

NEWS RELEASE



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For Immediate Release

**REAL ESTATE CONSULTANT PLEADS GUILTY TO MULTI-STATE
MORTGAGE FRAUD SCHEME AND TAX EVASION**

NEWS RELEASE SUMMARY - September 22, 2011

United States Attorney Laura E. Duffy announced that real estate consultant John J. Borzellino pled guilty today before United States Magistrate Judge Jan M. Adler to a superseding information charging him with leading a multi-million dollar mortgage fraud conspiracy, and with failing to declare and pay taxes on the proceeds of his illegal activity. Borzellino's guilty pleas are subject to final acceptance by United States District Judge Janis L. Sammartino, who has scheduled a sentencing hearing for Borzellino on December 9, 2011.

According to court documents and admissions during today's hearing, Borzellino (who previously went by the name John J. Ross) was a self-proclaimed real estate consultant with business ventures throughout the United States. During 2006-2007, while married to his then-wife Sharon Ross, Borzellino fraudulently

induced lenders to fund millions of dollars in mortgage loans to purchase real estate in Florida, Georgia and California. To execute his illegal conspiracy, Borzellino arranged to purchase homes in these three states by offering more than the seller's asking price – with the understanding that the money over-and-above the asking price would be funneled to an entity under Borzellino's control. Borzellino disguised the funds funneled to him by falsely characterizing them as a "commissions" or "consulting fees" to be paid by the sellers at closing.

In order to induce lenders to extend the mortgage loans needed to fund the fraudulent transactions, Borzellino caused numerous false and misleading statements to be made to lenders, including:

- false claims that the properties were being purchased as primary residences;
- false claims about the borrowers' education, income and employment history;
- false statements concerning the borrowers' prior residence history, such as fake "verification of rent" forms signed by Borzellino;
- false statements about the borrowers' financial history, such as letters written by Borzellino in which he pretended to be the borrower ; and
- false documents purporting to justify the "commissions" and "consulting fees" Borzellino diverted from the loan proceeds to the entities he controlled.

Borzellino also admitted that he assumed a number of false identities in order to conceal his role in these transactions and his receipt of the funneled loan proceeds. Using these and other deceptive schemes, Borzellino defrauded lenders into making over \$7.5 million in mortgage loans to purchase properties in the name of his wife and several other straw purchasers.

Borzellino further admitted that during this same time he wilfully failed to file individual federal income tax returns with the Internal Revenue Service and took other steps to evade his tax obligations to the United States. For example, Borzellino opened numerous bank accounts in his wife's name and used these and other nominee accounts to conduct all of his financial transactions. Borzellino regularly took his

“commission” and “consulting fee” payments in cash and used cash transactions as a means of concealing his income. Borzellino also caused a false Form 1040 to be filed in his wife’s name for tax year 2006 and fraudulently attempted to impute all of his reported income to her. All told, Borzellino admitted that he failed to declare to the IRS almost \$1 million in income he derived from his various schemes between 2006 and 2008.

DEFENDANT

Case Number: 11CR0132-JLS

JOHN J. BORZELLINO
aka JOHN J. ROSS

SUMMARY OF CHARGES

- Count 1 Title 18, United States Code, Section 1349 (Conspiracy to Commit Wire and Mail Fraud)
Maximum penalties: 20 years of custody; \$250,000 Fine; Restitution
- Count 2 Title 26, United States Code, Section 7201 (Tax Evasion)
Maximum penalties: 5 years of custody; \$100,000 Fine; Costs of Prosecution; Restitution

AGENCIES

Federal Bureau of Investigation
Internal Revenue Service - Criminal Investigation