

Beverly Hills Fraud ring leader sentenced

A former Beverly Hills home developer was sentenced Friday to 6½ years in prison and ordered to pay nearly \$42 million in restitution for orchestrating a scheme that defrauded federally insured banks of tens of millions of dollars during the real estate boom of the late 1990s and early 2000s.

Mark A. Abrams, 49, pleaded guilty in 2006 to federal charges of conspiracy, bank fraud and loan fraud in connection with inflated mortgage loans obtained for homes in upscale Southern California communities.

He cooperated with investigators, and his sentencing was delayed until after he testified in cases involving other co-defendants.

"His willingness to use and corrupt other people seemed ... evil," said U.S. District Judge Dean D. Pregerson before imposing the sentence, adding that Abrams' conduct was "corrosive."

According to prosecutors, Abrams and co-conspirators – many of whom were supervised by the defendant – falsified documents to deceive banks into unwittingly funding mortgage loans that were hundreds of thousands of dollars more than the homes actually cost.

The defendants were shown to have bought market-value houses in exclusive, fabricated records showing them to be worth two or three times more, then used "straw borrowers" to secure millions in loans based on the inflated numbers, prosecutors said.

Lehman Brothers Bank, for example, funded more than 80 inflated loans from 2000 to 2003, resulting in tens of millions of dollars in losses, according to the U.S. Attorney's Office.

"I feel very bad (about) what I did to those people," Abrams told the judge. "My behavior caused these people to do things I don't think they ever would have done ... I hurt people more than I ever thought I was capable of."

Seven other real estate professionals have previously pleaded guilty to federal felony charges in connection with the scheme and are serving sentences ranging from probation to 14 years in prison. They have also been ordered to pay part of the nearly \$42 million restitution.