

**DAILY NEWS**

# House flipping scammers continue swindling New York homebuyers

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Would-be homeowners beware: A scam aimed at fleecing unsuspecting homebuyers is popping up at an alarming rate across the city, a Daily News probe has found.

It's called house flipping - bogus sales that inflate property values and often wipe out their victims.

The house flip is both simple and devious: Scammers buy undervalued property, sell it to cohorts or unsuspecting homebuyers at artificially inflated appraised prices and walk away with killer profits.

Owners wind up with houses worth far less than the mortgages taken out to buy them, and foreclosure often follows, leaving the victims without their money and without their home.

For the FBI's New York office, property flipping "is the No. 1 method of mortgage fraud that we are seeing," said Agent Benjamin Berry, head of the mortgage fraud unit.

During the recent housing boom, house flipping was particularly popular in Queens, Brooklyn and Long Island, Berry said.

As a result, the FBI has tripled the number of agents working mortgage fraud cases in the last year.

Experts say the boom in subprime loans spurred a rise in house flipping. As home values soared, scrutiny of loans was relaxed, and the huge price jumps made it easier to hide inflated appraisals.

**"But for the easy availability of some of these subprime products, these property-flipping scams could not have happened," said Josh Zinner, co-director of the Neighborhood Economic Development Advocacy Project, a community nonprofit.**

The schemes usually involve corrupt mortgage brokers illegally inflating the appraised values of homes. They sell them to straw buyers, who walk away from the properties, or to unsuspecting victims who wind up in foreclosure.

The deals always involve property appraisers willing to hype the value of homes - either out of greed or fear of losing business from the mortgage companies.

"The deal wouldn't work without" appraisers, said Jessica Attie, a lawyer at South Brooklyn Legal Services, which represents dozens of defrauded city homeowners.

Here are two examples:

- In April, FBI agents broke up a \$4 million house-flipping ring in Queens made up of Bangladeshi immigrants.

Conspirators recruited straw buyers to buy properties in Jamaica and Richmond Hill using false identities.

The buyers applied for credit cards to improve their credit ratings, then filled out loan applications with fraudulent employment and income information.

The ring bought and sold homes among themselves to pump up appraised values. One two-family residence on 84th Ave. in Jamaica changed hands four times in two years, rising from \$395,000 to \$745,000 before ending up in foreclosure.

- A group of 11 real estate sellers, mortgage brokers, lawyers and appraisers bought dozens of distressed properties in Brooklyn and resold them at inflated prices to unsuspecting minority homebuyers, authorities charged.

The ring deceived lenders into believing buyers had put down substantial down payments. As a result, banks issued mortgages worth more than the actual sale prices.

Ringleaders Isaac Katz and Yoel Silberstein used a front man to recruit unsuspecting buyers and peddled the deals as "investment opportunities" with no money down.

Authorities say Silberstein and Katz bought a home at 686 Cleveland St. in East New York for \$205,000 and sold it *later the same day* for \$370,000. The duped buyer defaulted on the loan.

After being sued, Katz and Silberstein agreed to pay \$1.8 million in restitution.

### **Have house they 'don't really own'**

GLEN AND Clarissa Soto got a rough lesson in the math of house flipping: The Brooklyn couple wound up with a \$485,000 mortgage on a house worth \$250,000 - and they may not even legally own it.

"The way they did everything, they were so slick about it," Clarissa Soto said.

"They made everything seem like, 'Don't worry, we'll help you with everything.' Meanwhile, they were just helping themselves."

On July 7, 2005, the couple, who have two small children, closed on 710 Monroe St. in Bedford-Stuyvesant. The home was appraised at \$525,000; the seller was East End Properties.

What they didn't know was that a year earlier, Dana Antal - a mob bookie - and his partner, Aharon Sharir, a convicted money launderer - had bought the house for \$166,400 through a company called Antal Properties.

In May 2005, Antal was indicted in Queens for operating a \$360 million bookmaking enterprise for the Bonanno crime family. He pleaded guilty.

Sharir was convicted of defrauding a bank of \$3 million in 1985, and busted in 1990 for laundering more than \$200 million for Colombian drug dealers. Antal denied wrongdoing; Sharir could not be reached.

The Sotos' mortgage broker was AGA Capital, a firm implicated in a major mortgage-fraud scam by federal prosecutors. AGA had hired JDG Appraisal Services to calculate the market value of 710 Monroe St.

The Sotos' lawyer, Jen Sinton, said JDG valued the house at \$525,000 when the true value was \$250,000. Joseph Gaeta of JDG insisted the appraisal was "by the book."

Clarissa Soto said the day after the closing, the couple went to a title company to get the deed. An agent there told them the sale looked illegal.

They later obtained a deed; it had no property address and was dated July 2005.

Antal had sold the property to East End days before the Sotos got their deed.

The Sotos moved into the Monroe St. house in August and found a basement infested with mold, a leaky roof and an unconnected boiler.

"We have a house that we don't really own," Clarissa Soto said. "We just have a mortgage."

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