



Department of Justice



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OWNER OF FRAUDULENT MORTGAGE LOAN MODIFICATION SCHEME PLEADS GUILTY TO CONSPIRACY, MONEY LAUNDERING AND TAX CHARGES

SAN DIEGO, CA – Glenn Steven Rosofsky pleaded guilty today to a superseding information charging him with one count of conspiracy to commit wire fraud and money laundering, one count of money laundering, and one count of filing a false tax return, announced U.S. Attorney Karen P. Hewitt. The guilty pleas were tendered before United States Magistrate Judge William McCurine, Jr., subject to final acceptance by United States District Court Judge Roger T. Benitez. These criminal charges stemmed from Rosofsky's operation of a fraudulent telemarketing operation in San Marcos, California.

In his guilty plea Rosofsky admitted that in approximately April 2009, he and Michael Trap (who previously pleaded guilty) began operating a loan modification business using the names "Nations Housing Modification Center" and "Federal Housing Modification Department" (NHMC), in an effort to fraudulently sell loan modification services to homeowners who were delinquent on their monthly mortgage payments. Rosofsky admitted that he, Trap and others used false and fraudulent statements and representations to induce customers to purchase loan modification services from NHMC. Among the misrepresentations made to customers were claims that NHMC had "attorneys" and "forensic accountants" on staff to deal with the loss mitigation departments of banks on behalf of NHMC's customers, that NHMC had achieved an "extremely high success rate for homeowners that met the Nations Home Affordable Modification Program guidelines," and that NHMC was located on "Capitol Hill" in Washington, D.C. In fact, as Rosofsky admitted, NHMC did not have attorneys or forensic accountants on staff, it did not have a high success rate of modifying loans, it had no connection with the U.S. Treasury Department's "Making Home Affordable" program, and its only presence in Washington, D.C., was a rented post office box. These false claims were made in solicitation letters that were mailed throughout the country to individuals behind on their mortgage payments and encouraged struggling homeowners to call a toll-free number to purchase NHMC's loan modification services. The staff of telemarketers at NHMC's offices in San Marcos used a script provided by Rosofsky and others to make similar false and misleading statements to potential customers. Relying on such misrepresentations, over 300 homeowners paid between \$2,500 and \$3,000 to NHMC between April and July 2009, resulting in

over \$900,000 in customer funds to be transferred to NHMC's bank accounts in the Southern District of California. Rosofsky admitted that he and Trap then conducted financial transactions with the customer funds transferred to NHMC's bank accounts in order to pay expenses of the business and to compensate themselves. Rosofsky acknowledged in his plea agreement that at his sentencing he will be ordered to pay restitution to victims of the NHMC scheme.

Rosofsky also admitted that while living in San Diego in 2006, he worked at a separate mortgage brokerage business and received at least \$350,358 in checks, cash withdrawals and transfers from this business. When filing his 2006 federal income tax return in June 2007, however, Rosofsky falsely stated that he only received \$112,000 in gross receipts. Rosofsky admitted that he willfully signed this false tax return, and thereby understated his total tax due and owing for 2006 by at least \$82,853.

U.S. Attorney Hewitt stated, "Through our sustained and coordinated efforts and those of our federal, state and local partners, the Department of Justice is committed to protecting homeowners from fraudulent practices that are born of our country's financial crisis."

U.S. Attorney Hewitt praised the coordinated efforts of investigators, prosecutors, and regulators to combat the problem of loan modification fraud. The San Diego District Attorney's Office conducted a search of NHMC's offices in July 2009 and provided valuable assistance to the Internal Revenue Service, Criminal Investigation (IRS-CI), and the Office of the Special Inspector General for the Troubled Asset Relief Program (SIG-TARP), during their federal investigation of NHMC. Additionally, in September 2009, the Federal Trade Commission filed a civil suit against Rosofsky and Trap in the United States District Court for the District of Columbia, alleging that their operation of NHMC constituted unfair and deceptive trade practices.

"Those who find ways to fraudulently benefit from government programs meant to help struggling taxpayers keep their homes will be brought to justice," said Leslie P. DeMarco, Special Agent in Charge of the Los Angeles Field Office, IRS-CI. "We are pleased to work with our law enforcement partners to bring this type of scam to the courts and alert the public to be vigilant in protecting their money."

"The United States Government's response to the foreclosure crisis includes programs to support struggling homeowners by modifying their mortgages at no expense to the borrowers. By engaging in the conduct described in the charges against Rosofsky, fraudsters like Rosofsky hurt not only their direct victims, but also the credibility of the Government's relief efforts. Such conduct will not go unpunished. SIGTARP is committed to working with its law enforcement partners to bring to justice each and every criminal who seeks to profit from this national crisis," said Neil Barofsky, the Special Inspector General for the Troubled Asset Relief Program.

This case was brought in coordination with the Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive 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 working together to launch 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. The Special Inspector General for the Troubled Asset Relief Program co-chairs the task force's Rescue Fraud Working Group. For more information on the task force, visit www.StopFraud.gov.

Rosofsky will next appear in court on September 17, 2010, before United States District Court Judge Roger T. Benitez for final acceptance of the plea and sentencing.

This case is the product of an investigation by agents of the Internal Revenue Service, Criminal Investigation and the Office of the Special Inspector General - Troubled Asset Relief Program (TARP) and is being prosecuted in San Diego federal court by Assistant U.S. Attorneys Eric J. Beste and Jonathan Shapiro.

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