



# 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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## **OWNER OF FRAUDULENT MORTGAGE LOAN MODIFICATION SCHEME SENTENCED**

SAN DIEGO, CA – Michael Trap was sentenced today to serve 30 months in custody based upon his guilty pleas to one count of conspiracy to commit wire fraud and money laundering and one count of money laundering, announced U.S. Attorney Laura E. Duffy. United States District Court Judge Roger T. Benitez also ordered Trap to pay \$460,249 in restitution to the victims of the Nations Housing Modification Center (NHMC). Judge Benitez also ordered Trap to serve three years of supervised release following his release from prison. These criminal charges stemmed from Trap’s operation of a fraudulent telemarketing operation in San Marcos, California.

According to court documents, Trap admitted that in approximately April 2009, he and Glenn Steven Rosofsky (who previously pleaded guilty and has been sentenced to serve 63 months in custody for his role in this scheme and for tax offenses) began operating a loan modification business using the names “Nations Housing Modification Center” and “Federal Housing Modification Department” (NHMC), in an effort to fraudulently sell loan modification services to homeowners who were delinquent on their monthly mortgage payments. Trap admitted that he, Rosofsky and others used false and fraudulent statements and representations to induce customers to purchase loan modification services from NHMC. Among the misrepresentations made to customers were claims that NHMC had “attorneys” and “forensic accountants” on staff to deal with the loss mitigation departments of banks on behalf of NHMC’s customers, that NHMC had achieved an “extremely high success rate for homeowners that met the Nations Home Affordable Modification Program guidelines,” and that NHMC was located on “Capitol Hill” in Washington, D.C. In fact, as Trap admitted, NHMC did not have attorneys or forensic accountants on staff, it did not have a high success rate of modifying loans, it had no connection with the U.S. Treasury Department’s “Making Home Affordable” program, and its only presence in Washington, D.C., was a rented post office box. These false claims were made in solicitation letters that were mailed throughout the country to individuals behind on their mortgage payments and encouraged struggling homeowners to call a toll-free number to purchase NHMC’s loan modification services. The staff of telemarketers at NHMC’s offices in San Marcos used a script provided by Rosofsky and others to make similar false and misleading statements to potential customers. Relying on such misrepresentations, over 300 homeowners paid between \$2,500 and \$3,000 to NHMC between April and July 2009, resulting in over \$900,000 in customer funds to be transferred to NHMC’s bank accounts in the Southern District

of California. Trap admitted that he and Rosofsky then conducted financial transactions with the customer funds transferred to NHMC's bank accounts in order to pay expenses of the business and to compensate themselves. Trap acknowledged in his plea agreement that at his sentencing he would be ordered to pay restitution to victims of the NHMC scheme.

"Michael Trap unconscionably preyed upon and victimized homeowners who were struggling to save their homes," stated Christy L. Romero, the Acting Special Inspector General for the Troubled Asset Relief Program (SIGTARP). "SIGTARP remains steadfast in its commitment to prosecute those who seek to exploit and profit from the financial crisis and the programs implemented by the United States Government to address the home foreclosure crisis. Today's sentencing of Trap firmly demonstrates SIGTARP's resolve and ability to bring such fraudsters to justice. SIGTARP will continue to work with its law enforcement partners to investigate, prosecute and deter criminals who seek to profit from our nation's financial crisis."

This case is the product of an investigation by agents of SIGTARP and Internal Revenue Service-Criminal Investigation and is being prosecuted Assistant U.S. Attorneys Eric J. Beste and Jonathan I. Shapiro in the Southern District of California. Additionally, in September 2009, the Federal Trade Commission filed a civil suit against Trap and Rosofsky in the United States District Court for the District of Columbia, alleging that their operation of NHMC constituted unfair and deceptive trade practices. This case was brought in coordination with the Financial Fraud Enforcement Task Force.

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