



Department of Justice



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FOR IMMEDIATE RELEASE

January 15, 2013

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PRESS RELEASE

BROOKLYN REAL ESTATE DEVELOPER CHARGED IN \$2 MILLION MORTGAGE FRAUD SCHEME

Brooklyn-based real estate developer Schelton Assoumou was arrested today on charges of bank fraud and wire fraud for his participation in a multi-year mortgage fraud scheme. The defendant's initial appearance is scheduled this afternoon before United States Magistrate Judge Robert M. Levy at the U.S. Courthouse, 225 Cadman Plaza East, Brooklyn, New York.

The charges were announced by Loretta E. Lynch, United States Attorney for the Eastern District of New York; Cary Rubenstein, Special-Agent-in-Charge, United States Department of Housing and Urban Development - Office of Inspector General; George Venizelos, Assistant Director-in-Charge, Federal Bureau of Investigation, New York Field Office; and Steve Linick, Federal Housing Finance Agency - Office of Inspector General.

As detailed in the criminal complaint, between approximately June 2008 and June 2012, Assoumou purported to be a real estate developer doing business as the President of Renaissance Development, Inc. In that capacity, Assoumou sold homes in Brooklyn as investment properties. Assoumou assured the investors that he would manage the real estate properties on their behalf, including collecting rents and making mortgage payments to lenders. In fact, Assoumou made little more than token efforts to manage the properties and failed to maintain mortgage payments as promised. As a consequence, each of the loans Assoumou procured fell into default. The loss to the lenders described in the complaint was over \$2 million. As noted therein, these were not the only fraudulent transactions disclosed during the government's investigation.

As part of the scheme, Assoumou submitted fraudulent mortgage applications to the lenders. The applications contained various misrepresentations, including falsely inflated information concerning one borrower's bank balance and false claims that certain borrowers would live at the properties – a requirement for receipt of certain federally insured loans. To further the scheme, Assoumou provided to the lenders fraudulent documentation to support the false claims in the mortgage applications.

If convicted of all charges, the defendant faces a maximum sentence of 30 years in prison, restitution, and a fine of up to twice the loss inflicted by the defendant's conduct.

“As alleged in the complaint, Schelton Assoumou purported to run a real estate development business that invested in the revitalization of the Bedford-Stuyvesant neighborhood in Brooklyn. Instead, his goal was to fleece investors and lending institutions alike, using false promises and fraudulent documents to carry out his scheme. Assoumou engaged in the very type of fraud that contributed to the recent collapse of the housing market,” stated United States Attorney Lynch. “Those who engage in such conduct will be vigorously investigated and prosecuted.”

FBI Special-Agent-in-Charge Venizelos said, “The defendant allegedly deceived both mortgage lenders and borrowers to enrich himself. Profiting from dishonest business doesn't revitalize the economy, it undermines it.”

Federal Housing Finance Agency Inspector General Linick said, “The complaint alleges a scheme to defraud in which home mortgage lenders, among them Fannie Mae and Freddie Mac, lost millions of dollars as a result of Schelton Assoumou's activities. My Office is committed to prosecuting such fraud schemes to the fullest extent under law.”

This case was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency 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 who, working together, bring to bear 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 government's case is being prosecuted by Assistant United States Attorney Michael Warren.

The Defendant:

SHELTON ASSOUMOU

Age: 36

Residence: Brooklyn, NY