

NEWS

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FOR IMMEDIATE RELEASE
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Former Appraiser Admits Role in
Multi-Million Dollar Mortgage Fraud

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NEWARK – A former licensed appraiser for a purported real estate investment company pleaded guilty today to participating in a conspiracy that defrauded mortgage lenders of at least \$3 million, U.S. Attorney Christopher J. Christie announced.

Michael Meehan, 47, of Bellmar, pleaded guilty before U.S. District Judge Jose L. Linares to a one-count Information which charges him with conspiracy to commit wire fraud for creating and submitting materially false and misleading property appraisals in the names of nominee or “in name only” buyers to various mortgage lenders. Judge Linares continued Meehan’s \$25,000 bail pending sentencing, which is scheduled for June 26.

Meehan is the fourth defendant associated with N.J. Affordable Homes, Inc. (NJAH) to plead guilty in connection with the mortgage fraud scheme. NJAH, of Perth Amboy, purported to be in the real estate financing and investment business. The company first came under scrutiny of the U.S. Securities and Exchange Commission, which obtained a restraining order against the company in September 2005. NJAH subsequently was ordered into receivership and then bankruptcy by a federal judge.

At his plea hearing, Meehan admitted that from March 2003 through September 2005, at the direction of NJAH’s appraisal coordinator (who to date has been identified in court or court documents), he participated in a conspiracy to defraud various mortgage lenders by submitting materially false and misleading property appraisals. The appraisals materially overstated the value of the properties and falsely claimed that the properties had substantial improvements, such as new windows, bathrooms, siding and plumbing and electric systems, Meehan admitted.

In many cases, Meehan did not even visit the properties in question, he admitted. For example, in one appraisal Meehan stated the property had numerous improvements, which included two new bathrooms, a new kitchen and new exterior doors, windows, decking, and stairs. Meehan admitted that the property in fact was and remains vacant land.

In January 2007, Meehan’s co-conspirator Katrina Arrington, 34, of Hillsdale, pleaded guilty to her role in the conspiracy. In October 2006, co-conspirators John Kurzel, 55, of New Brunswick, and Lucesita Santiago, 37, of Woodbridge, also pleaded guilty to the same conspiracy charge to which Meehan pleaded guilty. Arrington, Kurzel and Santiago each admitted that total losses to mortgage lenders exceeded \$7 million. Those defendants await sentencing.

The charges to which Meehan and his co-defendants pleaded guilty carry a statutory maximum penalty of five years in federal prison and a fine of \$250,000, or twice the aggregate loss to any victim or aggregate gain to the defendants.

The guilty pleas in this case stem from a criminal referral made by the Securities and Exchange Commission's Enforcement Division. The investigation is continuing.

Christie credited Special Agents of the FBI's Franklin Township Resident Agency, under the direction of Acting Special Agent in Charge Pedro Ruiz; the U.S. Department of Housing and Urban Development Office of 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 Thomas C. Van De Merlen, for the investigation leading to today's guilty plea.

The government is represented by Special Assistant U.S. Attorney Robert Giallombardo.

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Defense Counsel: Thomas Harley, Esq. Newark