded \$100,000.

In February 2004, ERIC FRIEDMAN urged the boyfriend to sell the Braselton property to straw purchaser/borrower TIMOTHY BAUER, to get more money. At that real estate closing, BAUER signed a loan application prepared by ERIC FRIEDMAN, which misrepresented BAUER's income and his intentions to reside at that address.

In 2005, at ERIC FRIEDMAN'S urging, TIMOTHY BAUER sold several properties to BRIANNE FRIEDMAN. BRIANNE FRIEDMAN signed false loan applications, prepared by ERIC FRIEDMAN, which also misrepresented her income and the purpose of the purchase of the properties. BAUER divided the sales proceeds from these three properties between himself, ERIC FRIEDMAN and BRIANNE FRIEDMAN.

The lenders have foreclosed on all seven condominiums that HIPE and his mother purchased, because ERIC FRIEDMAN, HIPE, and his mother failed to make the monthly mortgage payments. The loss to the lenders exceeded \$500,000.

Using HIPE'S mother-in-law's boy friend's identifying information, ERIC FRIEDMAN also applied for several credit cards with Bank of America, Saks and Visa. ERIC FRIEDMAN and BRIANNE FRIEDMAN, the authorized users of the cards, used the credit cards to the limits. BRIANNE FRIEDMAN, ERIC FRIEDMAN and others never paid the balance on the credit cards, which exceeded \$200,000.

Finally, between 1996 and 2002, ERIC FRIEDMAN illegally evaded paying \$659,739.14 in federal income taxes by concealing his income and assets from the Internal Revenue Service.

This case was investigated by Special Agents of the United States Secret Service and the Internal Revenue Service, Criminal Investigation.

Assistant United States Attorney David Leta prosecuted the case.

For further information please contact David E. Nahmias (pronounced NAH-me-us), United States Attorney, or Charysse L. Alexander, Executive Assistant United States Attorney, through Patrick Crosby, Public Affairs Officer, U.S. Attorney's Office, at (404) 581-6016. The Internet address for the HomePage for the U.S. Attorney's Office for the Northern District of Georgia is www.usdoj.gov/usao/gan