

**ATTORNEY GENERAL CUOMO SHUTS DOWN INVESTMENT COMPANY  
THAT FLIPPED BUFFALO HOUSES THROUGH SCHEME COSTING  
INVESTORS MILLIONS OF DOLLARS**

***East Coast Capital's Norman Dansker Banned from Purchasing Investment  
Properties in New York; Must Pay More than \$3 Million in Restitution***

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***More Than 40 Buffalo Properties Involved Were Cited For Various Building Code  
Violations***

BUFFALO, N.Y. (October 1, 2008) – Attorney General Andrew M. Cuomo today announced his office has obtained a court order shutting down an investment company that operated a house-flipping scheme that increased urban blight in Buffalo neighborhoods.

The order is the result of the area's first major house-flipping lawsuit against an investment company. Norman Dansker, operator of East Coast Capital (ECC), LLC and the company are now banned from purchasing investment property or issuing, promoting or selling securities to the public in New York state unless they post a \$1 million performance bond. Dansker and ECC also now have a money judgment against them for more than \$3 million in restitution they owe to the multiple investors they defrauded.

"This company engaged in a scheme that swindled millions of dollars from unsuspecting investors at the expense of Buffalo neighborhoods," said Attorney General Cuomo. "Investors in today's tough economic times must be ever vigilant to not fall victim to get-rich-quick scams like this. My office shut Dansker down to prevent him from preying on more investors and this case sends a clear message to those who try to illegally capitalize on urban blight."

According to court documents, Dansker, ECC and others defrauded unknowing investors through an elaborate Ponzi scheme involving over 50 properties throughout Buffalo. In the scheme, high returns are paid to investors from other investors instead of actual profits from the real estate venture. ECC duped investors by promising high returns if they invested in distressed real estate by providing mortgages that – also unknown to the investors – grossly exceeded the market value.

Ponzi schemes inevitably "implode," leaving many investors with significant losses.

Actions are still pending against other parties involved in the scheme, including consulting firm IMA Equities, Inc. and its owner Moshe Freidlander; the owners of JD Realty & Management, Inc., siblings Joshua and Jessica Doucette; and their mother Elizabeth Doucette. Jessica Doucette is a college student who ECC told investors was supposed to rehabilitate many of the properties.

According to court documents, Dansker solicited private investors by telling them that ECC bought distressed properties and quickly sold them to rehabilitation contractors. ECC then provided short-term bridge loans to the contractors with the investors' money, based on the supposed worth of the property. Investors, led by ECC to believe that they would receive a high return from the resale of the renovated property, initially accepted interest-only payments from the contractors. Investors were supposed to receive full repayment, but in actuality, only a few received a full return. The few times ECC actually paid back the original investors or paid any mortgages, it did so with other investors' money.

According to court documents, ECC paid a total of \$1,074,700 for 53 properties in the Buffalo area, and then received private investor mortgages totaling \$2,901,500. ECC then transferred the properties to Jessica Doucette, who has no experience as a contractor, who

then defaulted on the grossly inflated mortgages. Meanwhile, ECC actually paid Doucette almost \$700,000 as a concession for taking the property off their hands. In the end, ECC obtained hundreds of thousands of dollars while investors lost large sums of money because the values of the collateral properties were well below the mortgage amounts.

Over 40 of the properties owned by either ECC or Jessica Doucette were cited for various building code violations, which have been subject to city court proceedings. Last year, Doucette failed to appear at multiple court appearances regarding the violations and was briefly imprisoned in the Erie County Holding Center.

The case was brought to the Attorney General's Office by Buffalo Mayor Byron Brown's Anti-Flipping Task Force.

"My office will continue to work closely with Mayor Brown's Office and other community leaders to help ensure that the Buffalo housing market is not held ransom by dishonest individuals seeking to score a quick profit," said Attorney General Cuomo. "I thank him and the Anti-Flipping Task Force for working with us on this and other cases to reduce urban blight."

Buffalo Mayor Byron W. Brown said, "Attorney General Cuomo's commitment to our city is clearly evident through his office's great work with this case. We continue to partner with him in matters that involve the preservation and resurgence of our city's housing market. Thanks to Attorney General Cuomo's office, a predatory house flipper has been barred from operating in New York state."

Senator Bill Stachowski, co-chairman of the Mayor's Anti-Flipping Task Force (AFTF), said, "The Anti-Flipping Task Force continues to root out fraud and abuse in Buffalo's housing market, and we welcome Attorney General Cuomo as a partner. His office has successfully removed a fraudulent house flipper from trying to defraud others in New York state, and for that we are grateful."

Assemblymember Sam Hoyt, co-chair of the AFTF, said, "Attorney General Cuomo has made it clear that those scheming to use house-flipping as a way to rip off unsuspecting individuals have no place in our region or state. I applaud his work on this case and look forward to continuing to work with his office to protect Western New York residents."

Kathleen Lynch, Coordinator of the Anti-Flipping Task Force, said, "Norman Dansker and his company have no place in our community, and we are relieved that he is no longer permitted to do business in the state. Attorney General Cuomo understands that fraudulent house flipping is not a victimless activity and worked with our office to ensure that the City of Buffalo's housing market is kept solvent."

The lawsuit was handled by Assistant Attorney General James Morrissey of the Buffalo Regional Office, under the supervision of Assistant Attorney General In-Charge Russell Ippolito. Assisting in the case were Investigators Harold Frank and Paul Scherf. The Attorney General acknowledged the contributions made by the Mayor of Buffalo's Anti-Flipping Task Force and the Economic Crime Investigation Program of Hilbert College in Hamburg for their assistance with the investigation.

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