



*United States Attorney  
Southern District of New York*



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**MANHATTAN U.S. ATTORNEY RECOVERS \$100,000  
IN CIVIL PENALTIES AND DAMAGES FROM TWO APPRAISERS  
IN MORTGAGE FRAUD SUIT**

PREET BHARARA, the United States Attorney for the Southern District of New York, and MICHAEL P. STEPHENS, Deputy Inspector General for the U.S. Department of Housing and Urban Development, Office of the Inspector General ("HUD-OIG") announced today that the United States has settled mortgage fraud claims against two appraisers pursuant to consent orders approved by U.S. District Judge P. KEVIN CASTEL. Under these consent orders, the two appraisers will pay a total of \$100,000 in penalties and damages to the United States, and will be barred from performing appraisals in sales involving federally-insured mortgage loans for several years.

Manhattan U.S. Attorney PREET BHARARA stated: "Appraisers serve as gate-keepers who ensure that mortgage loans are not based on inflated valuations. It is troubling when they disregard this important duty in order to 'hit the numbers' and help facilitate unlawful real estate transactions. I applaud the efforts of our Civil Frauds Unit and HUD-OIG for uncovering this fraud and holding these appraisers accountable."

Michael P. Stephens, Deputy Inspector General for HUD-OIG stated: "HUD-OIG is committed to ensuring the integrity of the FHA program. When an appraiser fails to do the work that they were paid to do, or fraudulently inflates the value of the home, it not only affects the homeowner, but also the community around it. This case represents an example of how we vigilantly hold appraisers accountable for the work that we count on them to do."

According to the allegations in the Complaint and the consent orders filed in Manhattan federal court:

The two appraisers who settled with the Government -- JAMES J. GOLDBERG, who did business as JJG REAL ESTATE APPRAISAL SERVICES ("GOLDBERG"), and ROBERT MICHELINE, who did business as P&M APPRAISALS ("MICHELINE") -- allegedly conspired with a group of flip sellers, including BUY A HOME, LLC and MITCHELL COHEN ("COHEN"), and a mortgage lender, CAMBRIDGE HOME CAPITAL LLC ("CAMBRIDGE"), to commit mortgage fraud in connection with the sale of residential properties in the New York area.

Specifically, GOLDBERG and MICHELINE overstated the value of 11 homes in their appraisal reports, enabling COHEN to sell the properties to inexperienced home-buyers at inflated prices, and enabling CAMBRIDGE to issue mortgage loans at inflated amounts. All nine sales for which GOLDBERG and MICHELINE provided appraisals involved loans insured by the U.S. Department of Housing & Urban Development ("HUD"), and all defaulted within months after the closing. Although GOLDBERG and MICHELINE received only a few thousand dollars for issuing their appraisals, they were critical to the fraudulent flip sale schemes, which enabled other defendants to reap hundreds of thousands of dollars in ill-gotten profits, and put the Government at risk for millions of dollars in potential losses.

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Pursuant to the consent order as to GOLDBERG, which was approved by the Court on June 27, 2011, GOLDBERG agreed to pay \$75,000 in civil penalties to the United States. GOLDBERG also agreed not to participate in any HUD program for three years, and agreed not to conduct or supervise any appraisals in connection with transactions that involve HUD-insured mortgage loans.

Pursuant to consent order as to MICHELINE, which was approved by the Court on April 29, 2011, MICHELINE agreed to pay \$15,000 in damages and \$10,000 in civil penalties to the United States. MICHELINE also agreed not to participate in any HUD program for five years.

The case is being handled by the Office's Civil Frauds Unit. Mr. BHARARA established the Civil Frauds Unit in March of 2010 to bring renewed focus and additional resources to combating financial fraud, including mortgage fraud.

The Civil Frauds Unit works in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force,

on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. 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 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.

Assistant U.S. Attorneys LI YU and CRISTINE IRVIN PHILLIPS are in charge of the case.

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