

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

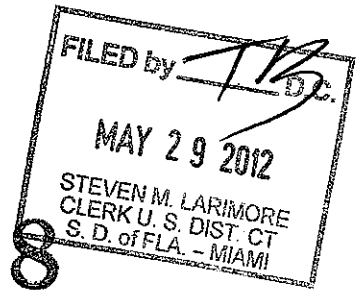
CASE NO.

12-20398

18 U.S.C. § 1349

18 U.S.C. § 981(a)(1)(C)

CR-MIDDLEBROOKS MAGISTRATE JUDGE
GARBER



UNITED STATES OF AMERICA

vs.

ANDRES MENDEZ,
a/k/a "Andy Mendez, Sr.,"
ANDY MENDEZ,
a/k/a "Andy Mendez, Jr.,"
LILIA CASAL-DIAZ,
AYADIE CARMEN LONDONO,
JOSEPHINE SANTANA,
JOSE RAFAEL MARTINEZ, and
BASILIO GOMEZ,

Defendants.

INDICTMENT

The Grand Jury charges that:

GENERAL ALLEGATIONS

At various times relevant to this Indictment:

1. All Star Marketing & Inv., Inc. ("All Star") was a Florida corporation purportedly doing business as a real estate marketer in Miami-Dade County, Florida.
2. Empire Associates Enterprises, Inc. ("Empire") was a Florida corporation purportedly doing business as a real estate marketer in Miami-Dade County, Florida.
3. A.M. Investors Group, Inc. ("A.M. Investors") was a Florida corporation purportedly doing business as a real estate marketer in Miami-Dade County, Florida.
4. O.C.I.R. Management Company ("O.C.I.R.") was a Florida corporation purportedly

doing business as a real estate marketer in Miami-Dade County, Florida.

5. "Realty International, Inc.," was a purported Florida corporation purportedly doing business as a real estate broker in Miami-Dade County, Florida.

6. Brothers Management & Investment, Inc. ("Brothers Management") was a Florida corporation purportedly doing business as a real estate broker in Miami-Dade County, Florida.

7. Sunshine Lending Corp. was a Florida corporation doing business as a mortgage broker in Miami-Dade County, Florida.

8. A "HUD-1 settlement statement" was a standard form required to be executed at all closings of real estate transactions. The HUD-1 settlement statement itemized charges for services and fees to be imposed on the borrower and seller in connection with the closing.

9. "Cash to close" referred to the monetary obligations to be met by an individual, usually the buyer, in order for a closing on a particular real estate transaction to be completed.

10. The term "straw buyer" referred to an individual who, in exchange for a kickback or other undisclosed benefit, allowed their identity and credit to be used in the purchase and financing of residential property.

11. Defendant **ANDRES MENDEZ**, a/k/a "**Andy Mendez, Sr.**," ("**ANDRES MENDEZ SR.**" or "**MENDEZ SR.**") resided in Miami-Dade County, Florida, was the president and registered agent of A.M. Investors, and controlled All Star.

12. Defendant **ANDY MENDEZ**, a/k/a "**Andy Mendez, Jr.**," ("**ANDY MENDEZ JR.**" or "**MENDEZ JR.**") resided in Miami-Dade County, Florida, and was the president of Brothers Management.

13. Defendant **LILIA CASAL-DIAZ** was an attorney who conducted real estate closings in Miami-Dade County, Florida.

14. Defendant **AYADIE CARMEN LONDONO** acted as a real estate broker and was a signatory on a Realty International, Inc. bank account.

15. Defendant **JOSEPHINE SANTANA** worked as a mortgage broker at Sunshine Lending Corp., provided verification to lending institutions of the information contained in mortgage applications of buyers, and received a percentage of loan fees generated on certain loans.

16. Conspirator Raquel De Jesus Martinez ("R.M.") served as a coordinator and paperwork processor to facilitate real estate transactions, and controlled O.C.I.R.

17. Conspirator Jose Arnaldo Rosario ("J.A.R.") was the owner of Empire.

18. Defendant **BASILIO GOMEZ** acted as a straw buyer who, in exchange for a fee, executed false paperwork, and allowed his identity and credit to be used for the purchase of an apartment located at 1331 Brickell Bay Drive, Miami, Florida, 33131 ("the Jade"), Unit 803.

19. Defendant **JOSE RAFAEL MARTINEZ** acted as a straw buyer who, in exchange for a fee, executed false paperwork, and allowed his identity and credit to be used for the purchase of Unit 3609 at the Jade.

20. Conspirator Herminia Rosario ("H.R.") acted as a straw buyer who, in exchange for a fee, executed false paperwork, and allowed her identity and credit to be used for the purchase of Unit 3003 at the Jade.

CONSPIRACY TO COMMIT MAIL FRAUD
(18 U.S.C. § 1349)

From in or around November 2005, through at least in or around September 2009, the exact dates being unknown to the Grand Jury, in Miami-Dade County, in the Southern District of Florida, and elsewhere, the defendants,

ANDRES MENDEZ,
a/k/a "Andy Mendez, Sr.,"
ANDY MENDEZ,
a/k/a "Andy Mendez, Jr.,"
LILIA CASAL-DIAZ,
AYADIE CARMEN LONDONO,
JOSEPHINE SANTANA,
JOSE RAFAEL MARTINEZ, and
BASILIO GOMEZ,

did willfully, that is, with the intent to further the object of the conspiracy, and knowingly combine, conspire, confederate, and agree with each other and with others known and unknown to the Grand Jury, to knowingly and with intent to defraud, devise, and intend to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that they were false and fraudulent when made, and knowingly causing to be delivered certain mail matter by U.S. mail and by private and commercial interstate carrier, according to the directions thereon, for the purpose of executing the scheme, in violation of Title 18, United States Code, Section 1341.

PURPOSE OF THE CONSPIRACY

21. It was the purpose of the conspiracy for the defendants and their conspirators to unlawfully enrich themselves by, among other things: (a) using straw buyers to purchase residential properties in Miami-Dade County, Florida; (b) submitting false and fraudulent mortgage loan

applications and related documents to lending institutions, thereby inducing the lending institutions to make mortgage loans to straw buyers for the purchase of the residential properties; (c) causing the lender to loan more money than it otherwise would have loaned by preparing, and submitting to the lender, false and fraudulent HUD-1 statements with inflated purchase prices; (d) obtaining proceeds from the fraudulently obtained properties through receipt of rent payments; (e) diverting fraud proceeds for their personal use and benefit, and to further the fraud scheme; and (f) concealing the fraudulent scheme by, among other things, creating a second version of the HUD-1 statement to be provided to the seller reflecting the actual purchase price of the property, making a certain number of payments to the condominium association in order to conceal the nature of the transaction and prevent foreclosure in order to receive rental income, and covering up and concealing the fraudulent nature of the scheme from others including law enforcement authorities.

MANNER AND MEANS OF CONSPIRACY

The manner and means by which the defendants and their conspirators sought to accomplish the object and purpose of the conspiracy included, among others, the following:

22. **ANDRES MENDEZ SR., ANDY MENDEZ JR., AYADIE CARMEN LONDONO,** and **JOSEPHINE SANTANA** would identify certain residential properties in Miami-Dade County, Florida that could be used to defraud lenders.

23. **ANDRES MENDEZ SR., ANDY MENDEZ JR., J.A.R.,** and their conspirators would recruit and pay individuals to participate in the scheme, including by recruiting straw buyers. Among the individuals recruited to act as straw buyers were **JOSE RAFAEL MARTINEZ, BASILIO GOMEZ,** and H.R. These straw buyers would be promised, and would thereafter seek

to obtain, rental income from the high-end properties until the properties were foreclosed upon or repossessed.

24. **ANDRES MENDEZ SR., ANDY MENDEZ JR., JOSEPHINE SANTANA, R.M., J.A.R., JOSE RAFAEL MARTINEZ, H.R., BASILIO GOMEZ,** and their conspirators prepared, and caused to be prepared, false and fraudulent loan applications and other related documents. The loan applications and related documents contained numerous false statements and representations relating to the borrowers' employment, income, deposits, assets, liabilities, other loan applications, intent to make the property a primary residence, and other information necessary for lenders to assess the buyers' qualifications to borrow money. **MENDEZ SR., R.M., JOSE RAFAEL MARTINEZ, H.R., JOSIE SANTANA, and LILIA CASAL-DIAZ,** and their conspirators also created, and caused to be created, false verifications of employment forms, fraudulent cash to close checks, and other false documents that created the impression that deposit funds were provided by the straw buyers, in order to further induce lenders to approve the mortgage loans. **MENDEZ SR., MENDEZ JR., R.M.,** and their conspirators also caused documents to contain fraudulent notary seals and bear fraudulent witness signatures, to create a false impression of legitimacy for documents that had been fraudulently created by the conspirators.

25. **ANDRES MENDEZ SR., ANDY MENDEZ JR., CARMEN LONDONO, J.A.R., R.M. and JOSE RAFAEL MARTINEZ,** and their conspirators created and used shell companies for the purpose of receiving and transmitting funds obtained from the scheme, and to conceal the fraudulent nature of the transactions and the involvement of the conspirators. Shell companies used by the conspirators for this purpose included All Star, Empire, A.M. Investors, O.C.I.R., Realty International, Inc. and Brothers Management.

26. At the time of the closings, **ANDRES MENDEZ SR.**, R.M., **LILIA CASAL-DIAZ**, **JOSIE SANTANA**, and their conspirators created, and caused to be created, false and fraudulent HUD-1 settlement statements. These HUD-1 statements listed, among other things, a fraudulently inflated purchase price, failed to disclose the kickback payments paid to the conspirators, and fraudulently represented that the buyer paid a deposit or had provided cash to close the transaction. In some instances, **LILIA CASAL-DIAZ** and other conspirators created, and caused to be created, multiple HUD-1 settlement statements for the same transaction. The first HUD-1 settlement statement would be submitted to the seller (the "seller HUD-1"), and it reflected the actual purchase price to be paid to the seller for the residential property. The seller HUD-1 fraudulently reflected a significantly smaller loan amount than the loan amount actually borrowed from the lender, that would not raise the seller's suspicions as to the fraudulent nature of the transaction. A second HUD-1 settlement statement was created for the same transaction but was given to the lender (the "lender HUD-1"). The lender HUD-1 would reflect an inflated purchase price, and was intended to induce the lender to fund the property loans at a significantly inflated value over the actual purchase price paid to the seller of the residential property.

27. Once the mortgage applications were completed they would be sent via U.S. Mail and Federal Express from the closing attorney, **LILIA CASAL-DIAZ**, in Miami, Florida to the lending institutions, including Metrocities Mortgage LLC in Sherman Oaks, California, and Loan City in Tampa, Florida. **CASAL-DIAZ** also sent completed closing documents via first class mail from her office in Miami, Florida, to the office of Sunshine Lending, in Coral Gables, Florida.

28. Once the applications were approved, the proceeds would be wired to **LILIA CASAL-DIAZ** for distribution at the closings of the residential sale transactions. Thereafter,

ANDRES MENDEZ SR., ANDY MENDEZ JR., AYADIE CARMEN LONDONO, JOSEPHINE SANTANA, R.M., J.A.R., JOSE RAFAEL MARTINEZ, BASILIO GOMEZ, and their conspirators caused fraudulent payments and disbursements to be made from the loan proceeds.

29. In and around the time of the closings, **LILIA CASAL-DIAZ** disbursed the loan proceeds to the sellers prior to, and without receiving the cash to close payment from, the buyers, contrary to the representations in the HUD-1 statements.

30. **ANDRES MENDEZ SR., J.A.R.,** and their conspirators made, and caused to be made, a certain number of mortgage payments on the properties in order to conceal the fraudulent nature of the transactions, before allowing the loans to fall into foreclosure, resulting in substantial losses to the lenders.

31. It was a further part of the scheme for the conspirators to fraudulently obtain rent payments for units fraudulently acquired until the units were repossessed by lenders after going through foreclosure. For example, straw buyer **BASILIO GOMEZ**, who did not provide any deposit or cash to close, or make mortgage payments for Unit 803 at the Jade that was acquired in his name, held himself out to tenants as the "owner," and rented the unit to tenants. **GOMEZ** received rental income, including a deposit of such income on or about July 9, 2007, well after the conspirators stopped making mortgage payments to the lender. To continue to profit from the scheme by obtaining such rental payments and use of the units, **GOMEZ, H.R.,** and their conspirators, made, and caused to be made, certain payments to the Jade condominium association in order to avoid foreclosure by the association.

32. To further conceal the nature of the conspiracy, **ANDRES MENDEZ SR. and ANDY MENDEZ JR.,** believing that certain conspirators were being investigated by law enforcement,

would communicate with the conspirators about the nature and status of the investigation. **MENDEZ SR.** and **MENDEZ JR.** would instruct the conspirators not to speak with law enforcement.

All in violation of Title 18, United States Code, Section 1349.

FORFEITURE
(18 U.S.C. § 981(a)(1)(C))

1. The allegations of this Indictment are realleged and by this reference fully incorporated herein for the purpose of alleging forfeiture to the United States of America of certain property in which one or more of the defendants have an interest.

2. Upon conviction of the violation alleged in this Indictment, the defendants shall forfeit to the United States, any property, real or personal, which constitutes or is derived from proceeds traceable to such violation.

3. The property subject to forfeiture includes but is not limited to the proceeds of the above-referenced fraud, including a sum of \$5,677,500.

4. If the above-described forfeitable property, as a result of any act or omission of the defendants--


- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to, or deposited with, a third party;
- (3) has been placed beyond the jurisdiction of the Court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property and cannot be easily subdivided;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of said defendants up to the value of the above forfeitable property.

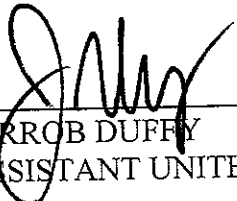
All pursuant to Title 18, United States Code, Section 981(a)(1)(C), as incorporated by Title 28, United States Code, Section 2461(c), and the procedures outlined at Title 21, United States Code, Section 853.

A TRUE BILL

FOREPERSON



WIFREDO A. FERRER
UNITED STATES ATTORNEY



JERROB DUFFY
ASSISTANT UNITED STATES ATTORNEY