

# NEWS

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

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***Ralph J. Marra, Jr., Acting U.S. Attorney***

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## Former US Mortgage Corp. Loan Officer Pleads Guilty to Money Laundering and Wire Fraud for Role in Paterson-Based Mortgage Fraud, Property-Flipping Scheme

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(More)

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NEWARK – A Bergen County man pleaded guilty today to wire fraud conspiracy and money laundering conspiracy in connection with a mortgage fraud and property-flipping scheme involving rental properties in Paterson, Acting U.S. Attorney Ralph J. Marra, Jr. announced.

Gerald Carti, 62, a former loan officer and shareholder of Pine Brook-based US Mortgage Corp., whose trial on a 25-count indictment against him and three co-defendants was to begin on May 4th, admitted conspiring with his co-defendants and several others to originate mortgage loans fraudulently and to launder proceeds of the loans during 2002 through 2005. The loans were for two- and three-family homes in Paterson.

Carti, of Oakland, pleaded guilty before U.S. District Judge Jose L. Linares to one count of wire fraud conspiracy, which carries a maximum statutory penalty of 30 years in prison and a fine of \$1 million, and one count of money laundering conspiracy, with a maximum statutory penalty of 10 years in prison and a fine of \$250,000.

Under the advisory U.S. Sentencing Guidelines, Carti faces an actual sentencing range of between 46 and 71 months in prison. He will also be required to pay restitution to the victims, estimated at \$1,030,745, not including interest. The guidelines are advisory only, and Judge Linares has discretion in imposing a sentence within, above or below the guidelines range.

Carti admitted that he conspired with Michael Eliasof, a former Paramus real estate agent; W.C., a now-deceased Garfield attorney previously identified as an unindicted co-conspirator; Melanie Gebbia, W.C.'s legal assistant; William Ottaviano, an appraiser; Frank Corallo, a former US Mortgage loan processor; co-defendant Renford Davis, of Paterson, and Hopeton Bradley, who jointly managed many of the Paterson properties involved in the scheme; and others. Eliasof, Gebbia, Ottaviano, Corallo, Bradley (who has since died) and one other conspirator have each pleaded guilty in connection with this scheme. A trial is scheduled to begin on May 4 for Davis and co-defendants Amer Mir, of Jersey City, and Frederick Ugwu, of Saddle River.

Carti admitted helping Eliasof obtain mortgage loans for various borrowers to purchase two- and three-family homes in Paterson, knowing that the borrowers would be putting no money down to purchase the properties. Carti further admitted permitting the borrowers to submit loan applications to US Mortgage falsely stating that they had made substantial down payments and allowing US Mortgage to fund the loans, even though the borrowers had not made any down payments. Carti also admitted that the closings of the loans took place at the law office of W.C., then a Garfield municipal judge, and that Carti received as a commission 50 percent of the fees that US Mortgage received for each loan.

Carti also admitted that by April 2004, Residential Funding Corporation informed US Mortgage that some of the loans were part of a scheme involving Carti, Eliasof and W.C.

According to Carti, during a meeting concerning these allegations, M.M. and S.M., both senior officers at US Mortgage, were informed that the loans were no-money-down deals. Carti stated that after the meeting, S.M. directed him to pay off the loans by refinancing them through new mortgage loans for the existing unqualified borrowers or reselling the Paterson properties, which Carti partly accomplished with Corallo's assistance by originating new mortgage loans for some of the Paterson properties through US Mortgage.

According to Carti, S.M. insisted that these new mortgage loans be brokered, rather than funded and underwritten by US Mortgage. In addition, Carti admitted that he gave applications for mortgage loans for some of the properties to his co-defendant, Mir, a loan officer at Jersey City-based United Home Mortgage Co., who demanded bribes from others to ensure that the mortgage loans being sought were funded. Finally, Carti admitted that in 2002, S.M. told him he would receive a commission from American Title & Settlement Services, LLC, which S.M. controlled, for each mortgage loan that he referred to American Title for title insurance, and that he received these commissions through an entity called Dream On Enterprises, LLC.

Carti's guilty plea is the latest step in an investigation by the U.S. Department of Housing and Urban Development Office of Inspector General (HUD-OIG), the FBI, the U.S. Postal Inspection Service and the IRS Criminal Investigations Division into fraudulent Federal Housing Administration-insured and conventional mortgage loans originated by various New Jersey mortgage companies, including US Mortgage and United Home Mortgage. The investigation has resulted in a dozen guilty pleas from New Jersey residents.

Marra credited Special Agents of HUD-OIG, under the direction of Special Agent in Charge Rene Febles; Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun; Postal Inspectors of the U.S. Postal Inspection Service, under the direction of Postal Inspector In Charge David L. Collins; and Special Agents of the IRS Criminal Investigation Division, under the direction of Special Agent in Charge William P. Offord, for their tireless investigation leading to these guilty pleas.

The government is represented by Assistant U.S. Attorney Mark E. Coyne of the U.S. Attorney's Commercial Crimes Unit.

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Defense Counsel:  
For Carti: Joseph P. Rem, Jr., Esq., Hackensack