

NEWS

United States Department of Justice
U.S. Attorney, District of New Jersey
970 Broad Street, Seventh Floor
Newark, New Jersey 07102



Christopher J. Christie, U.S. Attorney

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Assistant U.S. Attorney:
ROBERT KIRSCH
973-645-2846

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FOR IMMEDIATE RELEASE
Sept. 23, 2008

Paralegal Admits Falsifying Loan Documents to Further Mortgage Fraud Scheme

(More)

Public Affairs Office
Michael Drewniak, PAO

973-645-2888

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NEWARK – A paralegal for 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 falsifying loan documents which were submitted to a mortgage company for a loan insured by the U.S. Department of Housing and Urban Development, U.S. Attorney Christopher J. Christie announced.

Sydney Raposo, 41, of Rahway, who served as a paralegal for a lawyer identified by the initials A.N., whose law firm was located in Cranford, 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.

In a hearing before U.S. District Judge Jose L. Linares, Raposo admitted to preparing materially false and fraudulent HUD-1 Universal Settlement Statements that falsely showed that A.N.'s clients – who were merely “nominee buyers” – had paid money to purchase the properties, and thus had equity in the properties, when she, and A.N., knew they had not.

As part of the scheme, Wayne Puff, NJAHC's founder and owner, recruited the nominee buyers, buyer's who were “in name only,” 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 with allegedly masterminding the fraudulent scheme which caused over \$75 million in losses to investors and mortgage lenders.

At the instruction of A.N., from March 2003 to Sept. 12, 2005, Raposo prepared false documents which she knew were to be submitted to mortgage lenders, and that the loans were insured through the Federal Housing Administration, a division of HUD which administered mortgage loan insurance in order to assist low and moderate income borrowers, according to the Information. In addition, again at the direction of A.N., Raposo admitted that in March 2005, she falsified a HUD Settlement Statement for the purchase of a property in Newark which falsely stated that the nominee buyer had paid more than \$16,000 to serve as equity and satisfy other settlement charges when the buyer, in fact, paid nothing.

Raposo is the eighth defendant associated with the investigation of NJAHC to plead guilty to federal charges, according to Robert Kirsch and Justin W. Arnold, the Assistant U.S. Attorney's who are handling the prosecutions.

Others who have previously pleaded guilty:

- Mitchell Fishman, 56, of Princeton Junction, a lawyer, pleaded guilty to conspiracy to commit wire fraud for creating and signing materially false and fraudulent HUD Settlement Statements relating to NJAH real estate transactions.
- Michael Meehan, 48, of Bellmar, NJAH's former licensed real estate appraiser, pleaded guilty to 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 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 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 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 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 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 seven above individuals who pleaded guilty to conspiracy to commit wire fraud are subject to a maximum statutory term of five years in federal prison and a \$250,000 fine.

Raposo's guilty plea today for submitting false information to HUD carries a statutory maximum term of imprisonment of two years, and a \$250,000 fine, Kirsch and Arnold said. Judge Linares scheduled Raposo's sentencing for Jan. 5, and released her on a \$50,000 unsecured bond pending sentencing.

The eight convictions to date stem from a criminal referral made by the U.S. Securities

and Exchange Commission's Enforcement Division and result from a combined investigation by the FBI, HUD 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; Special Agents of the HUD Office of Inspector General, under the direction of Special Agent in Charge Ruth Ritzema; and the 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 Robert Kirsch and Justin W. Arnold of the U.S. Attorney's Office Securities Fraud Unit in Newark.

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Defense counsel: Vincent Scoca, Esq., of Bloomfield