

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
v. : Criminal Number: 11-
FRANK CORALLO : Title 18, United States Code,
Section 1349

INFORMATION
(Conspiracy to Commit Wire Fraud)

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

Background

1. At times relevant to this Information:
 - a. Defendant FRANK CORALLO was a mortgage broker who resided in Maywood, New Jersey.
 - b. Co-conspirator Eddie Dukhman, a/k/a "Eddie Dukeman" ("Dukhman"), was purportedly in the real estate business and resided in Sewaren, New Jersey.

The Conspiracy

2. From in or about January 2007 through in or about December 2009, in the District of New Jersey and elsewhere, defendant

FRANK CORALLO

knowingly and intentionally conspired and agreed with Dukhman and others to devise a scheme and artifice to defraud lenders who made mortgage loans, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and to transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce writings, signs and signals for the purpose of executing such scheme and artifice, contrary to Title 18, United States Code, Section 1343.

Object of the Conspiracy

3. The object of the conspiracy was for defendant CORALLO and his co-conspirators to fraudulently procure millions of dollars in home loans by making misrepresentations which induced mortgage lenders to grant credit they otherwise would not have granted, and in amounts they otherwise would not have offered.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that Dukhman arranged to purchase in his own name properties owned by financial institutions, also known as real estate owned properties (“REO properties”).

5. It was further part of the conspiracy that defendant CORALLO and other co-conspirators recruited individuals to purchase those same properties (“the borrowers”) at or around the time that Dukhman purchased them.

6. It was further part of the conspiracy that defendant CORALLO and Dukhman obtained from the various borrowers certain bank statements, W-2 Forms, pay stubs, and other documents to support residential loan applications (“supporting financial documents”).

7. It was further part of the conspiracy that Dukhman and other co-conspirators caused the supporting financial documents to be altered reflecting inflated income and asset amounts.

8. It was further part of the conspiracy that defendant CORALLO, Dukhman, and other co-conspirators caused the fraudulent residential loan applications to be completed. Specifically, the applications contained the following material misrepresentations: (a) that the borrower put cash down at the closing; (b) that the property would be the primary residence of the borrower; (c) that the borrower possessed inflated assets, usually a bank account; (d) that the borrower earned more than he or she actually did; and (e) an inflated sales price.

9. It was further part of the conspiracy that two attorney co-conspirators held themselves out to the mortgage lenders as the closing attorneys for the various borrowers. To that end, the attorney co-conspirators created fraudulent HUD-1 settlement statements (“HUD-1s”) which were submitted to the mortgage lenders in connection with the loan applications. The HUD-1s contained the following material misrepresentations: (a) that the purchasers of the REO properties were the borrowers and not Dukhman; (b) that the borrowers provided cash down payments at closing; (c) inflated purchase prices which at times were twice what Dukhman actually paid for the REO properties; and (d) disbursement amounts listed as paid to the financial institution selling the REO property (“REO bank”) instead were paid to defendant CORALLO, Dukhman, and their co-conspirators.

10. It was further part of the conspiracy that when the mortgage lenders approved the loans, the loan amounts were at times wired from outside New Jersey into the attorney co-conspirators' trust accounts in New Jersey. Then, at Dukhman's direction, the attorney co-conspirators disbursed the proceeds of the loans. After paying closing expenses, the attorney co-conspirators retained sufficient funds to purchase in Dukhman's name the REO property from the REO bank. Then the attorney co-conspirators would pay out the remaining proceeds of the fraud to defendant CORALLO, Dukhman, and their co-conspirators.

11. It was further part of the conspiracy that the attorney co-conspirators then represented Dukhman with respect to his purchase of the REO properties. To that end, the attorney co-conspirators arranged closings with the attorneys representing the REO banks. At the closings, the attorney co-conspirators provided to the REO bank attorneys a check drawn from their attorney trust accounts. In exchange, the REO bank attorneys provided the deeds to the REO properties to the attorney co-conspirators.

12. It was further part of the conspiracy that the attorney co-conspirators provided the deeds to Dukhman who then caused them to be altered. Specifically, the deeds were altered to reflect a sale of the REO property from the REO bank to the borrowers arranged by defendant CORALLO and other co-conspirators. The deeds were further altered to reflect the inflated purchase price listed on the fraudulent residential loan application and the fraudulent HUD-1s.

13. It was further part of the conspiracy that the attorney co-conspirators would file the altered deeds and the mortgages in the counties where the properties were located, thus leaving Dukhman's name out of the title history.

14. It was further part of the conspiracy that defendant CORALLO purchased the following property with the proceeds of the fraud: Real property and appurtenances, improvements, fixtures, attachments and easements known as 211 Lexington Avenue, Maplewood, New Jersey.

All in violation of Title 18, United States Code, Section 1349.

Forfeiture Allegation

The allegations contained in this Information are hereby realleged and incorporated by reference for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 982(a)(2).

Upon conviction of the offense in violation of Title 18, United States Code, Section 1349 set forth in this Information, defendant FRANK CORALLO shall forfeit to the United States of America, pursuant to Title 18, United States Code, Section 982(a)(2), any property, real or personal, which constitutes or is derived from proceeds traceable to the offense. The property to be forfeited includes, but is not limited to, the following: Real property and appurtenances, improvements, fixtures, attachments and easements known as 211 Lexington Avenue, Maplewood, New Jersey (the "Property").

If any of the Property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without

difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

All pursuant to Title 18, United States Code, Section 982(a)(2).



PAUL J. FISHMAN
United States Attorney

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UNITED STATES OF AMERICA

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FRANK CORALLO

INFORMATION FOR

18 U.S.C. § 1349

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