



SIGTARP

OFFICE OF THE SPECIAL INSPECTOR GENERAL
FOR THE TROUBLED ASSET RELIEF PROGRAM

ADVANCING ECONOMIC STABILITY THROUGH TRANSPARENCY, COORDINATED OVERSIGHT AND ROBUST ENFORCEMENT

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**FORMER BUFFALO HOUSING COUNSELOR PLEADS GUILTY
IN CONNECTION WITH DEFRAUDING CLIENTS SEEKING MORTGAGE MODIFICATIONS**

WASHINGTON – Lori J. Macakanja, 35, of Dunkirk, New York, pleaded guilty to mail fraud and theft of government money, charges that carry a maximum penalty of 20 years in prison, a fine of \$250,000, or both, announced U.S. Attorney William J. Hochul, Jr. and Christy L. Romero, the Acting Special Inspector General for the Troubled Asset Relief Program (SIGTARP).

Macakanja, in her capacity as a housing counselor employed by HomeFront, Inc., inappropriately requested money from clients. The defendant told HomeFront clients that the money would be used toward loan modifications to prevent foreclosure on their homes. However, after receiving the funds, Macakanja used the money for her own personal use, including gambling, and failed to obtain the loan modifications for the victims.

A total of 136 HomeFront clients were defrauded with losses totaling \$300,000.

In addition, Macakanja also obtained federal grant monies from the Buffalo Urban Renewal Agency (BURA) for HomeFront clients. On two occasions, she diverted \$2,000 worth of BURA money to pay her own personal mortgage.

"Sadly, this plea again demonstrates how a person who is in a position of trust, a housing counselor, abused that trust by preying upon the most vulnerable victims of the housing crisis -- homeowners who could not pay their mortgage," said Acting Special Inspector General Romero. "SIGTARP and its law enforcement partners will tenaciously pursue criminal charges against those who steal from homeowners by taking advantage of TARP's Home Affordable Modification Program (HAMP) and other legitimate government programs."

SIGTARP investigates fraud, waste, and abuse related to HAMP and all other TARP-funded programs. HAMP encourages loan servicers and investors to modify mortgages to reduce the monthly payments of homeowners who are risk of default. There is no fee to homeowners to apply for a modification under HAMP.

"For many, owning a home is the American dream," said U.S. Attorney Hochul. "The victims in this case turned to the defendant for help in holding on to that dream. The defendant took advantage of her clients' trust, and gambled away her victims' hard earned money. This Office will vigorously prosecute anyone who takes advantage of our most vulnerable citizens."

The plea is the result of an investigation by the Mortgage Fraud Task Force of WNY which includes agents and personnel from SIGTARP under the direction of Special Agent in Charge John Feiter; the U.S. Postal Inspection Service under the direction of Inspector in Charge Robert Bethel; the Housing and Urban Development Office of Inspector General under the direction of Special Agent in Charge Rene Febles; Internal Revenue Service under the direction of Special Agent in Charge Charles Pine; the United States Secret Service under the direction of Special Agent in Charge Tracy Gast; and the Federal Bureau of Investigation under the direction of Special Agent in Charge Christopher M. Piehota. The Mortgage Fraud Task Force of WNY is led by the U.S. Attorney's Office and also includes Veterans Affairs Office of Inspector General and the U.S. Bankruptcy Trustee.

SIGTARP commends the prosecutor on the case, Assistant U.S. Attorney Trini E. Ross of the Western District of New York.

Sentencing is scheduled for February 2, 2012 at 12:30 p.m. before U.S. District Court Judge Richard J. Arcara.

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