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**Office of the Inspector General
Miami-Dade County**

Memorandum

To: The Honorable Carlos Alvarez, Mayor
The Honorable Chairperson Joe Martinez
Members, Board of County Commissioners

From: Christopher Mazzella
Inspector General

Date: January 24, 2006

Re: Arrests in Theft of Court System Funds and Mortgage Fraud Scheme

Attached is a news release issued by the Attorney General relating to the arrest of Miami lawyer Terrence Rosenberg and three other individuals for their part in a foreclosure surplus fraud scheme, using state courts in Miami-Dade and Hillsborough Counties. These arrests are the result of a joint investigation by the Miami-Dade Office of the Inspector General (OIG), the Florida Department of Law Enforcement (FDLE) and the Office of Statewide Prosecution.

Terrence E. Rosenberg (Rosenberg) of Miami Beach and Manuel Rosado, Jr. (Rosado), [REDACTED] [REDACTED] all of Miami, were arrested as part of the joint investigation dubbed "Operation Foreclosure Vulture." The investigation determined they were engaged in two separate but related mortgage fraud schemes which victimized South Florida homeowners. The investigation began after Miami-Dade Circuit Court Judge Jon Gordon forwarded an article in the Daily Business Review to the OIG regarding Rosenberg's suspension from the Florida Bar for his alleged involvement in a foreclosure scam.

The OIG investigation has revealed a serious problem plaguing the Court system as a result of the recent real estate boom in South Florida. Generally, when a property is sold at auction due to a foreclosure, the monies are used to satisfy any outstanding mortgages and other lien holders. Due to the great appreciation of property values, monies from foreclosure sales are exceeding the debt on the property. These surplus funds are the property of the former homeowner. At times these former homeowners are difficult to locate and are unaware that surplus funds are due to them. This situation has created a perfect opportunity for unscrupulous predators and asset locators to victimize the citizens of this County. Sadly, these individuals are using the Court system unwittingly to perpetrate their fraud.

Rosado is accused of stealing surplus foreclosure funds that belonged to homeowners who were unaware they had surplus funds. The investigation revealed that Rosado stole the money for his personal use. Rosado is charged with Organized Scheme to Defraud and Grand Theft for misappropriating \$66,339.67 from 20 victims. Rosado, whose father is a an officer/director of the asset locator company Global Heir and Asset Locators, Inc., could not have completed the theft without the aid of attorney Rosenberg. The investigation revealed that Rosenberg misrepresented to judges that he was counsel for the homeowners seeking their surplus funds. Rosenberg is currently facing a disbarment action before the Florida Supreme Court for his participation in the scheme.

Rosenberg's charges stem from a separate yet related scheme to steal approximately \$48,000 in surplus funds owed to a 68 year old victim after losing her home to foreclosure. According to an Arrest Affidavit filed by Special Agents of the OIG, Rosenberg, along with another individual yet to be arrested, persuaded the victim to give them her surplus funds in exchange for their assistance in helping her purchase a new home. Rosenberg and his accomplice, 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] part in covering up the scheme. Rosenberg 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.

Past OIG investigations have resulted in the prosecutions of individuals targeting Miami-Dade homeowners. In those cases, as in these current arrests, the crimes targeting homeowners have been perpetrated through fraudulent filings and misrepresentations to the Courts. The OIG is committed to rooting out these crimes that are facilitated through a fraud on the Court system. It is particularly egregious to target our residents at their weakest moments, and to do so using the government institutions designed to shelter individuals from abuse. The OIG will continue its work in identifying these frauds that impact the homeowners of this County. More arrests in this case are expected.

cc: Hon. Joseph A. Farina, Chief Judge, Eleventh Judicial Circuit
Hon. Jon Gordon, Administrative Judge, Eleventh Judicial Circuit
Mr. Harvey Ruvlin, Clerk of the Circuit and County Courts
Hon. Peter Williams, Statewide Prosecutor
Mr. Amos Rojas, Regional Director, FDLE
Hon. Katherine Fernandez Rundle, State Attorney Eleventh Judicial Circuit
Mr. George Burgess, County Manager
Mr. Barnaby Min, Florida Bar Counsel
Ms. Cathy Jackson, Director, Audit & Management Services

Clerk of the Board (Copy Filed)

typically used to claim the funds for the homeowners. However, Rosado would keep the funds for his personal use instead of disbursing them to the appropriate homeowners. Rosenberg, 61, faces pending disbarment action before the Florida Supreme Court for his participation in the scheme.

The second scam resulted in the eviction of an elderly victim from her South Florida home. Investigators charge that Rosenberg and an accomplice approached the 68-year-old victim after learning she had recently lost her house due to foreclosure and persuaded her to pay them her surplus foreclosure funds, supposedly taking a fee for their help in locating a new house and using the remaining amount to purchase the house on her behalf. [REDACTED], 26, assisted in the fraud by submitting fraudulent mortgage documents that enabled the thieves to purchase a house, which they quickly resold and kept the money for their personal use. The elderly victim, who was living in the new house when it was resold, was evicted by the new buyers. [REDACTED]

Inspector General Mazzella expressed his dismay at the proliferation of crimes targeting homeowners. He said, "As the equity in homes increases because of the boost in property values, residential dwellings become attractive targets to criminal predators. The elaborate foreclosure and mortgage scheme concocted by the defendants to bleed the equity out of the victims' homes is suggestive of a growing crime problem that is seriously impacting homeowners nationally and in Miami-Dade County."

Rosado and Rosenberg are separately charged with organized scheme to defraud and grand theft. [REDACTED] is charged with filing a false document in a mortgage transaction and second-degree grand theft, [REDACTED]

If convicted of all charges, Rosado faces a maximum sentence of 45 years in prison, Rosenberg faces up to 30 years in prison, [REDACTED] faces up to 20 years in prison [REDACTED]. More arrests are expected in this investigation.

