

Man sentenced for defrauding investors of more than \$15 million

Posted by [TBN_Admin](#) On 12/23/2014

U.S. District Judge J. Frederick Motz sentenced Brian McCloskey, age 42, of Baltimore today to 41 months in prison, followed by three years of supervised release, for conspiring to commit wire fraud arising from a \$20 million investment fraud scheme. Judge Motz ordered McCloskey to pay restitution of \$15.850 million.

The sentence was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Special Agent in Charge Stephen E. Vogt of the Federal Bureau of Investigation; and Special Agent in Charge Thomas J. Kelly of the Internal Revenue Service - Criminal Investigation, Washington, D.C. Field Office.

According to his plea agreement and court documents Brian McCloskey, who owned a real estate development business known as the McCloskey Group, LLC., and Patrick Belzner, a home builder who began working with McCloskey in late 2008 or early 2009, conspired with others to perpetrate a fraudulent investment scheme with losses to the victims of more than \$15 million.

McCloskey and Belzner's co-conspirators included Kevin Sniffen, a licensed attorney and escrow agent and Mervyn Phelan, who operated IAG Underwriters (IAGU) which was in the business of underwriting loan applications submitted by real estate developers and then locating project financing from banks and other financial entities. Phelan employed Gregory Grantham, an attorney who held the position of IAGU's general counsel.

Beginning in 2009 and continuing through June 2011, Belzner and McCloskey persuaded a number of private lenders to loan funds to the McCloskey Group to establish that it had cash reserves or "liquidity" in connection with its efforts to secure funding for real estate development projects through IAGU. Belzner and McCloskey falsely represented that the funds would be maintained in an escrow account under the control of Kevin Sniffen; that the funds would not be used for any other purpose; and that the money would be returned to the lender, either upon the funding of the loan or after a specified period of time. In return for this temporary use of the lender's funds, Belzner and McCloskey promised to pay substantial rates of interest.

Beginning in the late summer of 2010, Phelan and Grantham cooperated with Belzner and McCloskey in their scheme to defraud by (1) making false representations to help persuade lenders to make loans to the McCloskey Group in order to establish "liquidity"; (2) telling the lenders that the funds had to be placed in an escrow account controlled by Kevin Sniffen; and by (3) making false representations to dissuade previous escrow account lenders from demanding the return of their funds when the original time period established for the loan expired without the McCloskey Group obtaining financing for the project in question.

Once the lenders transferred their funds into the escrow accounts, Belzner and/or McCloskey removed those funds from the escrow accounts without the knowledge of the lenders. Belzner and McCloskey then used the stolen funds to repay earlier loans to the McCloskey Group and to Belzner personally; to meet ongoing business expenses of the McCloskey Group; and to support Belzner's life-style. The total losses resulting from the scheme were approximately \$20 million.

Patrick J. Belzner, a/k/a "Patrick McCloskey," age 45, of Selbyville, Delaware, was sentenced to 15 years in prison for wire fraud conspiracy, wire fraud and tax evasion, and was ordered to pay \$19.805 million in restitution; Gregory E. Grantham, age 57, of Oceanside, California, was sentenced to five years in prison and ordered to forfeit and pay restitution of \$17.4 million; and Kevin Sniffen was sentenced to three years in prison and ordered to pay restitution of \$15.85 million.

Mervyn A. Phelan, Sr., age 74, of Newport Beach, California, pleaded guilty to his role in the conspiracy and is scheduled to be sentenced on January 23, 2015, at 2:45 p.m.

This law enforcement action is part of President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

United States Attorney Rod J. Rosenstein thanked the FBI and IRS – Criminal Investigation for their work in the investigation. Mr. Rosenstein praised Assistant U.S. Attorneys Jefferson M. Gray and Kathleen Gavin, who prosecuted the case.

Copyright © 2020 thebaynet.com. All rights reserved.