



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 SCAM SENTENCED TO 7½ YEARS IN FEDERAL PRISON

WASHINGTON, DC - Howard R. Shmuckler, 68, of Virginia Beach, Va., was sentenced yesterday to 90 months in prison, followed by three years of supervised release, for running a fraudulent mortgage-rescue business that received substantial fees but actually modified clients' mortgages in only a few cases. The court ordered that this sentence be served consecutive to a 75 month federal sentence Shmuckler received on April 5, 2012, in Washington, D.C., involving a counterfeit check scheme.

Christy Romero, 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 sentencing by United States District Judge Leonie M. Brinkema.

"At a time when homeowners across the nation are struggling to keep their homes, Shmuckler actively targeted the most vulnerable of them with his mortgage modification scam," said Special Inspector General Romero of SIGTARP. "Shmuckler exploited homeowners desperately seeking support through federal housing programs such as HAMP by essentially guaranteeing the homeowners mortgage modifications in exchange for an upfront fee. Shmuckler performed little if any service in return for the fees, and in many cases, the homeowners' properties fell into foreclosure. SIGTARP and its partners in law enforcement will aggressively shut down these scams and hold their perpetrators accountable for their crimes."

"Mr. Shmuckler is a cunning criminal who took advantage of distressed homeowners in desperate need of help," said U.S. Attorney MacBride. "Today's sentence should send a clear warning to other fraudsters of the heavy price they will pay for preying on vulnerable people looking for help to save their homes."

On April 10, 2012, Shmuckler pled guilty to six counts of wire fraud. According to court records, Shmuckler, a convicted felon and disbarred attorney, owned and operated a Vienna, Va., mortgage-rescue business known as The Shmuckler Group (TSG). From June 2008 through March 2009, TSG took in nearly \$2.8 million from approximately 865 clients whose mortgages were in distress and who came to Shmuckler looking for relief. Shmuckler aggressively recruited new clients and pocketed their money while pretending he was successful, was an attorney, and that the business had restructured hundreds of mortgages, stopped hundreds of foreclosures, and negotiated hundreds of short sales. In reality, TSG was able to obtain relief for approximately 4.5 percent of its clients.

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 filed with his plea agreement.

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/documents/Consumer_Fraud_Alert.pdf

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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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