

RSS/USAO# 2011RO

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA

v.

DONALD CROMWELL, JR.

:
: Criminal No. 11-
:
: 18 U.S.C. §§ 981(a)(1) &
: 1349
:
:
: I N F O R M A T I O N

The defendant having waived in open court prosecution by indictment and any objection based upon the statute of limitations, the United States Attorney for the District of New Jersey charges:

The Defendant and Co-conspirators

1. At all times relevant to this Information:

(a) Defendant DONALD CROMWELL, JR. was a resident of New Jersey.

(b) N.W.F., who is named as a co-conspirator but not as a defendant herein, resided in New Jersey, and was a mortgage broker employed by Mortgage Now, Inc. in Forked River, New Jersey.

(c) Darryl Henry, who is named as a co-conspirator but not as a defendant herein, resided in Somerset, New Jersey.

(d) O.T., who is named as a co-conspirator but not as a defendant herein, resided in New Jersey.

Other Entities

2. At all times relevant to this Information:

(a) Accredited Home Lenders, Inc. ("Accredited Home Lenders") was engaged in the business of making mortgage loans and had offices in San Diego, California.

(b) Argent Mortgage Company, LLC ("Argent Mortgage Company") was engaged in the business of making mortgage loans and had offices in Irvine, California and White Plains, New York.

(c) FGC Commercial Mortgage Finance, d/b/a "Fremont Mortgage" ("FGC Commercial Mortgage Finance") was engaged in the business of making mortgage loans and had offices in Brea, California and Elmsford, New York.

Mortgage Lending Generally

3. Mortgage loans were loans funded by banks, other financial institutions, and private companies ("Lenders") to enable purchasers to finance the purchase of real estate. To apply for a mortgage loan, purchasers/borrowers typically filled out several forms, including a form called the Uniform Residential Loan Application. Lenders evaluated and relied upon the financial representations contained in the Uniform Residential Loan Application and other documents pertaining to the purchaser/borrower's income, assets, credit eligibility, and down payment requirements in deciding whether to loan a

particular purchaser/borrower money for a mortgage. Lenders also evaluated and relied upon the representations in connection with the loan application pertaining to the purchaser/borrower's employment, and how the purchaser/borrower intended to use the property as either a primary residence, secondary residence, or investment property. In addition, Lenders also assessed the value of the real estate that would secure the mortgage loan by reviewing and relying on property appraisals and other documents.

4. After locating an available property of interest, a purchaser/borrower typically applied for a mortgage loan through a mortgage Lender or a mortgage originator. Generally, mortgage brokers were third parties who acted as an intermediary between a purchaser/borrower and a pool of potential Lenders, one of which was selected based on the purchaser/borrower's financing needs and ability to repay the loan. Mortgage brokers were generally responsible for collecting documents from the purchaser/borrower in support of the mortgage loan, including the loan application. Additionally, the mortgage broker interviewed the proposed purchaser/borrower and obtained all pertinent data including the borrower's name, date of birth, social security number, home address, monthly base employment income, employer, assets, and liabilities. Frequently, the mortgage broker made the initial loan to the purchaser/borrower and then sold it to a Lender after a short period of time, usually between one to

thirty days after making the loan. Other times, the mortgage broker simply obtained and verified all of the relevant information for the Lender, including information on the Uniform Residential Loan Application, and the Lender made the mortgage directly to the borrower. A mortgage originator also assisted a purchaser/borrower to complete a mortgage transaction. Unlike a mortgage broker, a mortgage originator distributed its own money to fund the mortgage.

5. Real estate appraisers were responsible for determining the fair market value of real estate properties. Fair market value was defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, in which the buyer and seller act prudently and knowledgeably, assuming the price is not affected by undue stimulus.

6. Frequently, the mortgage loan was closed at a title company or an attorney's office. If a loan closed at a title company, the title company's escrow officers were responsible for depositing monetary instruments and funds provided by the purchaser/borrower (including down payments) and mortgage funds from the Lender (which were typically obtained by wire transfer) or on its behalf to the title company's escrow account, and, when authorized by the parties to the transaction and the Lender, for disbursing the funds from the escrow account

to various individuals and entities as detailed on the U.S. Department of Housing and Urban Development Settlement Statement (hereinafter "HUD-1 Settlement Statement"). The HUD-1 Settlement Statement detailed the actual disbursement of monies, including mortgage fund loans, to the proper entities and/or individuals according to the original loan application.

7. After the loan application was approved, the mortgage Lender caused funds to be transmitted (typically by wire transfer) to a settlement agent, such as a title company or a closing attorney. The title companies and/or closing attorneys then distributed the funds according to the HUD-1 Settlement Statements, generally with a large portion of the funds being distributed to the seller of the property. After funding the mortgages, the mortgage Lenders either serviced the loans during the mortgage period or sold them in the secondary market.

The Conspiracy

8. From in or about December 2003 through in or about March 2006, in the District of New Jersey, and elsewhere, defendant

DONALD CROMWELL, JR.

did knowingly and intentionally conspire and agree with others to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses,

representations, and promises, which scheme and artifice is set forth below in substance and in part, 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 Title 18, United States Code, Section 1343.

Object Of The Conspiracy

9. The object of the conspiracy, which caused more than one million dollars in losses to various mortgage lenders, was to profit from the sale of real estate properties (the "Properties") at inflated prices by obtaining mortgage loans for unqualified borrowers using fraudulent loan applications, HUD-1 Settlement Statements, and other documents.

Manner And Means Of The Conspiracy

10. It was part of the conspiracy that defendant DONALD CROMWELL, JR. or co-conspirator Darryl Henry located the Properties to purchase.

11. It was further part of the conspiracy that defendant DONALD CROMWELL, JR. recruited "straw purchasers," (the "Straw Purchasers") to purchase the Properties. The Straw Purchasers included, among others, O.T., A.A., D.B., D.C., and B.W., whom the conspirators knew had good credit scores, but lacked the financial resources to qualify for mortgage loans.

12. It was further part of the conspiracy that defendant DONALD CROMWELL, JR. provided the name, date of birth, and social security number of the Straw Purchasers so that co-conspirator N.W.F. could prepare false loan applications for the Straw Purchasers.

13. It was further part of the conspiracy that defendant DONALD CROMWELL, JR., co-conspirator O.T., and others worked together to create false documents such as fake verifications of rent, verifications of employment, bank statements, New Jersey Residential Lease Agreements, Forms W-2, and pay stubs to make the Straw Purchasers appear more creditworthy than the Straw Purchasers actually were in order to induce the Lenders to make the loans to the Straw Purchasers.

14. It was further part of the conspiracy that defendant DONALD CROMWELL, JR. and co-conspirator N.W.F. obtained mortgage loans for the Straw Purchasers through fraudulent loan applications by providing false information concerning the employment, income, and assets of the Straw Purchasers.

15. It was further part of the conspiracy that defendant DONALD CROMWELL, JR. took proceeds from the fraudulent mortgage loans by cashing checks or having checks deposited into various accounts that he controlled.

Furthering The Conspiracy

16. In furtherance of the conspiracy and to effect its

object, its members committed and caused to be committed numerous transactions involving the Properties, including those on or about the following dates involving the following approximate amounts:

Closing Date	Property	Lender	Mortgage Funds Released
6/25/04	202 19 th Ave., Irvington, NJ 07111	Argent Mortgage Company	\$172,533.48
9/30/04	20 Willowdale Ave., Montclair, NJ 07042	FGC Commercial Mortgage Finance	\$367,426.88
9/30/05	96 North Maple Ave., East Orange, NJ 07018	FGC Commercial Mortgage Finance	\$254,759.54
9/30/05	96 North Maple Ave., East Orange, NJ 07018	FGC Commercial Mortgage Finance	\$13,995.30
12/27/05	47 Bailey Ave., Hillside, NJ 07205	Argent Mortgage Company	\$277,906.25
3/10/06	35 Park Street, Jersey City, NJ 07304	Accredited Home Lenders	\$340,432.48
3/10/06	35 Park Street, Jersey City, NJ 07304	Accredited Home Lenders	\$63,355.00

17. These transactions generally followed the same pattern:

a. Defendant DONALD CROMWELL, JR. or co-conspirator Darryl Henry located a real estate property to purchase.

b. Defendant DONALD CROMWELL, JR. recruited a Straw Purchaser, such as O.T., A.A., D.B., D.C., and B.W., to purchase the property.

c. Defendant DONALD CROMWELL, JR. and co-conspirator N.W.F. completed the Straw Purchaser's loan application, attributed to the Straw Purchaser an inflated income, false bank account balance, fake sales contract deposits, and fictitious assets. CROMWELL and N.W.F. also falsely indicated that the Property would be the Straw Purchaser's primary residence.

d. Defendant DONALD CROMWELL, JR., co-conspirator O.T., and others created false documents such as a fake verification of rent, verification of employment, bank statement, New Jersey Residential Lease Agreement, Form W-2, and pay stubs which were supplied to support the false information contained on the fraudulent loan application.

e. The Straw Purchaser attended the closing which was held at a title company or an attorney's office. There, defendant DONALD CROMWELL, JR. and others directed title clerks and attorneys to prepare documents for the closings, including a fraudulent HUD-1 Uniform Settlement Statement signed by the Straw Purchaser reflecting a deposit and funds brought to closing by the Straw Purchaser that had never been made.

f. Title clerks or attorneys distributed

proceeds of the fraudulently-obtained mortgage loan to defendant DONALD CROMWELL, JR. by directing monies to others who would pay CROMWELL or by issuing a check made payable directly to CROMWELL.

In violation of Title 18, United States Code, Section 1349.

FORFEITURE ALLEGATION

1. The United States hereby gives notice to defendant DONALD CROMWELL, JR. that, upon his conviction of the offense in violation of Title 18, United States Code, Section 1349 charged in this Information, the Government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C), of all property, real and personal, involved in that offense, and all property traceable thereto, including but not limited to a sum of money equal to at least approximately \$86,911.98 in United States currency, representing the amount of proceeds obtained as a result of the offenses, for which the defendant is jointly and severally liable.

2. If any of the above-described forfeitable property, as a result of any act or omission of defendant DONALD CROMWELL, JR.:

- 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; it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of defendant DONALD CROMWELL, JR. up to the value of the forfeitable property described above.

Pursuant to Title 18, United States Code, Section 982(a)(1)(C), and Title 28, United States Code, Section 2461(c).


PAUL J. FISHMAN
UNITED STATES ATTORNEY

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INFORMATION

Title 18, United States Code, Sections 981(a)(1) and 1349

PAUL J. FISHMAN
U.S. ATTORNEY, NEWARK, NEW JERSEY

R. STEPHEN STIGALL
ASSISTANT U.S. ATTORNEY
CAMDEN, NEW JERSEY
856.757.5026
