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Attorney General Martha Coakley Obtains Judgment Against Brockton Attorney for Her Alleged Role in Mortgage Fraud and a Foreclosure Rescue Scheme

BOSTON – Attorney General Martha Coakley’s Office has entered into a judgment with Brockton attorney Valerie Hanserd resolving allegations over her role as a closing attorney in two companion lawsuits that both allege unfair practices with respect to mortgage brokering services. The first lawsuit involved Ms. Hanserd’s closing of a loan allegedly obtained by using false and forged documents and the second lawsuit involved allegations relating to her participation in an unfair and deceptive foreclosure rescue scheme. Under the terms of the Consent Judgment, filed late last week in Suffolk Superior Court, Hanserd must refrain from acting as a real estate closing attorney or title agent for seven years retroactive to April 27, 2007. In addition, Hanserd must pay \$80,000 in restitution to victims of foreclosure rescue schemes or to address the negative impact of mortgage foreclosures in the Commonwealth, as well as \$35,000 in fees and penalties to the Commonwealth.

On March 30, 2007, the Attorney General’s Office filed two separate but related lawsuits against Hanserd and other defendants. The first of the two complaints filed alleges that Leo Desire Sr., Primary Mortgage Resource, Inc. and Valerie F. Hanserd, together altered a deed from the Federal Home Loan Mortgage Corporation (a.k.a. “Freddie Mac”). Freddie Mac intended to sell a residential two-family house in Revere to Leo Desire for \$305,000, and prepared a deed to such effect. The complaint alleged that the defendants, however, altered the deed by changing the purchase price of the property from \$305,000 to \$475,000, and by changing the name of the buyer from Leo Desire to a “straw buyer” who had no intention of occupying the property or paying the mortgage obligations. The complaint alleges that the defendants made these changes over the existing signature of Freddie Mac’s attorney, and without Freddie Mac’s knowledge or approval. The complaint also alleges that the defendants provided an inflated appraised value of the real property, which allowed them to obtain a mortgage loan for the straw buyer from Argent Mortgage Company, in a sum greater than the property value supported; drafted and submitted to a lender a HUD Settlement Statement which did not accurately reflect the disbursements made in the transaction; and then made and received improper disbursements from the fraudulently obtained mortgage loan.

The second complaint alleges that Hanserd and 18 other defendants participated in a foreclosure rescue scheme targeted at distressed homeowners facing foreclosure. Each of the defendants allegedly conspired through their respective roles as mortgage brokers, real estate brokers, closing attorneys and straw buyers to deceive homeowners into selling their homes under the false promise of avoiding foreclosure and maintaining their homes and their homes’ equity. The defendants not only obtained title to the homeowners’ residences but also stripped most of the homes’ equity by distributing sale proceeds to pay for unearned brokers’ fees and other fictitious services, and drafted and submitted to lenders HUD Settlement Statements that did not accurately reflect the disbursements made in the transactions. In certain cases, the defendants resold the homes in multiple transactions amongst themselves, thereby stripping the homes of all their equity.

Trial commenced last Friday in Suffolk Superior Court against Primary Mortgage and Leo Desire in the deed forgery case and resumed on Monday, June 8th. Trial in the foreclosure rescue lawsuit is scheduled to commence this fall. The settlement against Valerie Hanserd resolves allegations against her as the closing attorney in both cases.

These cases are being handled by Assistant Attorneys General Gillian Feiner and Amber Villa of Attorney General Coakley’s Consumer Protection Division, with the assistance Civil Investigators Nancy Ward and Quinton Dale and Paralegal Yolanda Kruczkowski.

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