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Ex-Furniture Co. Exec Gets 2 Yrs For \$17M Bank Loan Fraud

By **Pete Brush**

Law360, New York (December 8, 2016, 3:53 PM EST) -- A Manhattan federal judge on Thursday sentenced an India-born former chief financial officer to two years in prison for a \$17 million scheme to dupe Bank Leumi into backing a now-bankrupt New Jersey furniture company, departing sharply downward from guidelines calling for a sentence in the range of five years.

U.S. District Judge Ronnie Abrams said that Norman D'Souza did not defraud the bank out of greed and called him a decent man who was unlikely to commit crimes in the future. D'Souza, 51, will serve two years of supervised released and must make more than \$12.2 million in restitution.

"There's no reason to believe that he intended to cause any harm," Judge Abrams said, citing a need to deter other financial professionals from committing similar crimes for denying the defendant's request for a sentence of home confinement.

In fact there is ample evidence, according to D'Souza's counsel, that the defendant's former boss Munir Hussain, the former CEO of bankrupt Piscataway-based Munire Furniture, directed the illegal conduct.

Hussain, who was not charged, "orchestrated the scheme" and exercised "complete control" over the company and over D'Souza, Raymond Brown of Greenbaum Rowe Smith & Davis LLP told Judge Abrams.

But prosecutor Edward A. Imperatore noted that D'Souza lied during a 2015 proffer session with the government. He said that those lies "set back our investigation" and were instrumental in charging decisions.

"Someone who comes in and lies cannot be credited" with cooperation, Imperatore said.

Subsequently, however, D'Souza cooperated with the bank's effort to recoup its losses to such an extent that the bank wrote to the court to praise his conduct.

D'Souza apologized to some 20 friends and family members who were in court.

"I'm ashamed of myself ... for not having exercised my judgment properly," he said.

Munire **admitted to falsifying invoices**, creating the appearance that Munire Furniture's accounts receivable could support a large bank loan.

Separately, D'Souza admitted to duping a municipality — Gas City, Indiana — into loaning

\$1 million to Munire to back separate furniture business controlled by Munir Hussain.

That company, Echelon Furniture, filed for bankruptcy in Indiana in 2014. Munire's New Jersey bankruptcy was converted to a Chapter 7 in September 2015.

The government is represented by Edward A. Imperatore.

D'Souza is represented by Raymond Brown and Robert J. Flanagan III of Greenbaum Rowe Smith & Davis LLP.

The case is USA vs. D'Souza, case number 1:16-cr-00253, in the U.S. District Court for the Southern District of New York.

--Editing by Stephen Berg.