



U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL

MEMORANDUM NO.
2012-CF-1813

September 24, 2012

MEMORANDUM FOR: Dane M. Narode, Associate General Counsel, Office of Program Enforcement, Office of General Counsel, CACC

FROM: //signed//
Kim Randall, Director, Civil Fraud Division, GA

SUBJECT: Final Civil Action:
Settlement of Alleged Violations of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989

Terrill L. Meisinger

INTRODUCTION

The Office of Inspector General (OIG) conducted a civil fraud review of an alleged foreclosure rescue scheme operated by Terrill L. Meisinger of Seal Beach, CA. The alleged scheme involved more than 100 properties in three States that were financed through Federal Housing Administration (FHA) and conventional loans and allegedly defrauded distressed homeowners, renters, and lenders.

METHODOLOGY AND SCOPE

The review was initially begun by OIG's Office of Investigation, based on information from another investigation of a scheme that had defrauded the U.S. Department of Housing and Urban Development (HUD). We focused on certain individuals and their property transactions occurring from 1999 into 2004 and conducted the following steps:

- Searched commercial databases to identify property transactions involving deed transfers between subjects associated with Mr. Meisinger in California, Nevada, and Arizona;
- Searched HUD databases, including the Single Family Data Warehouse and Single Family Insurance System, and identified 68 FHA-insured properties among the more than 100 properties identified as part of the alleged scheme;
- Obtained copies of deed transfers from county recorders' offices to identify the multiple recorded owners for each property;

- Reviewed sequential bankruptcy filings made in the names of the individual recorded property owners;
- Interviewed borrowers, renters, and other persons;
- Reviewed bank documents; and
- Evaluated money flows from eight bank accounts controlled by Mr. Meisinger.

BACKGROUND

Based on OIG's work, the U.S. Attorney's Office of the Central District of California filed a complaint against Mr. Meisinger and his son in June 2011 under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, 12 U.S.C. (United States Code) 1833a.

Our analysis showed that from 1999 into 2004, Mr. Meisinger

- Collected more than \$1 million in rents from renters living in the more than 100 subject properties,
- Did not make payments on the subject mortgages, and
- Caused fraudulent bankruptcy petitions to be filed in the names of no fewer than 100 individuals who had no knowledge that their identity was being used.

The resulting complaint alleged that Mr. Terrill L. Meisinger and his son, Erik Meisinger, perpetrated a fraudulent scheme that involved mail fraud, bank fraud, and false statements affecting financial institutions, which violated the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

The complaint alleged that Mr. Meisinger contacted individuals facing foreclosure and promised that he could help them avoid foreclosure and save their credit. Mr. Meisinger allegedly told the homeowners that he would pay them a small cash payment if they deeded their houses to him and immediately moved out, with the further promise that he would bring their mortgage payments current and pay them an additional \$5,000 to \$10,000 when the properties eventually sold. The complaint also alleged that Mr. Meisinger took no action to bring the mortgages current but, instead, immediately transferred the properties into the names of unknowing third parties, whose identities he had stolen, and then fraudulently filed sequential bankruptcy petitions in these names. The court filings triggered successive automatic stays that prevented the lenders from foreclosing. The complaint further alleged that these fraudulent tactics in bankruptcy court allowed Mr. Meisinger to rent the properties by repeating the fraudulent transfer and bankruptcy scheme with scores of stolen identities, in some cases for more than 2 years.

RESULTS OF REVIEW

On July 20, 2012, Terrill L. Meisinger entered into a settlement agreement with the U.S. Department of Justice. Mr. Meisinger agreed to pay a \$5 million civil penalty judgment. He also agreed to other stipulations, including but not limited to being prohibited from participating in the home finance or real estate industries and being barred from filing bankruptcy petitions on behalf of himself or any other person or entity, both for a period of 10 years or until such time as the civil penalty judgment is satisfied by full payment.

In agreeing to the settlement, Mr. Meisinger did not admit to liability or fault. The settlement agreement was accepted by the court and filed on July 31, 2012.

RECOMMENDATION

We recommend that HUD's Office of General Counsel, Office of Program Enforcement,

- 1A. Agree to allow HUD OIG to record the \$5,000,000 settlement in HUD's Audit Resolution and Corrective Action Tracking System as funds to be put to better use.