

United States District Court
District of New Jersey

ORIGINAL FILED

UNITED STATES OF AMERICA

v.

RODRIGO MOLINA,
DOMINGO FUENTES,
MANUEL SALGADO, and
VILMA DaCRUZ

CRIMINAL COMPLAINT

JUN 15 2010
PATTY SHWARTZ
U.S. MAG. JUDGE

Mag. No. 10-3127 (PS)

I, Timothy B. Stillings, the undersigned complainant being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A.

I further state that I am a Special Agent with the Federal Bureau of Investigation and that this complaint is based on the following facts:

SEE ATTACHMENT B.



Timothy B. Stillings
Special Agent, Federal Bureau
of Investigation

Sworn to and subscribed before
me in Newark, New Jersey
this 15th day of June 2010



Hon. Patty Shwartz
U.S. Magistrate Judge

ATTACHMENT A

**Count One
(Wire Fraud Conspiracy)**

From in or about January 2009 through in or about May 2010,
in the District of New Jersey and elsewhere, defendants

**Rodrigo Molina,
Domingo Fuentes,
Manuel Salgado, and
Vilma DaCruz**

did knowingly and intentionally conspire and agree with each other and others to devise a scheme and artifice to defraud, which would affect financial institutions, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communications in interstate commerce certain writings, signs, signals, pictures, and sounds, contrary to 18 U.S.C. § 1343.

In violation of 18 U.S.C. § 1349.

**Count Two
(Bank Fraud Conspiracy)**

From in or about January 2009 through in or about May 2010,
in the District of New Jersey and elsewhere, defendants

**Rodrigo Molina,
Domingo Fuentes,
Manuel Salgado, and
Vilma DaCruz**

did knowingly and intentionally conspire and agree with each other and others to execute a scheme and artifice to defraud financial institutions, and to obtain moneys, funds, assets and other property owned by, and under the custody and control of, financial institutions by means of materially false and fraudulent pretenses, representations and promises, contrary to 18 U.S.C. § 1344.

In violation of 18 U.S.C. § 1349.

ATTACHMENT B

I, Timothy B. Stillings, a Special Agent with the Federal Bureau of Investigation ("FBI"), having conducted this investigation and discussed this matter with other law enforcement officers who have participated in the investigation, have knowledge of the facts set forth below. Because this affidavit is being submitted for the limited purpose of establishing probable cause, I have not included every detail of every aspect of the investigation. All conversations and statements described in this attachment are related in substance and in part and are not word-for-word transcripts or quotations.

DEFENDANTS

1. At all times relevant to this Complaint:

a. Defendant **Rodrigo Molina** was a licensed real estate agent, working as such and registered with a realty company located in Newark, New Jersey (the "Realty Company").

b. Defendant **Domingo Fuentes** owned multiple companies that he used to purchase real estate properties. These companies included **Fuentes Company-1**, **Fuentes Company-2**, and **Fuentes Company-3**.

c. Defendant **Manuel Salgado** held himself out to be an accountant and the owner and operator of **Salgado Professional Services**, a company he used as a tax-filing service and through which he created fraudulent documents in support of unqualified borrowers.

d. Defendant **Vilma DaCruz** was an employee at a Newark, New Jersey branch of a financial institution ("Bank-1").

e. A cooperating witness ("CW") worked as a loan officer with a New Jersey mortgage company (the "**Mortgage Company**"). The in-person and telephonic conversations summarized below to which CW was a party were consensually recorded by the CW at the direction of the Federal Bureau of Investigation. CW used a Yahoo! email account in New Jersey ("CW's Yahoo! Account") to communicate with the **defendants**. These emails necessarily were transmitted in interstate commerce because once a user submits a connection request to website servers such as Yahoo!'s or data is transmitted from those website servers back to the user, the data has traveled in interstate commerce. All emails to or from CW described herein pertain to this Yahoo! email account.

2. As of May 20, 2009, the **Mortgage Company** was a "financial institution" as defined in 18 U.S.C. § 20 because it was a "mortgage lending business[]" as defined in 18 U.S.C. § 27. It was an organization which finances or refinances debts secured by interests in real estate and whose activities affected interstate commerce.

Mortgage Lending Generally

3. Mortgage loans are loans funded by banks, mortgage companies and other institutions ("lenders") to enable borrowers to finance the purchase of real estate. In deciding whether the borrowers meet the lenders' income, credit eligibility and down payment requirements, the lenders are supposed to evaluate the financial representations set forth in loan applications and other documents from the borrowers and assess the value of the real estate that will secure the loan.

The Mortgage Fraud Conspiracy

4. The investigation has uncovered evidence that **defendants Molina, Fuentes, Salgado, DaCruz** have conspired with each other and others to obtain mortgage loans through fraudulent means. **Defendants Molina, Fuentes, Salgado, DaCruz** intended these loans to finance real estate transactions in and near Newark, New Jersey and elsewhere. To obtain these loans, **defendants Molina, Fuentes, Salgado, DaCruz** caused to be submitted materially false and fraudulent mortgage loan applications and supporting documents to mortgage companies while engaging in wire communications in interstate commerce, including email exchanges, to facilitate the conspiracy and execute its unlawful purpose.

5. On or about April 9, 2009, **defendant Molina** contacted CW in order to seek CW's assistance in obtaining a mortgage loan from the Mortgage Company in connection with the purchase of a property on Leslie Street in Newark, New Jersey (the "Leslie Street Property"), which was owned by **defendant Fuentes's** company, **Fuentes Company-1**. **Defendant Molina** provided CW with documents related to the buyer, W.C.V., including a W-2 issued by **Fuentes Company-2** that showed purported wages for 2008 in the amount of \$19,920 and a W-2 issued by W.C.V.'s previous employer that showed wages for 2007 in the amount of \$26,731.21. In addition, **defendant Molina** provided CW with false and fraudulent pay stubs from **Fuentes Company-2** showing a purported bi-weekly salary for W.C.V. of \$2,490, documents from telephone and cable companies, a one-page bank statement from a financial institution ("Bank-2"), and copies of a New Jersey driver's license and Social Security card for W.C.V.

6. On or about April 13, 2009, **defendant Molina** was advised by CW that the current income for W.C.V. was not enough to get the loan approved by the Mortgage Company.

7. On or about April 14, 2009, **defendant Molina** met with CW at a café in Newark, New Jersey. During the meeting, **defendant Molina** provided CW with a new fraudulent pay stub and W-2 from **Fuentes Company-2**. The pay stub now reflected a purported bi-weekly income of \$2,950 (for the same two pay periods as before) and the W-2 for 2008 now showed purported wages of \$23,600. **Defendant Molina** told CW that the W-2 and pay stubs had been completed by "Jose Salgado" (later identified as **defendant Manuel Salgado**), of an address matching that of **defendant Salgado's** business. In addition, **defendant Molina** advised CW that both **Fuentes Company-2** and **Fuentes Company-1** were owned by **defendant Fuentes**. At the meeting, **defendant Molina** received from CW documents to be signed by the parties involved in the property transaction, including the buyer, W.C.V.; the seller, **defendant Fuentes**, as owner of **Fuentes Company-1**; and **defendant Molina**.

8. That same day, shortly after the meeting, **defendant Molina** contacted CW by telephone and informed CW that the documents had been signed and could be picked up. **Defendant Molina** subsequently met CW at a diner in East Newark, New Jersey and provided the documents which had been signed by all parties to CW. The documents included a Uniform Residential Loan Application prepared on behalf of W.C.V. in connection with the Leslie Street Property, as well as various disclosure forms.

9. On or about April 17, 2009, **defendant Salgado** spoke with CW and asked whether **defendant Molina** provided and explained to CW the fraudulent documents that **defendant Salgado** had created for **defendant Molina** regarding the W.C.V. transaction. **Defendant Salgado** also informed CW that IRS agents had come to **defendant Salgado's** business asking for CW and if **defendant Salgado** had ever done anything illegal for CW. **Defendant Salgado** advised CW that he told the IRS agents that he had done work for CW in the past but had done nothing wrong. The IRS agents asked **defendant Salgado** if he created false documents for CW. **Defendant Salgado** stated that he responded to the IRS agents by saying that was an offensive question. Lastly, **defendant Salgado** was informed by CW that CW had some clients who could use **defendant Salgado's** services and CW asked if he could stop by to discuss these clients. **Defendant Salgado** informed CW that he would help CW's clients after he returned from an upcoming trip to Cuba.

10. On or about April 21, 2009, **defendant Fuentes** spoke with CW and falsely confirmed to CW that **Fuentes Company-2** was a construction company and that W.C.V. worked for the company. CW requested that **defendant Fuentes** allow CW to use **Fuentes Company-2** as a false employer for one of CW's other clients. **Defendant Fuentes** indicated that CW could use **Fuentes Company-2** as a false employer for the other client and that CW should speak with **defendant Molina** in order to receive such assistance.

11. The investigation has revealed that **Fuentes Company-2**, a purported construction company, and **Fuentes Company-3**, a purported realty company, share the same address on Bloomfield Avenue in Newark, New Jersey. Moreover, **Fuentes Company-2** was voided by the State of New Jersey in 2003 for failure to pay taxes, and so was inoperable and existing as one of **defendant Fuentes's** shell companies in 2009, when **defendant Fuentes** falsely confirmed that W.C.V. was working there.

12. On or about April 22, 2009, **defendant Molina** advised CW that the real estate appraisal prepared in connection with the Leslie Street Property had determined a value of approximately \$300,000, which **defendant Molina** considered to be too low. Subsequently, **defendant Molina** arranged for a new appraisal to be completed by a different appraiser. This appraisal determined a value of \$330,000 for the Leslie Street Property. **Defendant Molina**, working with **defendant Fuentes**, then had the contract for the sale of the Leslie Street Property adjusted in order to reflect a new price of \$330,000.

13. On or about May 12, 2009, **defendant Molina** was informed by CW that the Mortgage Company had raised questions as to the validity of W.C.V.'s purported employer, **Fuentes Company-2**, and, specifically, that the underwriter for the Mortgage Company could not find information for **Fuentes Company-2** on the internet. **Defendant Molina** explained to CW that the company was named after **defendant Fuentes's** daughters. **Defendant Molina** subsequently provided CW with documentation for **Fuentes Company-2's** incorporation. However, the paperwork showed the company had not paid state taxes and was voided by the State of New Jersey in 2003. **Defendant Molina** was advised by CW that W.C.V.'s loan application would be rejected by the Mortgage Company if that information were to be submitted.

14. On or about June 17, 2009, **defendant Molina** was informed by CW that the lender for **defendant Molina's** loan, in the name of W.C.V., was no longer available and that another lender would have to be identified. **Defendant Molina** suggested a meeting with CW to see how they can start the deal over.

15. On or about June 18, 2009, **defendant Molina** met with CW at a café in Newark, New Jersey. **Defendant Molina** advised that he would use the same buyer, W.C.V., for the purchase of the Leslie Street Property, but that a new employer would now be listed on the loan application as W.C.V.'s purported employer. **Defendant Molina** indicated that this new purported employer would be **Fuentes Company-3**, a realty company also owned by **defendant Fuentes**. **Defendant Molina** stated that he would provide CW with pay stubs and W-2s for this new loan application and informed CW that the pay stubs and W-2s would be completed by **defendant Salgado**, who had created the documents for the prior application.

16. On or about June 23, 2009, in furtherance of his promise to provide false documentation for W.C.V. from a different employer, **defendant Molina** caused a fax to be sent to CW by way of an "eFax" to CW's Yahoo! Account that contained fraudulent pay stubs and a W-2 for W.C.V. purportedly from **Fuentes Company-3**. The fraudulent pay stubs reflected a bi-weekly salary of \$2,950 for periods ending 6/12/2009 and 6/26/2009, and the fraudulent W-2 for 2008 showed wages of \$23,600, which were the same amounts shown on the fraudulent documents purportedly from **Fuentes Company-2** that **defendant Molina** provided to CW on April 14, 2009.

17. On or about July 17, 2009, **defendant Molina** was advised by CW that the loan application had been approved but was subject to a verification pursuant to Internal Revenue Service ("IRS") Form 4506. **Defendant Molina** informed CW that the 2007 income taxes for W.C.V. had been filed, but the 2008 taxes were still outstanding. **Defendant Molina** was advised by CW that the Mortgage Company would not accept amended tax returns. **Defendant Molina** indicated that he would discuss with **defendant Fuentes** the idea of changing W.C.V.'s employment status to "self-employed."

18. On or about July 20, 2009, **defendant Molina** advised CW that he and **defendant Fuentes** wanted to start the loan application process over again in order to show that W.C.V. worked at the Realty Company until October 2008 and then obtained employment with **defendant Fuentes's** company, **Fuentes Company-3** in January 2009.

19. On or about July 23, 2009, **defendant Molina** advised CW that the 2008 taxes for M.C.V. had been filed with the IRS and were stamped as having been received by the IRS. **Defendant Molina** provided CW with copies of a W-2 for 2008 purportedly issued by the Realty Company to W.C.V., showing wages of \$23,028.96. **Defendant Molina** also provided CW with a 2008 federal income tax return for W.C.V., which was stamped by the IRS as having been received on or about July 23, 2009, and was

prepared by **Salgado Professional Services**. Defendant **Molina** also provided CW with an income tax return for the State of New Jersey, along with a purported pay stub for W.C.V. from **Fuentes Company-3**, showing a bi-weekly salary of \$2,950 for the periods ending 7/24/09 and 8/7/09.

20. On or about August 6, 2009, agents of the FBI contacted **Fuentes Company-3** and posed as employees of a bank seeking to verify employment for W.C.V. Agents spoke with the office manager. The office manager falsely confirmed that W.C.V. was employed by **Fuentes Company-3**, that W.C.V. earned \$2,950 every two weeks, and that W.C.V. had been working at **Fuentes Company-3** since 12/19/2008. Later that same day defendant **Molina** advised CW that someone from the bank had called and that the office manager verified income of \$2,950 every two weeks, the date when W.C.V. started, and W.C.V.'s current job position.

21. Later that same day, defendant **Molina** was informed by CW that the lender for defendant **Molina's** loan, in the name of W.C.V., was no longer available and that another lender would have to be identified.

22. On or about September 15, 2009, defendant **Molina** advised CW that he was desperate for CW to do something for defendant **Molina's** client in order to complete the W.C.V. transaction. Defendant **Molina** was advised by CW that the loan perhaps could be approved as a conventional mortgage, which would require a 10% down payment. Defendant **Molina** was advised further by CW that this would require W.C.V. to show substantial assets.

23. On several occasions in or about September and October 2009, defendant **Molina** informed CW that he had a "lady" named "Vilma" (later identified as defendant **Vilma DaCruz**) at Bank-1 who would help out with this loan application. Defendant **Molina** indicated that defendant **DaCruz** would be able to open an account in defendant **Molina's** and W.C.V.'s names and provide a letter falsely indicating the account balance and length of time the account has been opened. Later, defendant **Molina** advised that he and defendant **Fuentes** had decided to add W.C.V. to the account of E.R., who is defendant **Molina's** secretary.

24. On or about September 21, 2009, defendant **DaCruz** answered a telephone call from CW on her work phone by stating, "Thanks for calling [Bank-1], how may I help you?" The number CW dialed to call defendant **DaCruz** is listed on the website of Bank-1 as the contact number for one of its branches in Newark, New Jersey. CW asked to speak with "Vilma," to which defendant **DaCruz** responded affirmatively. Defendant **DaCruz** then discussed

with CW the possibility of CW attaining a mortgage for a client of **defendant DaCruz**. **Defendant DaCruz** accepted CW's email address and agreed to provide her client's biographical information for the purported mortgage to CW at CW's Yahoo! Account.

25. Later the same day, in accordance with their earlier conversation, **defendant DaCruz**, using her work email account, sent an email to CW's Yahoo! Account with the name, date of birth, address, and tax ID number of her client.

26. On or about October 2, 2009, **defendant DaCruz**, at the direction of **defendant Molina**, used her work email account to send to CW's Yahoo! Account a fraudulent letter purportedly issued by Bank-1 stating that W.C.V. and E.R. had a joint checking account with Bank-1 that had a current balance of \$29,450 and had been open since October 2000.

27. On or about October 5, 2009, **defendant Molina** provided a copy of the fraudulent Bank-1 letter created by **defendant DaCruz** to CW so that CW could add it to the loan file related to the Leslie Street Property. The letter, which contained the same information as the letter previously emailed to CW, was on official Bank-1 letterhead and was signed by **defendant DaCruz** as Branch Supervisor. In addition, **defendant Molina** provided CW with additional, purported pay stubs for W.C.V. from **Fuentes Company-3**.

28. Thereafter, **defendant Molina** was advised by CW that he would need to verify additional assets for W.C.V. **Defendant Molina** advised CW that he would secure such verification from **defendant DaCruz**.

29. On or about November 18, 2009, **defendant DaCruz**, using her work email account, emailed to CW's Yahoo! Account a second fraudulent letter purportedly issued by Bank-1 stating that W.C.V. and E.R. held a joint savings account with Bank-1 that had a current balance of \$19,250 and had been open since October 2000. Later the same day, **defendant Molina** provided a copy of this letter to CW for the loan file related to the Leslie Street Property. The fraudulent letter was on official letterhead from Bank-1 and was signed by **defendant DaCruz** as Branch Supervisor.