

Defrauded Obie investors get judge's ear

By Tim Richard
staff writer

Investors defrauded in the A.J. Obie/Diamond Mortgage scam took full advantage of a fairly new Michigan law allowing them to tell a sentencing judge how badly they were hurt.

They applauded — against court rules — when Barton Greenberg, 46, of the Flint area, was led away in handcuffs after Oakland Circuit Judge Norman Lippitt sentenced him to six years and eight months to 10 years in prison for a securities law violation.

"I've had about 100 letters. I've said Lippitt, who also let two of the people in the packed courtroom speak against Greenberg and his employee, Gary L. Mitchell, prior to sentencing.

LIPPITT SENT Mitchell, 52, of Grand Rapids, to prison for 16 months to three years, saying "I'm not impressed" by accounts that Mitchell cooperated with a state investigation.

Lippitt, a Southfield attorney appointed to the bench last year by Gov. James J. Blanchard, also

Judge Norman Lippitt read a letter from the relative of a defrauded man who was left only with 'the clothes on his back' . . . Remember that when he (Greenberg) stands in front of you and asks for a lenient sentence.'

refused to let Mitchell go free on bond during an appeal of the case.

The state attorney general's office charged the pair defrauded 1,600 investors, mostly western Michigan retirees, of \$47 million by double-assignment of loans made by Diamond Mortgage Co. of Bloomfield Hills. The investors bought through A.J. Obie & Associates of Grand Rapids. Some money invested in Obie never found its way to Diamond borrowers.

"I'M VERY satisfied with Barton

Greenberg's sentence," said Guy Benson, 62, in an interview after Monday's sentencing.

A retired Upjohn Co. employee and former school board member in the Kalamazoo suburb of Portage, Benson said he felt Mitchell's sentence was "a little bit heavy."

Only about one-third of Benson's savings were in Obie mortgages. However, he said, "I helped a lady in Kalamazoo who put every penny in it. She's 73. She had to go back to work."

About 95 percent of the investors

were retirees, said Harold Mercer, 57, of the Grand Rapids suburb of Kentwood.

Mercer, president of the United West Michigan Investors, which is representing defrauded people, said he lost about half his \$100,000 investment.

"A lot of the public think this is tantamount to a stock deal (where prices can fluctuate)," he said. "It's not. First mortgages are as good as money in the bank."

"I'm very pleased at the rulings," Mercer said, "though I do feel, personally, that probation might have been adequate for Mitchell."

Investors generally felt they would be lucky to recover half their money.

AN ATTORNEY for an elderly Ludington couple told Lippitt they had to sell their home because they were defrauded of the only investments they had, and the man had to take "a menial job."

In what is coming to be known as

a "victim's impact statement," they asked Lippitt to sentence Greenberg to the 10-year maximum.

Mary Johnston, an investor, asked Lippitt to hand out the maximum sentence, adding that 50 percent of Greenberg's post-prison earnings should be claimed as restitution.

Greenberg, through attorney Richard Zipser of Southfield, asked that sentencing be delayed 60 days so that he could secure property from his wife and mother to help pay off investors.

But Robert Ianni of the attorney general's staff scoffed: "Already 1,600 have been victimized, and we don't intend to add our names to the list." He said the state was "totally opposed" to a delay in sentencing.

GREENBERG was board chairman of Diamond Mortgage and president of Obie, and Lippitt called him "the singular guiding and controlling force" in the state's largest mortgage scam.

The judge used terms like "decadence," "revolting" and "despicable" when he reviewed Greenberg's \$1 million salary, luxury auto, corporation plane, helicopter and expense account.

Lippitt read a letter from a man of 77 who was left so destitute that he could no longer afford supplemental medical insurance.

The judge read another letter from the relative of a defrauded man who was left only with "the clothes on his back." Remember that when he (Greenberg) stands in front of you and asks for a lenient sentence.

The audience applauded.

LIPPITT CALLED Mitchell's case "a lot more perplexing."

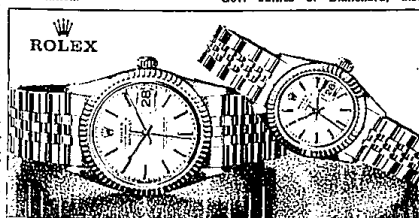
"I do not see any evidence you profited from these enterprises other than your good salary," Lippitt told Mitchell, who was making \$100,000 in his last year as president of Diamond and vice president-treasurer of Obie.

"There is some evidence you cooperated (with state investigators). There is some evidence you attempted to straighten out affairs."

But Lippitt added that the companies "wreaked absolute havoc" with investors, said Mitchell stayed in them too long, and said anything but a prison term would demean the seriousness of the matter. Lippitt did not order restitution.

The firms have been closed down since mid-1986.

GREENBERG and Mitchell were charged with 20 and 18 counts, respectively, of violating securities laws. They pleaded no contest (in effect, guilty) to one count.



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