

NEWS

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Two Charged in Wildwoods Mortgage Fraud Scheme

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CAMDEN – Two members of a mortgage fraud and money laundering scheme involving condominiums in North Wildwood were named in a 10-count Indictment today, U.S. Attorney Paul J. Fishman announced.

The Indictment charges that Patricia Smith and Jamilah Smith conspired with others to obtain more than a million dollars of mortgage loans for unqualified borrowers during December 2006 through February 2007 to purchase condominium units at the Jersey Shore at inflated prices. The Indictment further alleges that members of the conspiracy extracted a portion of the money from the fraudulently obtained mortgage funds paid at the real estate closings.

Patricia Smith, 45, and Jamilah Smith, 29, both of Irvington, had previously been charged in a two-count Criminal Complaint filed against them last year. U.S. Magistrate Judge Joel Schneider previously set bail for each at \$20,000. United States District Judge Jerome B. Simandle, to whom the case has been assigned, will schedule an arraignment on the Indictment and will address bail in light of the charges contained in the Indictment.

The Indictment is the latest step in an investigation by the Federal Bureau of Investigation and the Internal Revenue Service - Criminal Investigation division into fraudulent mortgage loans for shore properties in the Wildwoods.

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 were identified as straw purchasers.

According to the Indictment, in exchange for purchasing the properties in their names, Patricia Smith and Jamilah Smith were promised that they would neither pay deposits or closing costs to acquire the properties and would receive an up-front 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, including Patricia Smith and Jamilah Smith, were paid a portion of the funds, and the recruiters of the straw purchasers shared the remainder of the funds with other co-conspirators.

The Indictment charges Patricia Smith and Jamilah Smith with one count of conspiracy to commit wire fraud. The Indictment also charges Patricia Smith and Jamilah Smith with one count of conspiracy to commit money laundering, two counts each of wire fraud, and two counts each of money laundering involving monetary transactions exceeding \$10,000. Despite the Indictment, however, both defendants are presumed innocent unless and until proved guilty beyond a reasonable doubt.

Fishman credited Special Agents of the FBI’s Atlantic City Resident Agency, under the direction of Special Agent in Charge Michael Ward in Newark, New Jersey, and Special Agents of the

IRS - Criminal Investigation Division's May's Landing Office, under the direction of Special Agent in Charge William P. Offord, for their tireless investigation leading to the Indictment.

The Government is represented by Assistant U.S. Attorney R. Stephen Stigall of the Criminal Division in Camden.

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Defense Counsel: For Patricia Smith: Michael J. Farrell, Esq., Wenonah
For Jamilah Smith: Troy A. Archie, Esq., Camden