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FINANCIAL FRAUD ENFORCEMENT TASK FORCE ANNOUNCES REGIONAL RESULTS OF "OPERATION STOLEN DREAMS" TARGETING MORTGAGE FRAUD

NEWARK, N.J. - Following an announcement today by Attorney General Eric Holder in Washington, representatives of the Financial Fraud Enforcement Task Force in Newark, New Jersey, including United States Attorney Paul J. Fishman and Federal Bureau of Investigation Special Agent in Charge Michael B. Ward, announced the regional results of the nationwide takedown, Operation Stolen Dreams, which targeted mortgage fraud in the District of New Jersey and throughout the country and is the largest collective enforcement effort ever brought to bear in confronting mortgage fraud.

The sweep was organized by President Obama's interagency Financial Fraud Enforcement Task Force, which was established to lead an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. Starting on March 1, 2010, to date Operation Stolen Dreams has involved 1,215 criminal defendants nationwide, including 485 arrests, who are allegedly responsible for more than \$2.3 billion in losses. Additionally, to date the operation has resulted in 191 civil enforcement actions which have resulted in the recovery of more than \$147 million.

In the District of New Jersey, 33 defendants were charged by Complaint, three more were indicted, 10 others pleaded guilty to felony charges, and two more were sentenced. In addition, 17 search warrants were executed.

"Mortgage fraud ruins lives, destroys families and devastates whole communities, so attacking the problem from every possible direction is vital," said Attorney General Holder. "We will use every tool available to investigate, prosecute, and prevent mortgage fraud, and we will not rest until anyone preying on vulnerable American homeowners is brought to justice."

"Mortgage fraud continues to threaten the stability of the economy and the ability of the hard-working residents of New Jersey to obtain mortgage loans to purchase homes," said U.S. Attorney Fishman. "This type of fraud is not a thing of the past, but continues to evolve as criminals devise new schemes to enrich themselves at the expense of others. It has very real victims at all levels, including the individuals, neighborhoods, banks, and businesses that make up the fabric of New Jersey and the nation. My Office will continue to make mortgage fraud a top priority as long as there are bad actors willing to prey on those who literally cannot afford it."

Michael B. Ward, Special Agent In Charge of the FBI's Newark office, stated: "Builder bailout schemes, illegal property flipping, loan origination scams, and foreclosure rescue schemes not only place the individual consumer at risk, they also serve to threaten the financial health of a community. The FBI will continue to aggressively pursue individuals who seek to profit through these and other mortgage fraud related crimes."

Unlike previous mortgage fraud sweeps, Operation Stolen Dreams focused not only on federal criminal cases, but also on civil enforcement, recovering money for victims and increasing cooperation with state and local partners. Stolen Dreams involved the filing of nearly 200 civil enforcement actions, and of numerous criminal and civil actions by state Attorneys General and local District Attorneys.

The President's Financial Fraud Enforcement Task Force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit StopFraud.gov.

In the District of New Jersey, the United States Attorney's Office collaborated closely with members of the Mortgage Fraud Task Force, including the Federal Bureau of Investigation; the U.S. Department of Housing and Urban Development Office of Inspector General; the Internal Revenue Service; the U.S. Secret Service; the U.S. Postal Inspection Service; and the Hudson County Prosecutor's Office, and also coordinated with the Department of Homeland Security's Customs and Border Protection and U.S. Citizenship and Immigration Services, the U.S. Social Security Administration, and the New Jersey Attorney General's Office.

Operation Stolen Dreams cases in the District of New Jersey included:

United States v. Guido, Lucilene, et al.;
United States v. Dos Santos, Edivaldo, et al.;
United States v. Bernardim, Viviane, et al.;
United States v. Molina, Rodrigo, et al.;
United States v. Mendes, Eugenio, et al.;
United States v. Graca, Joelma, et al.;
United States v. Silva, Rogerio, et al.;
United States v. Fernandes, Simone;
United States v. Berger, Raquel, et al.

These nine Complaints, unsealed on June 16, 2010, charged 28 individuals with participating in various mortgage fraud scams that collectively sought to defraud lenders out of

more than \$5.5 million and involved more than 17 New Jersey properties. The charged defendants include 12 real estate agents; four investors; four mortgage consultants; three fraudulent document makers; two accountants; an appraiser; a bank employee; and a mortgage broker. Twenty-three of the defendants were arrested on June 16, 2010, as a result of a coordinated law enforcement investigation into mortgage fraud in northern New Jersey. Of the remaining defendants, one is in state custody on related charges, one is scheduled to self-surrender, and three remain at large.

United States v. Nunes, Jairo

Jairo Nunes, a maker of fraudulent documents involved in several of the charged scams for which Complaints were unsealed on June 16, 2009, was charged by Complaint with conspiracy to commit wire fraud and arrested on March 9, 2010. He has been in federal custody since his arrest.

United States v. Nowak, Ania, et al.

Three members of a mortgage fraud scheme, including a title agent and mortgage broker, were arrested on May 17, 2010, on a Complaint charging them with conspiring to commit wire fraud. Ania Nowak, Zbigniew Cichy, and Kim Salvameni were charged with conspiring to defraud various mortgage lenders of over \$2.7 million by conducting at least five fraudulent real estate transactions involving two residential properties in New Jersey. Nowak owned a real estate title company and acted as the title and settlement agent at real estate closings, a position she used to perpetrate the fraud. From November 2005 to December 2007, Nowak and Cichy employed numerous fraudulent techniques – including allowing Cichy to apply and obtain a loan on a property that he did not own, failing to pay off prior mortgages with new money lent by lenders, and failing to record mortgage documents with the county clerk. Nowak and Cichy also recruited Salvemini, a mortgage broker, to serve as a “straw buyer” to purportedly purchase a property that Cichy owned. The transaction was made so Salvemini could apply for fraudulent mortgage loans, which Nowak and Cichy then stole.

United States v. Hayden, Leroy

Leroy Hayden pleaded guilty on May 13, 2010, to a wire fraud charge in connection with the \$136 million fraud scheme that bankrupted U.S. Mortgage Corp. and its subsidiary, CU National Mortgage, LLC. Leroy Hayden, who was the servicing manager of U.S. Mortgage, conspired with Michael J. McGrath, Jr. – then the President and controlling shareholder of closely-held U.S. Mortgage – and several others to fraudulently sell Fannie Mae hundreds of loans belonging to various credit unions. Hayden also provided numerous reports to credit unions falsely stating that loans that had been sold were still in the credit unions’ portfolios, and falsified records, at McGrath’s direction, to conceal these fraudulent sales. Leroy Hayden also admitted that he modified data in U.S. Mortgage’s servicing system to help carry out the scheme.

United States v. Rampersaud, Tula, et al.

Tula Rampersaud, Sudesh Rampersaud, and Steven Boswell pleaded guilty to wire fraud conspiracy on April 8, 2010, stemming from a million-dollar mortgage fraud involving seven residential properties in Atlantic City, New Jersey. The Rampersauds and Boswell conspired with Jong Shin to obtain more than a million dollars of mortgage loans for unqualified borrowers in order to purchase the houses at inflated prices. The Rampersauds and Boswell served as “straw purchasers” for Shin, falsifying financial information on mortgage documents and purchasing properties in return for promises of cash payments. In completing the borrowers’ loan applications, the co-conspirators claimed fake employers, inflated incomes, false bank account balances, and fictitious assets in order to induce the lenders to extend the mortgage loans.

United States vs. Celestine, Garth

Garth Celestine pleaded guilty on March 30, 2010 to conspiracy to commit wire fraud in connection with a mortgage fraud scheme that falsely promised to help homeowners facing foreclosure keep their homes and repair their damaged credit. Celestine and Phil A. Simon owned and operated Home Savers, which held itself out as a foreclosure rescue company in New York. Celestine admitted that, doing business as Home Savers, he and his partner Simon advertised to homeowners and promised to help them avoid foreclosure, keep their homes, and repair their damaged credit. Celestine told the homeowners that they could avoid foreclosure by signing contracts of sale and transferring title to their homes to individuals who would act as “straw buyers” of the properties. Celestine promised the homeowners that after they transferred their title to these straw buyers, Home Savers would improve their credit ratings, help them obtain more favorable mortgages on their homes, and ultimately direct the straw buyers to transfer the title to their homes back to the homeowners within six months to one year. Celestine and Simon typically told the homeowners that the equity withdrawn from their properties would be kept in a separate account and used to pay the mortgages and expenses on their homes. After the homeowners were signed up, Celestine and Simon recruited individuals with good credit scores to act as straw buyers and paid them about \$10,000 per property. Using the homeowners’ properties and the good credit ratings of the straw buyers, Celestine and Simon applied for mortgages in the names of the straw buyers to extract the maximum available equity from the homes. To increase the credit-worthiness of the straw buyers and to ensure they would be approved for the loans, Celestine and Simon submitted to the mortgage lenders loan applications that contained false personal and financial information about the straw buyers. After each homeowner’s debt was paid off and other fees were satisfied, Celestine and Simon retained for themselves the remainder of the loan proceeds.

United States v. Shin, Jong

Jong Shin, the alleged mastermind of a mortgage fraud and money laundering scheme

involving residential properties in Atlantic City, was indicted on March 24, 2010. The Indictment charges that Jong Shin conspired with others to obtain more than a million dollars of mortgage loans for unqualified borrowers during 2006 to purchase seven houses in Atlantic City at inflated prices. Jong Shin and her co-conspirators allegedly arranged to sell the Atlantic City properties to “straw purchasers” – friends and acquaintances who Shin knew had good credit scores, but lacked the financial resources to qualify for mortgage loans to purchase the properties. In exchange for purchasing the properties in their names, Shin promised to pay cash to the straw purchasers. The Government maintains that, in completing the borrowers’ loan applications, Shin and her coconspirators claimed fake employers, inflated incomes, false bank account balances, and fictitious assets in order to induce the lenders to extend the mortgage loans. It is further alleged that Shin and others took proceeds from the fraudulent mortgage loans by having funds wired into various accounts that they controlled.

United States v. Smith, Patricia, et al.

Patricia Smith and Jamilah Smith, two alleged members of a mortgage fraud and money laundering scheme involving condominiums in North Wildwood, were named in a 10-count Indictment on March 17, 2010. According to the Indictment, the conspirators arranged to sell the real estate properties to “straw purchasers” whom the conspirators knew had good credit scores, but lacked the financial resources to qualify for mortgage loans to purchase the properties. Patricia Smith and Jamilah Smith served as such straw purchasers, were promised that they would pay neither deposits nor closing costs to acquire the properties, and would receive a kickback after the closing for allowing their names and credit information to be used to buy the condos. In completing the borrowers’ loan applications, Patricia Smith and Jamilah Smith claimed fake employers, inflated incomes, false bank account balances, and fictitious assets in order to induce the lenders to extend the mortgage loans. It is further alleged that the conspirators took proceeds from the fraudulent mortgage loans by having funds wired into various accounts that they controlled. The straw purchasers were paid a portion of the funds, and the recruiters of the straw purchasers shared the remainder of the funds with other co-conspirators.

United States v. Ragauckas, Brian

Brian Ragauckas, a Jersey City police officer, was arrested on March 10, 2010, on a Complaint charging him with bank fraud in connection with a \$529,777 mortgage loan that he obtained through false representations to the former Countrywide Bank FSB. According to the Complaint, Ragauckas and his wife owned property located in Secaucus, New Jersey which they purchased in June 2000 for \$513,700 and which is subject to a 30-year mortgage. In March 2008, in order to facilitate the purchase of a multi-family dwelling in Jersey City, Ragauckas applied for a loan with Countrywide Bank, FSB. During an interview with an employee of Countrywide Bank FSB, Ragauckas: failed to declare his outstanding mortgage liability on the Secaucus property; falsely reported that he rented, rather than owned, the Secaucus property; and falsely stated that he had not had an ownership interest in any property in the last three years. The

Complaint further alleges that Ragauckas thereafter represented in a signed Uniform Residential Loan Application for the Jersey City property that these statements were “true and accurate.” The Complaint also alleges that Ragauckas signed and submitted documents in which he falsely stated that he was a first-time home buyer.

As for the defendants with pending cases, the charges and allegations contained in the Complaints and Indictments are merely allegations, and the defendants are presumed innocent unless and until proven guilty.

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