

NEWS

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973-645-2846 and 2785

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Attorney and Company Exec Admit Conspiring in
\$20 Million Mortgage Lending and Investment Fraud

(More)

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NEWARK – A New Jersey attorney and a company executive pleaded guilty to participating in a criminal conspiracy involving NJ Affordable Homes, Corp. (NJAHC), a purported real estate investment company, which defrauded hundreds of investors and mortgage lenders of more than \$20 million, acting U.S. Attorney Ralph J. Marra, Jr. announced.

The guilty pleas of Anthony Natale, Esq., 44, of Neshanic Station, and Kenneth Lagonia, 58, formerly of East Brunswick who now resides in North Carolina, mark the ninth and tenth defendants associated with the investigation of NJAHC to plead guilty to federal charges, according to Robert Kirsch and Justin W. Arnold, the Assistant U.S. Attorneys who are handling the prosecutions.

Sentencing for both defendants was scheduled for May 18. Natale and Lagonia are both free on \$100,000 unsecured bonds.

Natale, whose law office was in Cranford, was retained by Wayne Puff, NJAHC's President and founder, to conduct real estate closings for properties bought by NJAHC as part of an investment program referred to as "Our Money, Your Credit," where NJAHC promised to purchase and renovate properties to be resold at substantial, guaranteed profits.

At a hearing before U.S. District Judge Jose L. Linares, Natale admitted that he directed his paralegal, Sydney Raposo, to prepare false and fraudulent HUD-1 Universal Settlement Statements that falsely showed that Natale's clients, who were "nominee buyers," or buyers who were "in name only," had paid money to purchase the properties, and thus had equity in the properties, when Natale knew they had not. Natale also acknowledged that these false HUD-1s were often submitted to mortgage lenders for mortgage loans, and then to the Department of Housing and Urban Development (HUD) and the Federal Housing Administration (FHA), which, in turn, federally insured the loans.

Lagonia, President of Quality Homes Are Us, LLC, a company affiliated with NJAHC, admitted that he created false solicitation letters on behalf of NJAHC, representing that NJAHC was profitable, in order to lure investors. Lagonia also admitted that after the U.S. Securities and Exchange Commission's began its inquiry into NJAHC and its affiliated companies, Wayne Puff and others shredded incriminating documents to conceal the fraud.

Lagonia acknowledged that he signed false employment verifications for nominee purchasers which were submitted to lenders, and notarized deeds and other mortgage documents, falsely representing that the nominee purchasers were present at closings when, in fact, they were not. Lagonia also used a company credit card for personal expenditures such as family trips to Disney World and Mohegan Sun Hotel and Casino, funeral expenses for a close relative, clothing, home accessories, a gym membership at a female fitness center and the like.

As part of the conspiracy, Puff recruited the nominee buyers, to serve as supposed bonafide purchasers of real estate properties, many of which were located in Irvington and Newark. The buyers, however, did not pay money in connection with the purchases although the closing documents which were submitted to the mortgage lenders and HUD falsely stated they did. Puff

is currently in federal custody after being charged by criminal complaint for masterminding the fraudulent scheme which, in total, caused over \$75 million in losses to investors and mortgage lenders.

Others who have previously pleaded guilty:

- Mitchell Fishman, 56, of Princeton Junction, a lawyer, pleaded guilty to a one-count Information charging him with conspiracy to commit wire fraud for creating and signing materially false and fraudulent Settlement Statements relating to NJAH real estate transactions.
- Michael Meehan, 48, of Bellmar, NJAH's former licensed real estate appraiser, pleaded guilty to a one-count Information charging him with conspiracy to commit wire fraud for creating and submitting materially false and misleading property appraisals in the names of nominee buyers to various mortgage lenders.
- Katrina Arrington, 36, of Hillside, a mortgage loan processor, pleaded guilty to a one-count Information charging her with conspiracy to commit wire fraud for her role in falsifying the income, assets, and employment status of nominee buyers on loan applications submitted to mortgage lenders.
- William Page, 49, of Old Bridge, a former licensed real estate appraiser, pleaded guilty to a one-count Information charging him with conspiracy to commit wire fraud for creating materially false and misleading property appraisals and construction progress letters.
- John Morris, 61, of Fort Lee, NJAH's appraisal coordinator, pleaded guilty to a one-count Information charging him with conspiracy to commit wire fraud for his role in overseeing the creation of fraudulent property appraisals for properties which were sold by NJAH, in the names of nominee buyers, to straw buyers at inflated prices.
- John Kurzel, 57, of New Brunswick, a mortgage loan processor at NJAH, pleaded guilty to a one-count Information charging him with conspiracy to commit wire fraud for his role in preparing false and misleading loan applications in the names of nominee buyers which were submitted to mortgage lenders.
- Lucesita Santiago, 36, of Woodbridge, an account manager at NJAH, pleaded guilty to a one-count Information charging her with conspiracy to commit wire fraud for her role in creating fictitious account statements falsely showing that nominee buyers had assets invested with NJAH, which in turn were submitted to mortgage lenders.

Each of the above individuals pleaded guilty to conspiracy to commit wire fraud are subject to a maximum term of five years in federal prison and a \$250,000 fine.

Sydney Raposo, 41, of Rahway, who served as a paralegal for Natale, pleaded guilty to a one-count Information, charging her with making false statements to HUD relating to a federally-insured mortgage loan issued by a mortgage lender. She is subject to a two-year maximum

period of incarceration and a \$250,000 fine.

The 10 convictions to date stem from a criminal referral made by the SEC's Enforcement Division and result from a combined investigation by the Federal Bureau of Investigation, the U.S. Department of Housing and Urban Development and the U.S. Postal Inspection Service.

Marra credited Special Agents of the FBI's Franklin Township Resident Agency, under the direction of Special Agent in Charge Weysan Dun in Newark; and HUD Office of Inspector General, under the direction of Special Agent in Charge Rene Febles; and Postal Inspectors with 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.

Marra said the investigation is continuing.

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

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Defense counsel:

Frank Arleo, Esq., of West Orange, for Natale

Alan Zegas, Esq., of Chatham, for Lagonia