

For Immediate Release

Title: 15 months later, FDI releases Lennar (NYSE:LEN) Top Ten Red Flags for Fraud: The Sequel

Subtitle: Investigation includes claims from bankrupt joint-venture partners, misleading financial statements, thousands of unpaid subcontractors and 2 Fs and a D- minus from Better Business Bureau

Special Bonus footage of the Fraud Discovery Institute's documentary titled "Too Big to Go to Jail: The Lennar Story"

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SAN DIEGO, CALIF—The Fraud Discovery Institute, Inc. (FDI) released today a devastating report that details how Lennar Corp. (NYSE: LEN) has bankrupted joint-venture partners, stiffed thousands of subcontractors, borrowed money at high interest rates to apparently fund a lawsuit, received F grades from Better Business Bureaus, received a sizeable payout from a land deal that eventually lost \$1.2 billion for the California state workers' pension fund, filed misleading financial disclosure statements, and been accused repeatedly of double dealing, extortion and fraud.

In conjunction with "Lennar's Top 10 Red Flags for Fraud: The Sequel" report, the Fraud Discovery Institute also unveiled today over 10 minutes of its upcoming documentary, "Too Big to Go to Jail: The Lennar Story." The movie documents the alleged nationwide pattern of fraudulent behavior by Lennar, one of the nation's largest homebuilders.

In the released clip, residents of San Francisco's Bayview Hunters Point, home to the largest African-American population in the city, angrily accuse Lennar of breaking its promise to monitor the community's health risks while developing a nearby toxic site and of reducing the number of affordable units it originally proposed.

"Top 10 Red Flags for Fraud: The Sequel" includes:

- An analysis of Lennar's 2009 4th quarter financial filing that shows the company's performance was far from an "improvement," as Lennar stated to the SEC and Wall Street;
- Allegations of fraud made by three of Lennar's former joint-venture partners;
- News that one Lennar project left 5,000 subcontractors in its wake and another development was encumbered by nearly \$6 million in mechanic's liens;
- Homeowner claims that Lennar knowingly built a development on unstable land and then tried to blame its subcontractors for the resulting damage;
- Details of a high-interest \$400 million loan Lennar took out apparently to fund litigation.

According to FDI, the most disturbing fact contained in the new report is the now unearthed and clear pattern of behavior utilized by Lennar to gain an unfair advantage over various joint

venture partners. This specific tactic was utilized in multiple joint venture projects including the now infamous LandSource CalPERS joint venture; the Palm Springs joint venture; and the Paradise Palms joint venture in Florida; and, through the utilization of a variation on this theme, even the San Diego joint venture. Essentially the evidence appears to show that Lennar creates various entities for their joint venture projects and then allows them to go bankrupt or default, and then uses a deep pocket parent entity, Lennar Corporation, to repurchase assets-including in some cases loan notes from these failed projects at a severely discounted rate. The evidence appears to show that in many instances Lennar intentionally allowed failure of these projects for the sole purpose of repurchasing them at a discount to the detriment of their joint venture projects.

“One question comes to mind after considering this evidence. Where is Lennar’s independent Board and Audit committees during all this?” asked Barry Minkow, co-founder of the Fraud Discovery Institute, Inc. “How does a Board, any Board of a public company in a post Enron, Sarbanes Oxley environment allow the senior management of this company to run rampant,” asked Minkow.

“The ‘Top 10 Red Flags for Fraud: The Sequel’ and clip from the documentary show a clear and persistent pattern of how Lennar uses fraud and broken promises as regular business tools,” said Mr. Minkow. “Look at the public documents that back up our findings, and you’ll ask yourself the same question we did: how do they keep getting away with it?”

Minkow said his investigations into Lennar (he released the original “Lennar’s Top 10 Red Flags for Fraud” in Jan. 2009) reveal that the corporate giant uses its deep pockets and the slow-moving legal system to outlast any joint-venture partner or subcontractor who files suit to collect money owed by Lennar.

In fact, after Minkow’s first “Top 10 Red Flags” was released, Lennar brought suit against him.

“No one, not even an ex-con enjoys being sued,” added Minkow. “But sometimes there is a cost associated with muckraking and that is a cost we have been willing to pay as long as the truth about Lennar’s business dealings comes out.”

The Fraud Discovery Institute, Inc. set out to avoid two things in this new report. The first was to avoid repeating evidence of misconduct contained in the first report and second was to avoid focusing, other than by inference or indirectly, on the litigation surrounding how FDI initially became involved in the Lennar case. Finally, Mr. Minkow also announced the creation of his point-by-point refutation of claims Lennar made in a Florida courtroom that he has manufactured evidence in the Lennar suit against him-- and forwarded it to various law enforcement agencies.