

NEWS

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Appraiser Pleads Guilty in \$50 Million Real Estate Investor Fraud

(More)

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NEWARK – A former licensed appraiser and an appraisal coordinator for a purported real estate investment company pleaded guilty today for their respective roles in related conspiracies that defrauded hundreds of individual investors of over \$50 million and banks of over \$2 million, U.S. Attorney Christopher J. Christie announced.

William Page 37, of Old Bridge, pleaded guilty today before U.S. District Judge Jose L. Linares to a one-count Information charging him with conspiracy to commit mail fraud for creating materially false and misleading property appraisals and construction progress letters.

The inflated appraisals were used to assure individuals that their investments in NJ Affordable Homes Corp., (NJAHC) were secured by investment properties. The false construction progress letters falsely stated that renovations and improvements were made to investment properties and were used to fraudulently disburse investors' funds from escrow.

Another defendant, John Morris 61, of Fort Lee, pleaded guilty today before Judge Linares to a one-count Information charging him with conspiracy to commit wire fraud in connection with his role in a conspiracy to defraud mortgage lenders of at least \$2 million. Morris oversaw the creation of fraudulent property appraisals that were sold by NJAHC to nominee or "straw" buyers. Using the fraudulent appraisals, NJAHC prepared fraudulent loan applications in the names of nominee buyers and sold the properties at inflated prices. The scheme left mortgage lenders with loans that were grossly undersecured, and nominee buyers with outstanding mortgage loans in their names.

Page and Morris are the fifth and sixth individuals associated with NJAHC who have pleaded guilty in related investment and mortgage fraud schemes. NJAHC, of Perth Amboy, purported to be in the real estate financing and investment business. The company first came under scrutiny of the Securities and Exchange Commission, which obtained a restraining order against the company in September 2005. NJAHC subsequently was ordered into receivership and then bankruptcy by a federal judge.

In March 2007, Michael Meehan, 47, of Belmar, pleaded guilty to his role in the conspiracy to defraud various lending institutions. In January 2007, co-conspirator Katrina Arrington, 34, of Hillside, pleaded guilty to her role in the conspiracy. In October 2006 co-conspirators John Kurzel, 55, of New Brunswick, and Lucy Santiago, 37, of Woodbridge, both pleaded guilty to the same conspiracy charge for their participation in the mortgage fraud scheme.

Christie said the investigation is continuing as to the company and other individuals believed to be involved.

At his plea hearing, Page admitted that during the period 1998 through September 2005, he knowingly created materially false and misleading property appraisals that fraudulently inflated the value of properties that NJAH used to purportedly secure investor funds. The appraisals were used by NJAH to persuade individuals to make and retain over \$100 million of investments made with the company. Page also admitted that he created materially false and misleading construction progress letters that were used to release investors' money from an attorney escrow account.

At his plea hearing, Morris admitted that from about March 2003 through September 2005, as NJAH's appraisal coordinator, he participated in a conspiracy to defraud various mortgage lenders by submitting materially false and misleading property appraisals and altered photos of properties. The appraisals materially overstated the value of the properties and stated falsely that the properties had substantial improvements such as new windows, new bathrooms, new electric wiring, new plumbing and new siding.

Judge Linares scheduled sentencing for Page and Morris for Dec. 10. Both Page and Morris are free on \$25,000 unsecured bonds. The charges to which Page and Morris pleaded guilty carry a statutory maximum penalty of five years in federal prison and a fine of \$250,000.

The guilty pleas of Page, Morris, Meehan, Arrington, Santiago and Kurzel stem from a criminal referral made by the U.S. Securities and Exchange Commission's Enforcement Division and result from a combined investigation conducted by the Federal Bureau of Investigation, the U.S. Department of Housing and Urban Development and the U.S. Postal Inspection Service.

Christie 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; the Newark Division of the Postal Inspection Service, under the direction of Acting Postal Inspector in Charge Eddie C. Woodson.

The case is being prosecuted by Special Assistant U.S. Attorney Robert Giallombardo.

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Defense Counsel:

John Whipple, Esq., Chatham, for Page

John Bruno, Esq., Rutherford, for Morris