



Memorandum

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To: The Honorable Carlos Alvarez, Mayor
The Honorable Chairperson Bruno A. Barreiro
Members, Board of County Commissioners

From: Christopher Mazzella
Inspector General

Date: July 2, 2007

Re: Several Defendants Sentenced as a Result of OIG Investigation into Theft of Court System Funds; OIG #05-86.

An OIG investigation that revealed a complex foreclosure surplus fraud scheme recently resulted in the conviction of James W. Chancelor on June 19, 2007. Chancelor, who was charged with Manuel Rosado, Jr. (Rosado), [REDACTED] and [REDACTED] in a scheme to steal surplus funds, plead guilty to Organized Scheme to Defraud, Second Degree Grand Theft, and Acting as a Real Estate Broker without a License. Chancelor also plead guilty in a separate yet similar case to multiple counts of Grand Theft and False Statements in Mortgage Transactions.

The OIG investigation uncovered that Chancelor and his co-defendants were stealing surplus foreclosure funds using the Court system to victimize South Florida homeowners. Chancelor's charges stem from a scheme to steal surplus funds owed to a 68 year old victim after losing her home to foreclosure. Chancelor persuaded the victim to give them her surplus funds in exchange for their assistance in helping her purchase a new home. Chancelor, with the assistance of [REDACTED], who served as a straw buyer and submitted fraudulent mortgage documents, purchased and later resold the house that had been promised to the elderly victim in exchange for her surplus funds. [REDACTED]

[REDACTED] Chancelor used the sales proceeds for his own personal benefit. The elderly victim, who at the time rented the home, was evicted by the new owners of the house.

Chancelor was adjudicated guilty and sentenced to two (2) years of community control (house arrest) followed by eight (8) years of probation with the special conditions that he perform 700 hours of community service, pay restitution to all victims in a total amount of \$186,686.44 and pay costs of investigation to the OIG and the Department of Financial Services. Chancelor's sentence follows the pleas entered in late 2006 by [REDACTED] [REDACTED] who had agreed to cooperate with prosecutors, was sentenced to five (5) years of probation with 400 hours of community service, restitution and costs of investigation. [REDACTED] plead to Grand Theft and False Statements in a Mortgage

Transaction, the two charges filed in her case. Co-defendant Braver was also sentenced to three years probation with the special condition that he performs 500 hours of community service and pay costs of investigation on the charge of Accessory after the fact. Rosado, Jr. plead guilty in early 2006 to Organized Scheme to Defraud and was sentenced to five years probation and ordered to pay over \$100,000 in restitution to the victims of his surplus funds fraud. The Miami Bureau of the Office of Statewide Prosecution is continuing its prosecution against Terrence E. Rosenberg, a Miami attorney who is the only remaining co-defendant awaiting prosecution. Rosenberg is charged with Organized Scheme to Defraud and Grand Theft Second Degree.

The OIG is committed to rooting out these crimes that are facilitated through a fraud on the Court system, and will continue its work in identifying these frauds that impact the homeowners of this County.

cc: Hon. Joseph A. Farina, Chief Judge, Eleventh Judicial Circuit
Hon. Jon Gordon, Administrative Judge, Eleventh Judicial Circuit
Mr. Harvey Ruvim, Clerk of the Circuit and County Courts
Mr. George Burgess, County Manager
Ms. Cathy Jackson, Director, Audit & Management Services

Clerk of the Board (Copy Filed)