

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.  
 :  
 v. : Crim. No. 15-  
 :  
 MIGUEL LAROSA : 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 Miguel LaRosa (“LAROSA”) was a resident of Elizabeth, New Jersey, who recruited individuals or “straw buyers” to pose as the purchasers of certain properties that were part of the mortgage fraud scheme described herein, and to apply for and obtain mortgages for those properties even though the individuals had no means of paying them.
  - b. Co-conspirator 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 mortgage banker located in northern New Jersey.
  - c. Co-conspirator Jose Luis Salguero Bedoya, a/k/a “Jose Salguero” (“Salguero”), a resident of Elizabeth and Verona, New Jersey, who is

named as a co-conspirator but not as a defendant herein, was a real estate investor.

d. Co-conspirator 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 although he was not a licensed attorney or title agent.

e. Co-conspirator Kenneth Sweetman (“Sweetman”), a resident of Lyndhurst and Nutley, New Jersey, who is named as a co-conspirator but not as a defendant herein, conducted fraudulent real estate closings although he was not a licensed attorney or title agent.

f. Co-conspirator 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 although he was not a licensed real estate appraiser.

g. Co-conspirator 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 facilitated fraudulent real estate transactions.

### **Mortgage Lending Generally**

2. Mortgage loans were loans funded by banks, mortgage companies, and other financial institutions (collectively, “Lenders”) to enable borrowers to finance the purchase of real property. In exchange for funding a mortgage loan, Lenders received a secured interest in the property that was being purchased

using the loan. In deciding whether to fund a mortgage loan, Lenders typically evaluated whether prospective borrowers met, among other things, income, credit eligibility, and down payment requirements, and evaluated the financial representations set forth in the borrowers' Uniform Residential Loan Applications ("URLAs") and related documents pertaining to the borrowers' income, assets, credit eligibility, and down payment requirements. Loan officers caused the completed URLAs and supporting documents to be submitted to Lenders. In addition, Lenders assessed the value of the properties securing the loans to ensure, among other things, there was sufficient equity in the properties.

3. Mortgage bankers, such as Mortgage Company 1, were entities that originated mortgages. Mortgage bankers used their own funds, or funds borrowed from a warehouse lender, to fund mortgages. After a mortgage was originated, a mortgage banker either retained the mortgage in its portfolio or sold it to an investor. Similarly, after a mortgage was originated, a mortgage banker either serviced the mortgage (that is, collected payments and fees on it) or sold the servicing rights to another financial institution. A mortgage banker's primary business was to earn fees associated with loan origination, and it typically did not retain mortgages it originated in its own portfolio.

4. Licensed real estate appraisers were responsible for determining the fair market value of real estate properties and preparing appraisals which were

relied upon by the parties to a mortgage transaction, including Lenders, in determining whether or not to make a loan.

5. The Federal Housing Administration (“FHA”) was a division of the United States Department of Housing and Urban Development (“HUD”) that encouraged Lenders to make certain types of 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, however, had certain requirements that needed to be met before it guaranteed a mortgage loan. For example, with certain exceptions, the FHA would not insure a mortgage on a property if the seller owned the property for fewer than 90 days before the sale for which the FHA mortgage loan insurance was sought. In addition, for certain transactions where the sale of a property was fewer than 120 days after it was initially purchased, FHA regulations required two independent appraisals in order for the mortgage loan to be approved by the Lender and FHA.

6. Following approval of a mortgage loan by a Lender, the closing attorney or title agent prepared a settlement statement known as a “HUD-1,” a form prescribed by HUD that set forth the complete costs, fees, and disbursements associated with a residential real estate transaction. After it was prepared, the closing attorney or title agent sent the HUD-1 to a Lender for approval. If approved, the Lender then caused an electronic wire transfer of funds to be transmitted to the closing attorney or title agent conducting the

closing on the property, who subsequently distributed the closing proceeds in accordance with the HUD-1.

7. The Lenders referenced herein were “financial institutions” as defined in Title 18, United States Code, Section 20, and their activities affected interstate commerce.

### **The Conspiracy**

8. From at least as early as in or about March 2011 through in or about November 2012, in Union County, in the District of New Jersey and elsewhere, defendant

MIGUEL LAROSA

did knowingly and intentionally conspire and agree with co-conspirators Joseph DiValli, Jose Salguero, Carmine Fusco, Kenneth Sweetman, Paul Chemidlin, Jr., Jose Martins, 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**

9. The object of the conspiracy was for defendant LAROSA and his co-conspirators to enrich themselves by obtaining mortgage loans through

fraudulent means, including but not limited to submitting materially false and fraudulent mortgage loan applications, supporting documents, and closing documents to Lenders.

**Methods and Means of the Conspiracy**

10. It was part of the conspiracy that co-conspirator Salguero owned a number of properties in northern New Jersey (the "Subject Properties").

11. It was further part of the conspiracy that defendant LAROSA and his co-conspirators recruited straw buyers to apply for and to obtain mortgages and to purchase the Subject Properties, even though defendant LAROSA and his co-conspirators knew that the straw buyers did not meet the requirements to obtain the mortgages and lacked the ability to properly purchase the Subject Properties. Defendant LAROSA and his co-conspirators compensated the straw buyers for their involvement in obtaining the mortgages and purchasing the Subject Properties.

12. It was further part of the conspiracy that defendant LAROSA and his co-conspirators submitted and caused to be submitted materially false and fraudulent mortgage loan applications, supporting documents, and closing documents to Lenders on behalf of straw buyers with the intention that the Lenders would rely upon those fraudulent documents and representations to provide mortgage loans for the Subject Properties.

13. It was further part of the conspiracy that defendant LAROSA and his co-conspirators used co-conspirator Martins, who worked at a bank, to create

misleading certifications that certain bank accounts, including those of straw buyers, contained a specific amount of funds when they actually contained less.

14. It was further part of the conspiracy that defendant LAROSA and his co-conspirators caused the misleading certifications to be submitted to Lenders in support of mortgage applications.

15. It was further part of the conspiracy that defendant LAROSA and his co-conspirators caused false appraisal reports for the Subject Properties, often created by co-conspirator Chemidlin using false identities, to be submitted to Lenders in support of mortgage applications.

16. It was further part of the conspiracy that, in some instances, defendant LAROSA and his co-conspirators back-dated deeds to make sales of the Subject Properties appear to have occurred more than 90 days prior to the subject transaction, thereby ensuring that the Subject Properties qualified for FHA-insured loans, as set forth above.

17. It was further part of the conspiracy that defendant LAROSA and his co-conspirators used unlicensed title agents, including co-conspirators Fusco and Sweetman, to close the fraudulent mortgage loans on the Subject Properties and disburse the fraudulently obtained mortgage loan proceeds.

18. It was further part of the conspiracy that defendant LAROSA and his co-conspirators formed and caused to be formed limited liability companies ("LLCs") in the names of companies similar to those of licensed title companies, and then opened bank accounts in the LLCs' names to conceal their identities in

fraudulent HUD-1s and other documents and to control the receipt and distribution of fraudulently obtained mortgage loan proceeds.

19. It was further part of the conspiracy that defendant LAROSA received compensation for recruiting straw buyers.

20. It was further part of the conspiracy that defendant LAROSA and his co-conspirators engaged in more than twenty fraudulent real estate transactions and fraudulently induced Lenders to issue more than \$6,000,000 in loans, resulting in a number of defaults and exposing the Lenders and the FHA to more than \$2,000,000 in potential losses to date.

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



## **FORFEITURE ALLEGATIONS**

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

2. Upon conviction of the crime charged in this Information, the Government will seek forfeiture from defendant LAROSA, in accordance with Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 981(a)(1)(C), of any and all property, real or personal, that constitutes or is derived from proceeds traceable to the violations of Title 18, United States Code, Section 1349.

3. If by any act or omission of defendant LAROSA 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 LAROSA up to the value of the property described in this forfeiture allegation.



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PAUL J. FISHMAN  
UNITED STATES ATTORNEY

**CASE NUMBER:** \_\_\_\_\_

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**PAUL J. FISHMAN**

*UNITED STATES ATTORNEY, NEWARK, NEW JERSEY*

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ANDREW KOGAN  
ASSISTANT U.S. ATTORNEY  
NEWARK, NEW JERSEY  
973.645.2754

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