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Owner Of Debt Relief Company Sentenced In Manhattan Federal Court To 108 Months In Prison For Multimillion-Dollar Scheme That Victimized Over 1,200 Financially Struggling People

FOR IMMEDIATE RELEASE

Wednesday, November 19, 2014

Preet Bharara, the United States Attorney for the Southern District of New York, announced today that MICHAEL LEVITIS, the owner of MISSION SETTLEMENT AGENCY ("MISSION"), was sentenced in Manhattan federal court to 108 months in prison in connection with a multimillion-dollar scheme that victimized more than 1,200 financially struggling people across the country. MISSION was also sentenced today, and ordered to pay a fine of \$4,393,044. LEVITIS and MISSION pled guilty on April 8, 2014, before U.S. District Judge Paul G. Gardephe, who also imposed today's sentences.

Manhattan U.S. Attorney Preet Bharara said: "Michael Levitis preyed upon people across the country who, like so many Americans, were struggling to pay off their debts after the financial downturn. Through Mission Settlement Agency, Levitis lied about quick, guaranteed cures to their serious financial problems in order to trick them out of money they could not afford to lose. Worse, he created, for many people, a nightmare of spiraling debt and plummeting credit scores that plagues them to this day. With his sentence today, he has been held responsible and punished for his crimes. As we demonstrated just yesterday through our announcement of another consumer debt-related case, this Office is committed to working with our law enforcement partners to pursue and prosecute those who seek to profit by exploiting financially struggling and vulnerable people. I would like to thank the U.S. Postal Inspection Service for their work on this case, and the Consumer Financial Protection Bureau for bringing this matter to our attention."

According to the allegations contained in the Indictment and Superseding Information, other documents filed in Manhattan federal court, and statements made in court proceedings:

Beginning in 2009, MISSION offered "debt settlement" services to financially disadvantaged people who were struggling or unable to pay their credit card debts. Like other purported debt settlement providers, MISSION held itself out as a company that could successfully negotiate to lower the overall debt its customers owed to credit card companies and banks. MISSION solicited prospective customers through telemarketing and mail solicitations. Thereafter, MISSION's sales representatives typically spoke to the prospective customers on the phone, describing MISSION's work and its supposed ability to renegotiate debt.

LEVITIS was MISSION's beneficial owner, and was responsible for managing MISSION's day-to-day operations, its finances, its hiring and termination of employees, and its advertising and solicitation of customers.

From 2009 through May 2013, at LEVITIS's direction, he and his co-conspirators Denis Kurlyand, Boris Shulman, Manuel Cruz, Felix Lemberskiy, and Zakhir Shirinov systematically exploited and defrauded over 1,200 customers across the country, who were financially disadvantaged people struggling to pay their credit card debts. They tricked people into paying MISSION for purported debt settlement services by lying to prospective customers about MISSION's ability to help settle their debts, the fees that MISSION charged, and MISSION's purported affiliation with the federal government. Among other things, the defendants: (1) lied about and/or concealed MISSION's fees, falsely assuring customers that MISSION would charge a mere \$49 per month when, in truth, MISSION took thousands of dollars in fees from funds that its customers believed would be used to pay creditors, (2) deceived customers by fraudulently and falsely promising that MISSION could slash their debts – typically, by 45% -- when, in fact, for the majority of its customers, MISSION did little or no work and failed to achieve any reduction in debt, and (3) sent prospective customers solicitation letters that falsely suggested that the agency was acting on behalf of or in connection with a federal governmental program, which letters included an image of the Great Seal of the United States and indicated that they were coming from the "Reduction Plan Administrator" of the purported "Office of Disbursement." As a result of the defendants' scheme, in addition to losing money, most of MISSION's customers failed to achieve the reduction in debt that the

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defendants had promised them, and some of them suffered further declines in their credit ratings, were sued by their creditors, and/or fell into bankruptcy.

MISSION received over \$6.6 million in fees during the course of the scheme. For more than 1,200 of its customers, MISSION took fees totaling nearly \$2.2 million but never paid a penny to the customers' creditors. LEVITIS used the money that MISSION took from its customers to pay for, among other things, the operating expenses of Rasputin, a restaurant/nightclub he controlled, lease payments for two different luxury Mercedes cars, credit card bills for his mother, and expenses for parties and other events featured in a reality television show in which he starred during the course of the scheme.

* * *

In addition to his prison term, LEVITIS, 38, of Brooklyn, New York, was sentenced to three years of supervised release, and ordered to pay forfeiture and restitution of \$2,196,522 and a fine of \$15,000.

In sentencing LEVITIS, Judge Gardophe said, "There is something special and extraordinary about the crimes here: the fact that they were directed at desperate people, hundreds of desperate people drowning in debt, trying to find a way out of their problems. [...] The determination to extract from these people their last few dollars makes this crime extraordinary."

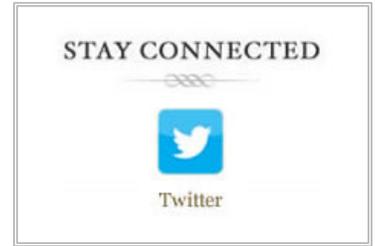
LEVITIS and MISSION previously entered into a stipulation of settlement of the civil forfeiture action filed by the United States Attorney's Office for the Southern District of New York entitled United States v. All Right, Title, and Interest in Rasputin Restaurant, 13 Civ. 3069 (GHW). As part of that stipulation of settlement, LEVITIS and MISSION consented to the entry of a permanent injunction barring them from providing, directly or indirectly, any debt relief or mortgage relief services in the future.

Five other defendants, Denis Kurlyand, Boris Shulman, Felix Lemberskiy, Zakhir Shirinov, and Manuel Cruz, previously pled guilty for their roles in the fraudulent scheme, and await sentencing.

Mr. Bharara praised the investigative work of the United State Postal Inspection Service. He also thanked the Consumer Financial Protection Bureau for referring this case to this Office and for their assistance in this matter. Mr. Bharara also thanked the New York City Department of Consumer Affairs for their assistance in the case.

The prosecution of this case is being handled by the Office's Complex Frauds and Cybercrime Unit. Assistant United States Attorneys Nicole W. Friedlander and Edward A. Imperatore are in charge of the prosecution. Assistant United States Attorney Carolina A. Fornos of the Office's Asset Forfeiture Unit is responsible for the forfeiture aspects of the case.

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