

NEWS

United States Department of Justice
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FOR IMMEDIATE RELEASE
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New Jersey Attorney Admits Role in
Conspiracy to Defraud Mortgage Lenders

(More)

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NEWARK – A New Jersey attorney who conducted real estate closings in connection with a fraudulent scheme involving NJ Affordable Homes, Corp. (NJAHC), a purported real estate investment company, pleaded guilty today to participating in a conspiracy that defrauded mortgage lenders of at least \$1 million, U.S. Attorney Christopher J. Christie announced.

Mitchell Fishman, 56, of Princeton Junction, pleaded guilty before U.S. District Judge Jose L. Linares to a one-count Information, which charged him with conspiracy to commit wire fraud for creating and signing materially false and fraudulent HUD-1 Universal Settlement Statements (“Settlement Statements”) that falsely showed that Fishman’s clients, certain nominee or “in-name-only” buyers, had paid money in connection with certain real estate transactions when they had not, according to Robert Kirsch and Justin W. Arnold, the Assistant U.S. Attorneys handling the prosecution.

At his plea hearing, Fishman admitted that from March 2003 through September 2005, he participated in a conspiracy with Wayne Puff, the former president and founder of NJAHC – which was based at various times in Perth Amboy and Woodbridge – and other co-conspirators to defraud various mortgage lenders. Fishman admitted that he created and signed materially false Settlement Statements at Puff’s direction, and that he knew the false Settlement Statements were being submitted to the mortgage lenders.

Fishman also admitted that the Settlement Statements falsely showed that nominee buyers had paid money to serve as equity and had paid settlement charges when they had not. In fact, Fishman admitted that he created offsetting entries on the Settlement Statements to disguise the fact that the nominee buyers had not paid any money in connection with the closing. Fishman also stated that during the course of the fraudulent scheme, he learned that another attorney was using similar offsetting entries in connection with other real estate closings involving NJAHC also to disguise this fact.

The charges to which Fishman pleaded guilty carry a statutory maximum penalty of five years in federal prison and fine of \$250,000. Judge Linares scheduled sentencing for Nov. 26. Fishman is free on a \$100,000 bond in the meantime.

Fishman is the seventh defendant associated with NJAHC to plead guilty. Lucesita Santiago, John Kurzel, Katrina Arrington, Michael Meehan, John Morris, and William Page have pleaded guilty to their roles in the fraudulent conduct at NJAHC. All defendants await sentencing.

Puff was arrested on June 10, 2008, and charged by criminal Complaint with masterminding a fraudulent scheme which caused over \$75 million in losses to investors and mortgage lenders. He is currently in federal custody.

The guilty pleas and arrest in this case stem from a criminal referral made by the Enforcement Division of the U.S. Securities and Exchange Commission in the New York Regional Office. The SEC obtained a temporary restraining order and preliminary injunction against the company in September 2005. NJAH subsequently was ordered into receivership and then bankruptcy by a federal judge.

Christie credited Special Agents of the FBI's Franklin Township Resident Agency, under the direction of Special Agent in Charge Weysan Dun in Newark; the U.S. Department of Housing and Urban Development Office of the Inspector General, under the direction of Special Agent in Charge Ruth Ritzema; and the U.S. Postal Inspection Service, under the direction of Inspector in Charge David L. Collins, for the investigation leading to today's guilty plea.

Christie said the investigation is continuing.

The case is being prosecuted by Assistant U.S. Attorneys Justin W. Arnold and Robert A. Kirsch of the U.S. Attorney's Office Securities and Healthcare Fraud unit in Newark.

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Defense Counsel: Gerald Krovatin, Esq., Newark