

Debt Buyer Arrested and Charged in \$76 million Fraud Scheme

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<http://www.insidearm.com/daily/debt-buying-topics/debt-buying/debt-buyer-arrested-and-charged-in-76-million-fraud-scheme/>

The owner of a debt buying operation in Florida was arrested Monday and charged by federal officials for his role in orchestrating a fraudulent scheme that netted his company some \$76 million over five years.

Leonard G. Potillo, III, owner and operator of United Credit Recovery, LLC (UCR), was arrested at his home near Orlando Monday by agents working for the IRS and U.S. Secret Service.

According to the indictment (http://www.justice.gov/usao/flm/press/2014/Jun/20140609_Potillo_indictment.pdf), UCR purchased consumer debt in the form of overdrawn checking accounts from Wells Fargo and U.S. Bank and then used account information provided by the banks to create hundreds of thousands of fake affidavits purporting to describe and to verify debt owed by consumers. UCR used the fake affidavits in collecting the debt.

UCR also used the fake affidavits to boost the value of its portfolios for reselling to other debt buyers. Many ARM companies paid highly inflated prices for portfolios that were essentially useless. That bit of fraud attracted the attention of the Secret Service.

In the course of doing business, Potillo allegedly bribed a U.S. Bank officer with more than \$1 million for inside information relating to the bank's auction of overdraft debt portfolios. This particular matter is being investigated with the help of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), as U.S. Bank took TARP funds five years ago.

Potillo appeared before a judge late Monday in Orlando. He was formally charged with seven counts of wire fraud, 10 counts of bribery of a bank official, and 16 counts of money laundering. If convicted, he faces a maximum penalty of 20 years in federal prison for each wire fraud charge, up to 30 years in prison for each bribery charge and up to 10 years in federal prison on each of the money laundering charges.

The government is also seeking a monetary judgment of at least \$76 million, roughly the amount gained in the fraud. Officials have already seized a massive amount of Potillo's property, including bank accounts totaling approximately \$3.9 million in deposits; a 2008 Maserati; a 2007 Ferrari; a 2014 Jaguar; a 2010 Aston Martin; two vehicles located in Scotland; three residences in Florida, one residence in Montreal, and a residence in Edinburgh, Scotland.

Potillo and UCR came under scrutiny late last year when two separate states' attorneys general

filed suit against the firm (<http://www.insidearm.com/daily/debt-buying-topics/debt-buying/another-state-ag-targets-debt-buyer-over-collection-suit-affidavits/>) over the affidavit issue.

A TV news station in Orlando yesterday **detailed the impact (<http://www.wftv.com/news/news/local/federal-agents-raid-collection-agency-lake-mary/ngHBj/>)** the case is having on employees of the firm. Federal agents also raided UCR – d/b/a World Recovery Service – offices and sent everyone home. One employee told the station she was there to collect a paycheck for the previous eight weeks.

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