

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. _____
	:	DATE FILED: _____
v.	:	VIOLATIONS:
	:	18 U.S.C. §§ 1343, 1349 (wire fraud - 1
STEVEN PITCHERSKY	:	count)
	:	Notice of forfeiture

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

BACKGROUND

At all times material to this information:

1. Between September 2003 and January 2011, Nationwide Mortgage Concepts (“NMC”), which was headquartered in California, was a mortgage lender licensed in more than forty states to originate mortgages and refinance first mortgages. NMC marketed its services by direct mail to customers throughout the United States. Defendant STEVEN PITCHERSKY resided in California and ran NMC.

2. As a mortgage lender, NMC was a participant in a federal program sponsored by the United States Department of Veteran Affairs (“VA”) and Federal Housing Administration (“FHA”). Subject to the requirements of these programs, NMC was authorized to originate so-called VA and FHA mortgages.

3. Ally Financial, Inc. (“Ally”), which previously did business as GMAC Bank, is an FDIC-insured bank that is currently headquartered in Detroit, Michigan, and has a

large corporate office in Fort Washington, Pennsylvania. Ally Bank was the recipient of approximately \$16 billion in federal funds from the Troubled Asset Relief Program (“TARP”). On or about December 29, 2008, Ally Bank received approximately \$5 billion in TARP funds pursuant to the Automotive Industry Financing Program (“AIFP”). Ally Bank then received additional TARP funds: on or about May 21, 2009, Ally Bank received approximately \$7.5 billion; and on or about December 30, 2009, Ally Bank received approximately \$3.79 billion.

4. Hanover Settlement, Inc. (“Hanover”) was a title company formed in or about November 2008, by defendant STEVEN PITCHERSKY, and D.B., known to the United States Attorney, located in Hanover, Pennsylvania.

5. In or about August 2009 Ally agreed to provide NMC a warehouse line of credit. Ally’s office in Fort Washington, Pennsylvania oversaw the lending relationship with NMC.

6. “Warehouse lending” is a specialized type of lending that commercial banks and other financial institutions provide, for a fee, to entities involved in the mortgage banking business. Typically, under a warehouse lending agreement, a financial institution acting as the warehouse lender (the “warehouse lender”) provides interim financing for mortgage loans by establishing a warehouse line of credit from which a mortgage lender could borrow in order to fund mortgage loans. Under these types of agreements, the warehouse lender retains a security interest in the mortgage loan as collateral for the obligation incurred by the mortgage lender until the mortgage loan is repaid.

7. From in or about August 2009 to in or about January 2011, Ally was the warehouse lender for thousands of mortgage loans in which NMC borrowed from Ally’s

warehouse line of credit to refinance first mortgages held by other financial institutions (the “NMC refinanced mortgages”). In most cases, Ally also purchased the NMC refinanced mortgages.

8. The financial institutions whose mortgages NMC refinanced using Ally as a warehouse lender included Wells Fargo, Bank of America, as well as numerous other financial institutions (collectively the “First Mortgage Banks”). With respect to the NMC refinanced mortgages, NMC was contractually obligated to pay off the first mortgage that each borrower had with the First Mortgage Banks using NMC funds borrowed from Ally’s warehouse line of credit.

9. From in or about June 2008 to in or about January 2011, in the Eastern District of Pennsylvania, and elsewhere, defendant

STEVEN PITCHERSKY

devised and intended to devise a scheme to defraud, and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

THE SCHEME

10. In or about June 2008, defendant STEVEN PITCHERSKY submitted an application to Ally for approval to sell Ally loans that NMC originated. In this application defendant STEVEN PITCHERSKY falsely represented to Ally that NMC already had a \$10,000,000 warehouse line of credit with a company named MPL. In this application, defendant PITCHERSKY stated that the “contact person” for MPL was a man named “Rick Jay” who could be reached at a phone number ending in 5222. However, the phone number that was provided was actually PITCHERSKY’s cellular telephone number, and MPL was the name of another business entity that PITCHERSKY ran. “Rick Jay” was a fabricated name. Over the

next three years, PITCHERSKY represented to Ally multiple times that he had a warehouse lending relationship with this company, "MPL."

11. In or about June 2009, defendant STEVEN PITCHERSKY and NMC reached an agreement with Ally whereby Ally agreed to provide NMC a \$10,000,000 warehouse line of credit.

12. Between approximately August 2009 and January 2011, defendant STEVEN PITCHERSKY used NMC's warehouse line with Ally to obtain funds to refinance thousands of mortgages held by other banks for NMC customers.

13. Ally required NMC to disburse funds provided to NMC by Ally through a third-party settlement agent, commonly referred to as a title company. In or about November 2008, unbeknownst to Ally, defendant STEVEN PITCHERSKY formed a new title company, Hanover, with D.B. Throughout its relationship with NMC, Ally asked defendant PITCHERSKY multiple times whether NMC was affiliated with any title companies or closing agents. PITCHERSKY concealed from Ally his ownership of Hanover.

14. For each NMC loan financed by Ally, NMC provided Ally a copy of a document called "closing instructions" demonstrating that Hanover, who Ally believed was a third-party settlement agent, was disbursing Ally's funds for each NMC loan on the Ally warehouse line.

15. Unbeknownst to Ally, defendant STEVEN PITCHERSKY covertly instructed Hanover to forward to NMC all money it received from Ally to payoff First Mortgage Banks during the refinancing process. This subterfuge allowed defendant PITCHERSKY complete control over money NMC acquired from Ally's warehouse line. Defendant

PITCHERSKY used Ally's money for purposes other than for what it loaned for.

How the Process Was Supposed to Work: S.B.'s Refinance

16. On or about January 4, 2011, Michigan homeowner S.B. agreed to refinance his mortgage through NMC. Thereafter, NMC sent Ally a full package of materials related to S.B.'s loan. These materials included information about the borrower and the property, terms for a proposed refinanced mortgage, a form HUD-1, "closing instructions" indicating that the title company, Hanover, was to use funds advanced by Ally to pay off the first mortgage on S.B.'s property held by Bank of America, and make any other necessary disbursements.

17. Ally agreed to advance NMC funds to refinance S.B.'s loan, and on or about January 10, 2011 at 9:30 a.m., Ally sent by wire to Hanover, \$233,743.59. These funds were deducted from NMC's \$10,000,000 warehouse line.

18. Had this process worked as NMC and Ally agreed, Hanover, would have used this money to pay off S.B.'s mortgage with Bank of America and make other necessary disbursements. And then S.B. would have had a new mortgage with NMC. Subsequently, NMC would sell this mortgage back to Ally and Ally would use the funds to credit NMC's warehouse line. NMC would have made money through originating S.B.'s loan and then selling the new loan to Ally.

How NMC Actually Used the Money for S.B.'s Refinance

19. Hanover did not use the funds it received from Ally to pay off Bank of America and make other necessary disbursements as required by the closing instructions, for S.B.'s refinance. Instead, pursuant to Hanover's undisclosed agreement with defendant STEVEN PITCHERSKY, approximately 90 minutes after receiving the wire from Ally, Hanover

wired the full amount, \$233,743.59, to NMC's bank account in California.

20. NMC never used the \$233,743.59 to pay off S.B.'s mortgage with Bank of America. NMC used this money for other purposes. However, NMC sent Hanover a purported copy of a check written from MPL to Bank of America (signed by defendant STEVEN PITCHERSKY), dated January 10, 2011, that NMC represented was used to pay off S.B.'s mortgage.

21. On or about January 26, 2011, to conceal the fact that NMC had used the money Ally had allocated to pay off S.B.'s mortgage for other purposes, NMC made a monthly payment of \$1,739.90 on S.B.'s loan with Bank of America. At this point S.B. believed his loan with Bank of America had been paid off by NMC.

22. Defendant STEVEN PITCHERSKY devised this scheme so that he could use Ally money to originate more mortgages than the mortgages Ally had agreed to fund, and thus earn more fees for himself and NMC.

23. From in or about December 2010 to in or about January 2011, Ally advanced NMC approximately \$5.3 million to pay off 23 first mortgages for NMC clients. NMC failed to use these funds to pay off these mortgages and instead used the money to pay off first mortgages for other customers. At the end of January 2011 Ally discovered that defendant STEVEN PITCHERSKY and NMC had not used this money to pay off the 23 loans and ended the warehouse agreement with NMC. Defendant PITCHERSKY and NMC did not pay back the \$5.3 million it was advanced by Ally.

24. On or about September 22, 2009, in Philadelphia, Pennsylvania, in the Eastern District of Pennsylvania, and elsewhere, defendant

STEVEN PITCHERSKY

for the purpose of executing the scheme described above, and attempting to do so, caused to be transmitted by means of wire communication in interstate commerce, an email, from his email account at NMC, in California, to an Ally employee in Fort Washington, Pennsylvania, stating that NMC does not have any affiliated title companies or closing agents, when in fact, defendant STEVEN PITCHERSKY was a partial owner in Hanover, and NMC used Hanover for an overwhelming majority of the loans it refinanced.

All in violation of Title 18, United States Code, Sections 1343 and 1349.

NOTICE OF FORFEITURE

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. As a result of the violation of Title 18, United States Code, Section 1343 set forth in this information, defendant

STEVEN PITCHERSKY

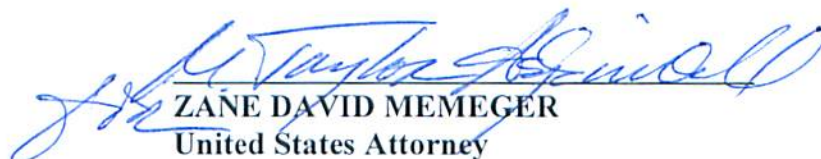
shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offenses.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 18, United States Code, Section 982(a)(3).


ZANE DAVID MEMEGER
United States Attorney

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

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INFORMATION

13-397

DESIGNATION FORM to be used by counsel to indicate the category of the case for the purpose of assignment to appropriate calendar.

Address of Plaintiff: 615 Chestnut Street, Suite 1250, Philadelphia, PA 19106-4476

Post Office: Philadelphia County: Philadelphia

City and State of Defendant: Rancho Mirage, CA, Rancho Mirage, CA

County: Rancho Mirage, CA Register number: N/A

Place of accident, incident, or transaction: Eastern District of Pennsylvania

Post Office: Philadelphia, Pa County: Philadelphia, Pa

RELATED CASE, IF ANY:

Criminal cases are deemed related when the answer to the following question is "yes".

Does this case involve a defendant or defendants alleged to have participated in the same action or transaction, or in the same series of acts or transactions, constituting an offense or offenses?

YES/NO: No

Case Number: Judge:

CRIMINAL: (Criminal Category - FOR USE BY U.S. ATTORNEY ONLY)

- 1. Antitrust
- 2. Income Tax and other Tax Prosecutions
- 3. Commercial Mail Fraud
- 4. Controlled Substances
- 5. Violations of 18 U.S.C. Chapters 95 and 96 (Sections 1951-55 and 1961-68) and Mail Fraud other than commercial
- 6. General Criminal

(U.S. ATTORNEY WILL PLEASE DESIGNATE PARTICULAR CRIME AND STATUTE CHARGED TO BE VIOLATED AND STATE ANY PREVIOUS CRIMINAL NUMBER FOR SPEEDY TRIAL ACT TRACKING PURPOSES)
18 U.S.C. §§ 1343, 1349 (wire fraud - 1 count): Notice of forfeiture

DATE: 8/2/13

[Signature]
David L. Axelrod
Assistant United States Attorney

FILED AUG 02 2013