



*United States Attorney
District of New Jersey*

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**FORMER RESIDENTIAL MORTGAGE EMPLOYEE PLEADS GUILTY
TO ROLE IN MORTGAGE FRAUD SCHEME**

NEWARK, N.J. – A former employee of Ridgewood, New Jersey mortgage brokerage firm Diversified Financial Group, d/b/a Residential Mortgage Corporation (“Residential Mortgage”), pleaded guilty today to wire fraud conspiracy in connection with a mortgage fraud scheme, U.S. Attorney Paul J. Fishman announced.

Daniel Gilmore, 29, of Hackensack, N.J., entered his guilty plea before United States District Judge Susan D. Wigenton in Newark federal court.

According to the Information to which the defendant pleaded guilty and statements made in court at this and related proceedings:

Gilmore admitted that he conspired with others – including Ronald J. O’Malley, then co-owner of Residential Mortgage and the Chairman and a Commissioner of the Bergen County Improvement Authority (BCIA) – to commit wire fraud in connection with fraudulent mortgage and home equity loans brokered by Residential Mortgage between 2006 and 2009. The scheme involved the submission to mortgage lenders of fraudulent loan applications and supporting documents that falsely claimed borrowers were employed by and receiving income from the BCIA. O’Malley was indicted by a Newark grand jury in connection with the scheme on August 31, 2010, along with Laura-Jean Arvelo, another former employee of the firm. The Indictment remains pending. The former co-owner of the firm, Edward Olimpio, and former employee Rachell Fischbein pleaded guilty to participating in the scheme on July 22, 2010.

Gilmore, along with O’Malley, Arvelo, Olimpio, Fischbein and the other participants in the scheme, would falsely represent on mortgage loan applications and other documents that certain borrowers were employed by and received salaries from the BCIA, when those individuals did not work there. In support of these false representations, O’Malley, Arvelo and other co-conspirators arranged for the BCIA staff to falsely respond to telephone calls from banks and other mortgage lenders seeking to verify borrowers’ employment. Gilmore also admitted that he and his co-conspirators created and arranged for the creation of phony BCIA pay stubs and IRS W-2 forms, which were also submitted to lenders.

Gilmore and his co-conspirators also made false representations regarding borrowers’ employment at places other than the BCIA and created similar false documentation in support of such claims. They also created false asset information for borrowers, including by falsifying Gilmore’s and O’Malley’s own bank and brokerage account statements to make it appear that the

statements belonged to the borrowers.

Gilmore pleaded guilty to one count of conspiracy to commit wire fraud, which carries a maximum potential penalty of 20 years in prison and a \$250,000 fine.

Fishman credited special agents of the Federal Bureau of Investigation, under the direction of Special Agent in Charge Michael B. Ward, and the Internal Revenue Service – Criminal Investigation, under the direction of Special Agent in Charge Victor W. Lessoff, for their work in the investigation of this case. He added that the investigation is ongoing.

The government is represented by Assistant U.S. Attorney Rachael A. Honig, Deputy Chief of the U.S. Attorney’s Office Criminal Division.

The charges and allegations contained in the Indictment against O’Malley and Arvelo are merely accusations, and the defendants are considered innocent unless and until proven guilty.

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Defense counsel: Paul Casteleiro, Hoboken, N.J.