



**FOR IMMEDIATE RELEASE**

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## CALIFORNIA MAN SENTENCED TO 51 MONTHS IN FEDERAL PRISON FOR DEFRAUDING TARP RECIPIENT

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) today announced that Steven Pitchersky, 65, of Rancho Mirage, Calif., was sentenced on May 21, to 51 months in federal prison for a scheme to defraud TARP recipient GMAC Inc. - since rebranded as Ally Financial Inc. (Ally) - that resulted in losses to the company of approximately \$5.3 million. In addition to the prison term, U.S. District Court Judge John R. Padova ordered restitution in the amount of \$3,242,888; five years of supervised release; and a \$100 special assessment.

"Greed got the best of Pitchersky, and for his crimes, he will spend the next 51 months in federal prison," said Christy Romero, Special Inspector General for TARP (SIGTARP). "Through his mortgage origination company, Pitchersky ran a \$5.3 million mortgage fraud scheme that caused millions of dollars in losses to Ally Financial, which still owes billions in TARP funds. Pitchersky drew down millions of dollars on a warehouse line of credit with Ally through lies and false pretenses, faking that he used Ally's funds to pay off refinanced mortgages while, instead, he used the money in part to fund his luxurious lifestyle and extravagant art collection. Defrauding a TARP recipient is the same as defrauding American taxpayers who funded the TARP bailout. SIGTARP and our law enforcement partners will bring justice to those committing crimes that threaten taxpayers' TARP investments."

Pitchersky operated Nationwide Mortgage Concepts (NMC), a California mortgage lender. Between August 2009 and January 2011, Ally was the warehouse lender for thousands of mortgage loans in which NMC borrowed from a \$10 million warehouse line of credit to refinance first mortgages held by other financial institutions. Pitchersky made misrepresentations to Ally to secure the warehouse line of credit including a false representation that NMC already had a \$10 million warehouse line of credit with a company named "MPL." Pitchersky stated that the contact person for MPL was a man named "Rick Jay," and he listed a phone number for Rick Jay. The phone number that was provided, however, was actually for Pitchersky's cell phone, and MPL was the name of another business entity that Pitchersky ran. Over the next three years, Pitchersky represented to Ally multiple times that he had a warehouse lending relationship with this company.

Pitchersky used NMC's \$10 million warehouse line with Ally to obtain funds to refinance thousands of mortgages held by other banks for NMC customers. Ally required NMC to disburse funds through a third-party, commonly referred to as a title company. Pitchersky used a company called "Hanover" as the title company but, unbeknownst to Ally, Pitchersky had created Hanover. This subterfuge allowed Pitchersky to have complete control over money NMC acquired from Ally's warehouse line. Between December 2010 and 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 Pitchersky and NMC had not used this money to pay off the 23 loans and ended the warehouse agreement with NMC.

Pitchersky pleaded guilty to wire fraud on September 23, 2013, in connection with the scheme.

In total, \$17.2 billion in federal taxpayer bailout funds were invested in Ally Financial through the U.S. Department of the Treasury Troubled Asset Relief Program (TARP). As of April 9, 2014, Treasury owned 17 percent of Ally Financial, and \$4.1 billion of the TARP investment remained outstanding.

This case was investigated by SIGTARP, the Federal Bureau of Investigation, and the Department of Veterans Affairs Office of Inspector General. The case was prosecuted by Assistant United States Attorney David L. Axelrod.

This prosecution was brought in coordination with President Barack Obama's Financial Fraud Enforcement Task Force, which was established to wage an aggressive and coordinated effort to investigate and prosecute financial crimes. SIGTARP is a member of the task force. To learn more about the President's Financial Fraud Enforcement Task Force, please visit [www.StopFraud.gov](http://www.StopFraud.gov).

#### **About SIGTARP**

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

To report suspected illicit activity involving TARP, dial the **SIGTARP Hotline**: 1-877-SIG-2009 (1-877-744-2009).

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