



***United States Attorney
Southern District of New York***

**FOR IMMEDIATE RELEASE
SEPTEMBER 20, 2011**

**CONTACT: U.S. ATTORNEY'S OFFICE
ELLEN DAVIS,
JERIKA RICHARDSON,
CARLY SULLIVAN
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**PRESIDENT OF TITLE INSURANCE AGENCY SENTENCED
IN MANHATTAN FEDERAL COURT TO 20 MONTHS IN PRISON
FOR MISAPPROPRIATING MILLIONS OF DOLLARS WORTH
OF CLIENT FUNDS**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that BRIAN H. MADDEN, the former president and co-founder of a title insurance agency, Liberty Title Agency, LLC ("Liberty Title"), was sentenced today by U.S. District Judge ROBERT W. SWEET to 20 months in prison for misappropriating and embezzling escrow and other client funds from Liberty Title and two other insurance agencies he controlled and operated in New York and Suffolk counties. MADDEN pled guilty before U.S. Magistrate Judge Henry Pitman to wire fraud and embezzlement of money held by an insurance agent on December 14, 2010.

Manhattan U.S. Attorney PREET BHARARA said: "Brian Madden held himself out to be an honest insurance broker who gave his clients a false sense of security by leading them to believe their property was protected against potential loss. In reality, he raided their accounts for his own personal gain and stole from one client to pay another to cover his tracks. His crime spree has come to a fitting conclusion."

According to the Indictment, a Complaint previously filed in this case, other court filings, and statements made during the guilty plea and sentencing proceedings:

MADDEN was the president and co-founder of Liberty Title, which had been one of the largest independently-owned title insurance agencies in New York State. Title insurance is sold to purchasers of property or lenders financing the purchase of property, and is meant to protect the owner's or lender's financial interest in real property against loss due to title defects or liens. Liberty Title issued title insurance policies on behalf of several title insurance underwriters in connection

with commercial and residential real estate transactions. MADDEN also controlled and operated two other title insurance agencies: Skyline Title, LLC, and GNY Liberty Abstract, LLC. Liberty Title closed operations in April 2009.

Beginning around early 2008, MADDEN misappropriated millions of dollars of escrow and other client funds by transferring and commingling those funds among various bank accounts held by Skyline Title, GNY Liberty, and Liberty Title. MADDEN then used the misappropriated funds to sustain Liberty Title's operations and to make significant withdrawals of monies for his personal use.

In particular, between January 2008 and April 2009, MADDEN took more than \$2 million in cash draws from Liberty Title. Those cash draws, which at times amounted to hundreds of thousands of dollars in a single month, far exceeded MADDEN's draws in prior years, and were taken despite the deteriorating real estate market and Liberty Title's increasingly precarious financial position.

To sustain Liberty Title's operations in the face of such withdrawals and to pay current client debts, MADDEN misappropriated escrow and client funds of other clients, essentially using new funds from clients to pay off debts on behalf of other clients. In addition, because MADDEN misappropriated the funds of title insurance agencies, he failed to timely and properly record and pay taxes on dozens of mortgages and other real estate transactions, further exposing his clients to loss. Among the victims of MADDEN's fraud was the Watchtower Society, a charitable religious organization, which provided Liberty Title with \$500,000 to be held in escrow for the purchase of a parcel of land.

* * *

In addition to his prison term, Judge SWEET sentenced MADDEN, 57, of Greenlawn, New York, to two years of supervised release.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation and the New York State Department of Insurance.

This prosecution is being handled by the Office's Complex Frauds Unit. Assistant United States Attorney AVI WEITZMAN is in charge of the prosecution.

11-284

###