



SIGTARP

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

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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OPERATOR OF VIRGINIA-BASED MORTGAGE MODIFICATION SCHEME PLEADS GUILTY TO FRAUD

WASHINGTON, DC - Howard R. Shmuckler, 68, of Virginia Beach, Va., today pled guilty to running a fraudulent mortgage modification business that received substantial fees but actually modified clients' mortgages in only a few cases.

Christy Romero, Special Inspector General for the Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP); Neil H. MacBride, United States Attorney for the Eastern District of Virginia; James W. McJunkin, Assistant Director in Charge of the FBI's Washington Field Office; and Jon T. Rymer, Inspector General of the Federal Deposit Insurance Corporation (FDIC-OIG); made the announcement after the plea was accepted by United States District Judge Leonie M. Brinkema.

Shmuckler pled guilty today to six counts of wire fraud, each of which carries a maximum penalty of 20 years in prison. Sentencing has been scheduled for June 22, 2012.

"Shmuckler pled guilty today to all but guaranteeing mortgage modifications to struggling homeowners if they agreed to pay him thousands of dollars in upfront fees," said Christy Romero, Special Inspector General of SIGTARP. "After collecting fees from homeowners, Shmuckler performed little if any service in return and idly watched their homes fall into foreclosure one-by-one. Shmuckler was also quick to tout his legal credentials to clients, although at no point was he ever licensed to practice law in Virginia. This type of fraud scheme has devastating consequences for vulnerable homeowners, especially at a time when they're in need of and seeking support through federal programs such as HAMP. SIGTARP and its law enforcement partners will stop the perpetrators of these scams in their tracks and bring them to justice."

According to the statement of facts filed in court, Shmuckler owned and operated a Vienna, Va., mortgage-rescue business known as The Shmuckler Group (TSG). According to TSG's Web site, TSG had approximately 1,100 clients. Shmuckler misrepresented that TSG had a success rate of 97 percent and falsely portrayed himself as an attorney licensed in Virginia. Based on these representations made by Shmuckler or client recruiters to induce potential clients to sign up for TSG services, TSG's clients provided the company with fees ranging from \$2,500 to \$25,000 to help modify the terms of their mortgages.

Court records indicate that Shmuckler instructed clients to terminate contact with their mortgage companies and to stop making payments to their lenders. TSG never facilitated a modification of the mortgages referenced in the statement of facts.

This case was investigated by SIGTARP, the FBI's Washington Field Office, and the FDIC-OIG. Assistant United States Attorneys Timothy D. Belevetz and Uzo Asonye are prosecuting the case on behalf of the United States.

Homeowners should be wary of any guarantee that a mortgage can be modified, particularly when that guarantee is extended in exchange for an upfront fee. Advice from federally-approved housing counselors is free, as are mortgage modifications under HAMP. For more information, visit www.makinghomeaffordable.gov.

In December, SIGTARP, the Consumer Financial Protection Bureau, and the U.S. Department of the Treasury established a taskforce to combat mortgage modification scams exploiting HAMP and to raise public awareness of the scams. The taskforce subsequently issued a Consumer Fraud Alert, which offers tips on how to identify and avoid mortgage modification scams. To view the Consumer Fraud Alert tip sheet, visit www.sigtarp.gov/pdf/Consumer_Fraud_Alert.pdf

SIGTARP investigates fraud, waste, and abuse in connection with TARP. To report suspected illicit activity involving TARP, dial the SIGTARP Hotline at 1-877-744-2009.

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.

About SIGTARP

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