

*United States Attorney
District of Connecticut*

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**EAST HAVEN ATTORNEY SENTENCED TO TWO YEARS IN PRISON
FOR PARTICIPATING IN \$10 MILLION MORTGAGE FRAUD SCHEME**

David B. Fein, United States Attorney for the District of Connecticut, announced that BRADFORD J. RIEGER, 56, of Branford and formerly of Woodbridge, was sentenced today by United States District Judge Janet C. Hall in New Haven to 24 months of imprisonment, followed by five years of supervised release, for his role in a multimillion dollar mortgage fraud scheme in New Haven. RIEGER also was ordered to pay a \$10,000 fine.

According to court documents and statements made in court, between approximately 2006 and 2008, RIEGER, an attorney with offices in East Haven, along with Ronald E. Hutchison, Menachem Levitin and others, conspired to defraud mortgage lenders and financial institutions by obtaining millions of dollars in fraudulent mortgages for the purchase of dozens of multi-family properties in New Haven. As part of the scheme, sellers of the properties agreed to accept sale prices that were significantly lower than the contract prices. The lower prices were not disclosed to lenders from which the buyers obtained financing to purchase the properties, and scheme participants submitted to mortgage lenders false HUD-1 forms that often did not match another, undisclosed HUD-1 form that was actually used to disburse the fraudulently obtained proceeds at the closing. As a result of the submission of the false HUD-1 forms and other false documentation in support of the loans, including falsified monthly rental income and fictitious leases, the mortgage lenders would issue mortgages based on the inflated sales price.

Scheme participants used the fraudulently obtained mortgage proceeds to pay themselves and others.

In most of the fraudulent transactions, the buyers did not make any deposits or down payments for the properties they purchased. Rather, the co-conspirators used some of the fraudulently obtained mortgage proceeds to cover the down payments and deposits. In addition, at or shortly after a closing, a borrower would often receive several thousand dollars, although this payment was not disclosed to the lender.

RIEGER acted as a closing attorney during 19 fraudulent transactions, which have caused more than \$2.2 million in losses to lenders. In connection with many of these closings, RIEGER

prepared false HUD-1 forms that were submitted to lenders. In some of these transactions, while the HUD-1 form that RIEGER sent to the lender indicated that the borrower brought funds to the closing, RIEGER actually distributed funds to the borrower.

In total, more than \$10 million in fraudulent mortgages on more than 40 properties were obtained during the conspiracy. Many of the houses purchased during the scheme went into default and have been foreclosed upon, causing losses of more than \$7 million to lenders.

On July 12, 2012, RIEGER pleaded guilty to one count of conspiracy to commit mail fraud, wire fraud and bank fraud. Hutchison and Levitin also have pleaded guilty and await sentencing.

The amount of restitution RIEGER will be ordered to pay will be determined after further court proceedings.

This case is being investigated by the Federal Bureau of Investigation, the United States Postal Inspection Service, the U.S. Department of Housing and Urban Development – Office of Inspector General, and the Federal Housing Finance Agency – Office of Inspector General, which identified multiple Fannie Mae and Freddie Mac loans that went into foreclosure.

The criminal case is being prosecuted by Assistant United States Attorney David T. Huang and Special Assistant United States Attorney John McReynolds, and the parallel civil forfeiture cases are being handled by Assistant United States Attorney Julie G. Turbert.

To report financial fraud crimes, and to learn more about the President's Financial Fraud Enforcement Task Force, please visit www.stopfraud.gov.

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