



# SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL  
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

**FOR IMMEDIATE RELEASE**

Friday, May 18, 2012

[www.SIGTARP.gov](http://www.SIGTARP.gov)

Media Inquiries:

202-927-8940

## OPERATOR OF NEW YORK-BASED, NATIONAL MORTGAGE MODIFICATION SCAM CONVICTED OF FRAUD

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) and United States Attorney for the Southern District of New York Preet Bharara announced today that Isaak Khafizov, a former owner of American Home Recovery (AHR), a mortgage loan modification business, was found guilty yesterday in Manhattan federal court of conspiracy, mail fraud, and wire fraud in connection with a scheme to defraud distressed homeowners and lenders. Khafizov was convicted after a ten-day jury trial presided over by U.S. District Judge George B. Daniels. He was remanded into the custody of the U.S. Marshals following his conviction.

“At the height of our nation’s financial and housing crisis, Khafizov and his conspirators defrauded homeowners desperate to save their homes,” said Christy Romero, Special Inspector General at SIGTARP. “Khafizov exploited the government’s response to the financial crisis by touting his operation’s purported affiliation with federal programs. He and his conspirators used the false comfort in those reassurances to dupe hundreds of victims out of hundreds of thousands of dollars while some victims fell into foreclosure and personal bankruptcy. Those exploiting TARP and the federal government’s response to the financial crisis will be brought to justice by SIGTARP and our partners in law enforcement.”

Manhattan U.S. Attorney Preet Bharara said: “Isaak Khafizov dangled false promises of relief to distressed homeowners who were trying to keep their homes, but instead, he repeatedly victimized them by stealing their money and forcing many of them into foreclosure. He will now face justice for the fraud that he committed against vulnerable and needy homeowners all over the country.”

According to the Superseding Indictment filed in Manhattan federal court, other court documents, and statements made during court proceedings:

In or about the spring of 2008, Isaak Khafizov, Jaime Cassuto and David Cassuto, founded American Home Recovery (AHR), a mortgage modification business that operated in Manhattan. As shown at trial, from the spring of 2008 through the summer of 2009, Khafizov used AHR to commit a systematic fraud that preyed on distressed homeowners. Khafizov and AHR’s salespeople fraudulently induced distressed homeowners all over the United States to pay AHR thousands of dollars in up-front fees, by falsely promising the homeowners that: (1) AHR could get them better interest rates and lower monthly fees, all within a short timeframe; (2) AHR would return the up-front fees if it did not succeed in getting the homeowners the mortgage modifications they desired; (3) the homeowners had been “pre-approved” for mortgage modifications by their lenders; (4) AHR was affiliated with government agencies and

programs established by the Economic Stimulus Act of 2008; (5) AHR possessed special expertise in mortgage modifications, and (6) AHR had special relationships with lenders. After receiving up-front fees from the distressed homeowners, Khafizov and AHR did little or no work to try to renegotiate the homeowners' mortgages. And on those rare occasions when Khafizov succeeded in getting a homeowner a mortgage modification, he typically did so by coaching the homeowner to lie about his or her income and assets on forms submitted to the mortgage-lender.

Because Khafizov and AHR did not do the work they had promised and because Khafizov specifically directed the distressed homeowners to stop paying their mortgages and to pay AHR its fees instead, many of AHR's clients wound up in foreclosure. All told, Khafizov and AHR defrauded hundreds of customers across the country out of hundreds of thousands of dollars in fees.

Khafizov, 25 of Queens, New York, was convicted of one count of conspiracy to commit mail and wire fraud, one count of mail fraud, and two counts of wire fraud. He faces a total maximum sentence of 80 years in prison and is due to be sentenced by Judge Daniels on September 6, 2012.

Jaime Cassuto and David Cassuto each pled guilty to multiple counts of fraud on April 2, 2012.

This case is being investigated by SIGTARP, the U.S. Attorney's Office, and the Federal Bureau of Investigation.

This case is being prosecuted by the U.S. Attorney's Office Complex Frauds Unit. Assistant U.S. Attorneys Niketh Velamoor and Nicole Friedlander are in charge of this prosecution.

This prosecution was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force. To learn more about the President's Financial Fraud Enforcement Task Force, please visit [www.stopfraud.gov](http://www.stopfraud.gov).

### **About SIGTARP**

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

To report suspected illicit activity involving TARP, dial the **SIGTARP Hotline**: 1-877-SIG-2009 (1-877-744-2009).

To receive alerts about quarterly reports, new audits, and media releases issued by SIGTARP, sign up at [www.SIGTARP.gov/press.shtml](http://www.SIGTARP.gov/press.shtml)

###