

Fraud Discovery Institute, Inc. launches Top 10 Red Flags for Fraud at Lennar Corporation (NYSE:LEN)

Sub Title: Consumer group launches new website, www.Lenn-ron.com; Alleges Lennar Corporation (NYSE:LEN) operates a 'Ponzi Scheme' through their multiple joint ventures

For Immediate Release

San Diego, California

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The Fraud Discovery Institute, Inc. released today the Top 10 Red Flags for Fraud at Lennar Corporation, the country's second largest homebuilder. Through the release of a 30 page report, a YouTube video, and a website with a catchy URL (www.Lenn-ron.com), the consumer advocate group is drawing attention to multiple alleged fraudulent activities that have become a pattern of behavior.

According to co-founder Barry Minkow, "You can sum up just how outrageous the fraud and abuse are at Lennar Corporation by simply listening to company President and CEO, Stuart Miller who, on a recent conference call said that Lennar Corporation had improved their cash reserves to \$1.1 billion, up from \$642 million a year before. What Mr. Miller conveniently left out was *how* the company obtained the \$1.1 billion cash. It came from the June 2008 NewHall/LandSource bankruptcy that has created 5,000 victims. Although Lennar Corporation ended up with hundreds of millions of cash through the debacle, the public must ask how many people, companies and communities were destroyed in the process of improving Lennar's balance sheet."

A preview of some of the red flags includes:

- How Lennar Corporation tried to 'bury' the Forest Lawn Mortuary.
- How Lennar Corporation treats their joint ventures exactly like a Ponzi scheme - pledging their older joint venture interests to leverage themselves into newer joint venture relationships (despite operating agreements that prohibit this unauthorized movement of money).
- How Lennar Chief Operating Officer Jon Jaffe received a \$5,000,000 third trust deed loan in late 2007 that literally over-encumbers his home. This loan came from a lender who appears to be an undisclosed related party to Lennar Corporation and their joint venture partner in Kern County, California.

- How Lennar Corporation continues to provide vague and less than transparent responses to the SEC inquiries about off balance sheet, joint venture debt.
- How Lennar has exhibited a pattern of behavior over a sustained period of time of deceptive business practices, ranging from building homes using Chinese drywall to cut costs, to causing CALPERS (the California Public Retirement Fund) to lose approximately \$1 billion.

The Fraud Discovery Institute, Inc also refers to multiple lawsuits filed against Lennar Corporation for claims of breach of contract and fraud. FDI became involved with Lennar on behalf of one of their joint venture partners who was involved in the construction of “The Bridges” in Rancho Santa Fe, one of San Diego’s most successful residential communities. The joint venture partner is alleging in a lawsuit that Lennar violated the operating agreement.

“We began this case with sincere doubts that a public company listed on the New York Stock Exchange, with internal controls that include an audit committee would allow the exploitation of not just our client, but hundreds and thousands of others as evidenced by the public record. We were shocked and felt compelled to further investigate and educate law enforcement to the ‘below the surface’ happenings at this company.”

Fraud Discovery Institute, visit <http://www.frauddiscovery.net>.

Contact address

9747 Businesspark Ave #218

San Diego, CA 92131

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