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ANATOMY OF A \$2,000,000 SCAM

A PEEK INSIDE ONE OF NEW YORK'S LARGEST "LOAN MODIFICATION" SCAMS

In February 2011, the co-founders of **Homesafe America, Inc.** sued each other in Nassau County State Supreme Court. The subsequent litigation provided a behind-the-scenes look at one of New York's most prolific mortgage scammers. The **Lawyers' Committee for Civil Rights Under Law** and its pro bono counsel **Davis Polk** recently obtained the documents and are releasing them publicly for the first time today.

Among the discoveries:

- In 2010, Homesafe America grossed more than **\$2 million** by allegedly scamming vulnerable homeowners. The company's Profit & Loss Statements meticulously record its revenue and expenses. The company spends approximately forty percent of its revenue on "commissions" and another thirty percent on marketing, promotion and advertising. **There is simply no line-item in the budget for actually providing the loan modification assistance services Homesafe promised to provide its customers.**
- Both of Homesafe's owners – Scott Schreiber and Guy Samuel – admit to breaking the law. In sworn affidavits, they both acknowledge violating N.Y. Real Property Law § 265-b, which prohibits loan modification companies from accepting up-front fees. Samuel goes so far as to admit in a court filing that **"the entire operation was illegal"** and that the company **"continues to operate illegally."**
- In the summer of 2010, Guy Samuel burned through more than \$46,000 of victims' money on an alleged **ten-week junket in the Dominican Republic**. He withdrew the equivalent of \$36,000 in cash from ATMs and spent thousands more on hotels, bars, clothes, and local boutiques. Samuel's "defense" is that he went to set up a new "call center" for Homesafe – nevermind that the Dominican Republic's Spanish-speaking population wouldn't be able to communicate with Homesafe's English-speaking clientele.
- In late 2010, the company that processed Homesafe's credit card transactions shut down the scammers' accounts. Scott Schreiber admits in a sworn affidavit that they were blocked because **Samuel was making unauthorized transactions with customers' credit card numbers.**
- In December 2010, Samuel withdrew \$175,000 from a money market account Homesafe had established to supposedly pay out victims' refunds. Samuel took the money to create a rival company, called **Consumer First Corp.** Schreiber, meanwhile, renamed Homesafe as **"United Legal Solutions"** and continues the company's operations under this new name.