

2012R00150/LSH-AM

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA

: Hon.

v.

: Criminal No. 14-70 (SDW)

KENNETH SWEETMAN

: 18 U.S.C. § 1349

**INFORMATION**

(Conspiracy to Commit Wire Fraud)

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

**Background**

1. At various times relevant to this Information:

a. Defendant Kenneth Sweetman ("SWEETMAN"), a resident of Lyndhurst and Nutley, New Jersey, conducted fraudulent real estate closings although he was not a licensed attorney or title agent.

b. Paul Chemidlin, Jr. ("Chemidlin"), a resident of Morganville, New Jersey, who is named as a co-conspirator but not as a defendant herein, provided fraudulent real estate appraisals for the co-conspirators although he was not a licensed real estate appraiser.

c. Joseph DiValli ("DiValli"), a resident of Jackson, New Jersey, who is named as a co-conspirator but not as a defendant herein, was employed as a loan officer at Mortgage Company-1, a northern New Jersey mortgage brokerage company.

d. Jose Martins ("Martins"), a resident of Newark, New Jersey, who is named as a co-conspirator but not as a defendant herein, was an employee of a bank and he facilitated certain financial transactions for the co-conspirators.

e. Jose Luis Salguero Bedoya, also known as "Jose Salguero" ("Salguero"), a resident of Elizabeth, New Jersey, who is named as a co-conspirator but not as a defendant herein, was a real estate investor.

f. Carmine Fusco ("Fusco"), a resident of East Hanover, New Jersey, who is named as a co-conspirator but not as a defendant herein, conducted fraudulent real estate closings for the co-conspirators although he was not a licensed attorney or title agent.

### **Mortgage Lending Generally**

2. Mortgage loans were loans funded by banks, mortgage companies, and other financial institutions ("lenders"), to enable borrowers to finance the purchase of real estate property, giving the lenders a secured interest in the property. In deciding whether borrowers met the lenders' income, credit eligibility, and down payment requirements, among other things, the lenders evaluated the financial representations made in loan applications and other documents submitted by the borrowers, and assessed the value of the property securing the loan.

3. A common type of mortgage loan was issued in connection with an insurance program administered by the Federal Housing Administration ("FHA"), which was a division of the United States Department of Housing and Urban Development. The FHA encouraged lenders to make mortgage loans to qualified borrowers by protecting against loan defaults through a government-backed payment guarantee if the borrower defaulted on a mortgage loan. The FHA had certain requirements that needed to be met before it guaranteed a mortgage loan.

4. Another common type of mortgage loan was called a "conventional" mortgage loan. Lenders underwrote and funded conventional mortgage loans using their own funds and credit lines. After funding a conventional mortgage loan, a lender either services the loan during

the mortgage loan period or sells the loan to other institutional investors in the secondary market.

5. The mortgage companies referred to herein were "financial institutions," as defined in Title 18, United States Code, Section 20, and their activities affected interstate commerce.

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**The Conspiracy**

6. From at least as early as in or about March 2011 through in or about July 2012, in the District of New Jersey and elsewhere, defendant

KENNETH SWEETMAN

did knowingly and intentionally conspire and agree with Chemidlin, DiValli, Martins, Salguero, Fusco, and others known and unknown, 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, which scheme and artifice would affect financial institutions, and for the purpose of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communications in interstate commerce certain writings, signs, signals, pictures, and sounds, contrary to Title 18, United States Code, Section 1343.

**Object of the Conspiracy**

7. The object of the conspiracy was for defendant SWEETMAN and his co-conspirators to enrich themselves by obtaining mortgage loans through fraudulent means, including but not limited to, submitting to mortgage lenders materially false and fraudulent mortgage loan applications, supporting documents, and closing documents.

**Methods and Means of the Conspiracy**

8. Defendant SWEETMAN and his co-conspirators used various means to

execute their scheme, including the following:

a. **Fraudulent Gift Funds:** To show that a borrower, who was involved in the scheme, had the funds necessary to purchase a property, defendant SWEETMAN and his co-conspirators prepared and submitted fraudulent gift letters falsely stating that the borrower was obtaining the funds necessary to close from a relative or friend in the form of a gift. In reality, defendant SWEETMAN and his co-conspirators provided the closing funds.

b. **False Appraisals:** To support inflated property values and, as a result, to obtain mortgage loans in larger amounts, co-conspirators DiValli and Salguero obtained false appraisal reports from co-conspirator Chemidlin, who was not a licensed appraiser.

c. **Misleading shell companies:** Defendant SWEETMAN and co-conspirator Fusco formed limited liability companies ("LLCs") in the names of companies similar to those of licensed title companies, and then opened bank accounts in the LLC names to conceal their identities and to control the receipt and distribution of fraudulently obtained mortgage loan proceeds.

d. **False closing documents:** Defendant SWEETMAN and co-conspirator Fusco submitted and caused to be submitted false and fraudulent documents that misrepresented co-conspirator Salguero's ownership in the properties as well as the disposition of mortgage loan proceeds related to the transactions.

9. Using the methods and means described above, among others, defendant SWEETMAN and his co-conspirators conducted more than sixteen fraudulent real estate transactions, including, but not limited, to the following properties:

a. A property on East Jersey Street, Elizabeth, NJ;

- b. A property on South 7th Street, Elizabeth, NJ;
- c. Two properties on Inslee Place, Elizabeth, NJ;
- d. A property on Anna Street, Elizabeth, NJ;

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- e. Three properties on Livingston Street, Elizabeth, NJ;
- f. A property on Fulton Street, Elizabeth, NJ;
- g. A property on Bond Street, Elizabeth, NJ;
- h. A property on Franklin Street, Elizabeth, NJ;
- i. Two properties on South Park Street, Elizabeth, NJ;
- j. Two properties on Marshall Street, Elizabeth, NJ; and
- k. A property on Smith Street, Elizabeth, NJ (the "Smith Street Property").

10. For example, with respect to the Smith Street Property, defendant SWEETMAN and his co-conspirators fraudulently obtained approximately \$244,885 in illegitimate mortgage loan proceeds by, among other things, submitting false bank statements, false gift letters, false title reports, and fraudulent appraisals. In reliance on the fraudulent documents submitted by defendant SWEETMAN and his co-conspirators, a financial institution funded an approximately \$244,885 mortgage loan via a wire transfer, on or about November 14, 2012, from a bank account in Pennsylvania to a bank account in New Jersey. Thereafter, defendant SWEETMAN and his co-conspirators fraudulently distributed the loan proceeds to themselves and to others, and concealed the fraudulent disbursements of the loan proceeds from the financial institution and from the FHA by submitting a false HUD-1 Settlement Statement.

11. In all, defendant SWEETMAN and his co-conspirators obtained more than \$5 million in illegitimate proceeds of mortgage loans as a result of their scheme and artifice to defraud.

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In violation of Title 18, United States Code, Section 1349.

**FORFEITURE ALLEGATION**

1. The allegations contained in Pages One through Six of this Information are incorporated by reference as though set forth in full herein for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461.

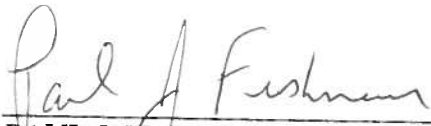
2. Upon conviction of an offense charged in Count One of this Information, defendant SWEETMAN, shall forfeit to the United States the contents and interest of Fulton Bank of New Jersey account ending in # 5077 in the amount of \$76,865.19.

3. If by any act or omission of defendant SWEETMAN any of the property subject to forfeiture herein:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided

without difficulty,

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 defendant SWEETMAN up to the value of the property described in this forfeiture allegation.

  
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PAUL J. FISHMAN  
UNITED STATES ATTORNEY

CASE NUMBER: 2012R00150

United States District Court  
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v.

KENNETH SWEETMAN

INFORMATION FOR

18 U.S.C. § 1349

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