

Good morning. Attorney General Martha Coakley. Let me tell you some of the basic facts about the indictments that were returned. I will tell you that this is complicated in some respects and I'm going to try to give you the outline of the nature of the mortgage fraud scheme that is the basis of these indictments and will be happy to take questions afterwards. Let me tell you who is here with me today. Ed Bedrosian, who is my Deputy First Assistant in the Attorney General's Office, Glenn Cunha, who is the Division Chief in our Criminal Bureau. To my left is Brendan O'Shea, who is the Assistant Attorney General assigned to this case and to his left is Scott Gisetto, who is an Investigator with the Criminal Bureau.

The Attorney General's Office has announced that a Suffolk Grand Jury has returned multiple indictment against three real estate investors, two local mortgage brokers, and a former local attorney for their roles in a complex scheme involving fraudulent documents in an effort to both provide for income to themselves, by our allegations, involving in multiple layers of false documents, false appraisals, in a scheme that netted them over \$2 million over the course of over a year or more, involving at least 26 properties and multiple individuals.

Those individuals charged in this scheme are Joshua Brown from Boston Equity Investments – also known as BEI – he is charged in 78 counts of larceny over \$250 and other counts; Brian Frank, who is also a principle of Boston Equity Investments, BEI and John Sweetland, also of BEI, charged in 78 and 33 counts respectively, and other counts involved in the mortgage fraud scheme; Brian Arrington, who is a mortgage broker, charge in 24 counts of larceny over \$250 and other counts, Linda Defeo, who is a mortgage broker, larceny over \$250 and Bruce Namenson, who is a former attorney, he is charged with 18 counts of larceny over \$250, making or publicizing false or exaggerated statements, 9 counts, and false written reports by a public officer.

Let me see if I can try and describe the nature of this scheme. Joshua Brown, of Brockton, Joshua Frank, of Albany, New York, and John Sweetland, of California, are the three principle players in this scheme. They worked with, or for, an entity called Boston Equity Investments. What they did was recruit potential homebuyers or investors online or at real estate conventions in different states. BEI also advertised at Craigslist. What they did was search out, particularly areas in and around Boston, in which there is a dense market of two family and three family homes, many of which in a tough real estate market, had been on the market for at least six months or longer and by way of example the scheme worked this way: The properties would be listed for, let's say, \$500,000. They did not sell at that price. What BEI did was go to those homeowners and ask them, offered them, an option that for \$450,000 they would sell the home, they would work with the buyers to make sure that they could update the properties, etc., the options would be signed for no exchange of money, and then BEI would obtain, what we allege, in the instance, are false or exaggerated appraisals. So, an appraisal would come back for \$550,000 and I'm using this just as an example for those properties. The documents, then, showing that this property was worth this, that investors, many of whom were out of state were credit-worthy and could afford that. Meanwhile, the investors were told BEI would provide them updates, ability to refurbish, rehab, help them getting the properties

as good investments. So false promises were made, we allege in that instance. So what happened essentially at closing is that with the false appraisals, sales at those higher amounts, cash at closings, documents that were not properly either notarized or were false, on the BEI investors would essentially benefit \$50,000 to \$150,000 at each one of those closings. Meanwhile, the investors obviously had bought properties with inflated values, were not able to get the assistance from BEI and what they had been promised – to turn them into actual investments. They all defaulted on those mortgages and that scheme, in sense, a ponzi scheme of real estate, fell apart. It came to our attention in various ways, particularly through Attorney Namenson – information that came to us about Attorney Namenson's role in this – and we began what was an intense, and what you might image an extensive investigation, regarding the paper surrounding each one of these sales and mortgages that were affected in this case, and the final results after those months of work by our investigators and by the attorneys in the Criminal bureau, resulted in these indictments.

I stress that these individuals are innocent until proven guilty, they are charged in multiple counts. I would add that Massachusetts does not have specific mortgage fraud statute so they are charged under our statutes including larceny over 250, as I mentioned early, making false or exaggerated statements, attempted larceny, and the extent of the charges based upon this scheme will result, I believe, in their arraignment in courts later. Two of the individuals, I believe, are held currently are under arrest and one is still subject to a warrant. We do have photos of those individuals for you and I am happy to take questions if you have them. And if I can't answer the question I am going to ask the investigators to assist because of the nature of this scheme.