

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
v. : Criminal No.
JOHN MORRIS : 18 U.S.C. § 371

I N F O R M A T I O N

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

Defendant, Coconspirators and Entities

1. At all times relevant to this Information:

a. N.J. Affordable Homes, Corp. was a New Jersey corporation with offices in Woodbridge, Hopelawn, and Perth Amboy, New Jersey, and which also did business as: Purely Profit Plus LLC; NJ Affordability Homes Corp.; New York Affordable Project Management Corp.; Speedy Realty, Inc.; Discount Homes R Us, Inc.; H&W Properties, Inc.; NJ Homes of New Jersey, Inc.; Quality Homes Are Us, LLC; and United Funding Capital, among others (collectively "NJAH"). NJAH was purportedly in the business of, among others things, purchasing real property, renovating those properties, and selling them at a profit.

b. Defendant **JOHN MORRIS**, a resident of Fort Lee, New Jersey, was employed by NJAH as an appraisal coordinator, among

other things. As an appraisal coordinator for NJAH, defendant **JOHN MORRIS** retained licensed appraisers, including Michael Meehan, to prepare materially false and misleading appraisals of real property being sold by NJAH (the "Nominee Properties") to individuals willing to pose as nominees or "in name only" buyers (the "Nominee Buyers").

c. WP, a New Jersey resident, who is named as a coconspirator but not as a defendant herein, was the president of NJAH. WP recruited the Nominee Buyers to purchase the Nominee Properties, and submitted, and caused to be submitted, fraudulent loan applications and other documents to lenders in the names of the Nominee Buyers to finance the Nominee Buyers' supposed purchases of the Nominee Properties.

d. Michael Meehan, who is named as a coconspirator but not as a defendant herein, was a real estate appraiser licensed by the New Jersey Board of Real Estate Appraisers. Michael Meehan was retained by defendant **JOHN MORRIS** to prepare materially false and misleading appraisals of the Nominee Properties on behalf of NJAH.

e. Lucesita Santiago, who is named as a coconspirator but not as a defendant herein, was employed as an account manager by NJAH and worked directly for coconspirator WP. As an account manager, Lucesita Santiago was responsible for, among other things, maintaining and updating records of investors' accounts

with NJAH.

f. John Kurzel, who is named as a coconspirator but not as a defendant herein, was employed by NJAH as a mortgage loan processor.

g. Katrina Arrington, who is named as a coconspirator but not as a defendant herein, was employed by NJAH as a mortgage loan processor.

h. Washington Mutual Inc., with headquarters in Seattle, Washington and offices in Fairfield, New Jersey, and elsewhere ("Washington Mutual"), was in the business of, among other things, purchasing residential mortgage loans made by correspondent lenders using specific lending criteria.

i. Commonwealth United Mortgage, a division of National City Mortgage Co., with headquarters in Ohio, and offices in New Jersey, New York, and elsewhere ("Commonwealth"), was in the business of, among other things, making residential mortgage loans to the public.

j. Credit Suisse First Boston Financial Corporation, with headquarters in Princeton, New Jersey and offices in New York, and elsewhere ("CS First Boston"), was in the business of, among other things, making residential mortgage loans to the public.

k. Greenpoint Mortgage Funding, Inc., a subsidiary of North Fork Bancorporation, Inc., with headquarters in Novato,

California, and offices in New Jersey, New York and elsewhere ("Greenpoint"), was in the business of making residential mortgage loans to the public. Commonwealth, Washington Mutual, CS First Boston and Greenpoint are hereinafter referred to collectively as the "Lenders".

1. FUMCO, with an office located in Cranford, New Jersey, was in the business of, among other things, mortgage brokerage and correspondent mortgage lending.

m. The United States Department of Housing and Urban Development ("HUD") was an agency of the United States.

n. The Federal Housing Administration ("FHA") was a division of HUD that administered a mortgage loan insurance program designed to assist low and moderate income borrowers. Under the FHA insurance program, the FHA guaranteed loan payments on certain mortgage loans that met FHA lending criteria.

THE CONSPIRACY

2. From in or about March 2003, to in or about September 2005, in the District of New Jersey and elsewhere, defendant

JOHN MORRIS

did knowingly and willfully conspire and agree with coconspirators WP, Katrina Arrington, John Kurzel, Michael Meehan Lucesita Santiago and others, to commit offenses against the United States, namely, to transmit and cause to be transmitted writings, signs, signals and sounds by means of wire

communications in interstate and foreign commerce for the purpose of executing a scheme and artifice to defraud, and for obtaining money and property by means of materially false and fraudulent pretenses, representations and promises, contrary to Title 18, United States Code, Section 1343.

Object of the Conspiracy

3. The object of the conspiracy was for defendant **JOHN MORRIS** and his coconspirators to obtain money and property by submitting fraudulent loan applications and materially false and misleading supporting documents and information, including materially false and misleading property appraisals, to the Lenders to induce them to issue and purchase mortgage loans secured by Nominee Properties. The scheme allowed NJAH to sell the Nominee Properties at fraudulently inflated prices to Nominee Buyers in name only, and thereby allowed NJAH, coconspirator WP, and others to reap illicit profits from such transactions.

Means and Methods of the Conspiracy

4. It was part of the conspiracy that NJAH acquired Nominee Properties, which were frequently located in areas such as Irvington, New Jersey and Newark, New Jersey.

5. It was further part of the conspiracy that WP and others solicited individual investors to purchase the Nominee Properties in name only, as part of a purported investment program described by WP and other coconspirators as "Our Money, Your Credit."

Under this purported investment program, Nominee Buyers knowingly and unknowingly permitted WP, through his company, NJAH, to apply for mortgage loans in their names to finance the purchase of the Nominee Properties from NJAH.

6. It was further part of the conspiracy that WP promised the Nominee Buyers that NJAH would pay all carrying costs associated with the Nominee Properties on their behalf, including, but not limited to, monthly principal and interest payments on the mortgage loans.

7. It was further part of the conspiracy that WP promised the Nominee Buyers that NJAH would also renovate the Nominee Properties at no cost to the Nominee Buyers and then sell the purportedly improved properties on their behalf.

8. It was further part of the conspiracy that in exchange for allowing NJAH to obtain mortgage loans in their names, some Nominee Buyers were promised approximately 50% of the net profits on the post-renovation sale of the Nominee Properties, while other Nominee Buyers were promised a fixed cash payment.

9. It was further part of the conspiracy that at the direction of WP, defendant **JOHN MORRIS** provided Michael Meehan with materially false and misleading sales contracts that, among other things, falsely showed that Nominee Buyers had agreed to purchase Nominee Properties at contract prices that far exceeded their value.

10. It was further part of the conspiracy that at the direction of WP, defendant **JOHN MORRIS** instructed Michael Meehan to appraise the Nominee Properties at inflated values that were at or near the contract prices provided.

11. It was further part of the conspiracy that in order to justify the appraisals of the Nominee Properties at the inflated values, defendant **JOHN MORRIS**, at the direction of WP, knowingly provided Michael Meehan with a list of fictitious substantial improvements purportedly made to the Nominee Properties.

12. It was further part of the conspiracy that with the knowledge and consent of WP and defendant **JOHN MORRIS**, Michael Meehan included the lists of fictitious substantial improvements in appraisals of Nominee Properties.

13. It was further part of the conspiracy that at the direction of WP and defendant **JOHN MORRIS**, Michael Meehan inflated the appraised value of the Nominee Properties by, among other things, intentionally misrepresenting sales of dissimilar properties as comparable to the Nominee Properties.

14. It was further part of the conspiracy that at the direction of WP and with his knowledge and consent, defendant **JOHN MORRIS** submitted the materially false and misleading property appraisals, directly and indirectly, to the Lenders to induce them to make and purchase mortgage loans secured by Nominee Properties.

15. It was further part of the conspiracy that, at WP's direction, and with his knowledge and consent, coconspirator Lucesita Santiago created fictitious account statements falsely showing that Nominee Buyers had money invested with NJAH that they did not have, and submitted those fictitious account statements, directly and indirectly, through coconspirators Katrina Arrington, John Kurzel and others, to the Lenders.

16. It was further part of the conspiracy that, at WP's direction, and with his knowledge and consent, coconspirator Lucesita Santiago similarly created fictitious account statements falsely showing that Nominee Buyers used money withdrawn from their NJAH investment accounts to make down payments on their purported purchases of the Nominee Properties, and submitted those fictitious account statements, directly and indirectly, through coconspirators Katrina Arrington, John Kurzel and others, to the Lenders.

17. It was further part of the conspiracy that, at WP's direction, and with his knowledge and consent, coconspirators **JOHN MORRIS**, Katrina Arrington and others directed the alteration of photographs to falsely show that the Nominee Properties had improvements such as new siding and new windows, among other things, and submitted those photographs, directly and indirectly, through coconspirator Katrina Arrington and others, to the Lenders.

18. It was further part of the conspiracy that defendant **JOHN MORRIS**, WP, Katrina Arrington, John Kurzel, Michael Meehan Lucesita Santiago and others submitted and caused to be submitted to the Lenders and to the FHA, directly and indirectly, fraudulent loan applications and materially false and misleading supporting documents and information which included, among other things:

- a. materially false and misleading information that inflated the Nominee Buyers' income and falsely represented their employment status and their employers;
- b. materially false and misleading sales contracts that, among other things, misidentified the true seller of the Nominee Properties and concealed NJAH's ownership interest in the Nominee Properties;
- c. materially false and misleading appraisals that inflated the true value of the Nominee Properties;
- d. materially false and misleading account statements on NJAH letterhead pertaining to the Nominee Buyers' investments purportedly on deposit with NJAH;
- e. fictitious leases that falsely represented that the Nominee Properties were producing rental income, or showing that the Nominee Buyers had rental income from other properties;
- f. photographs of Nominee Properties intentionally altered to falsely show property improvements such as, among other things, new windows and new siding; and
- g. materially false and misleading statements showing that the Nominee Buyers had made down payments (or otherwise produced money due at closing) for the purchase of the Nominee Properties.

19. It was further part of the conspiracy that after the fraudulent loan applications and materially false and misleading supporting documents, information and appraisals were submitted to the Lenders, defendant **JOHN MORRIS** and his coconspirators caused the Lenders to wire transfer the loan proceeds from their respective bank accounts through the use of interstate wires, namely, the facilities of the Federal Reserve Banks' Fedwire Funds Service (known as "FEDWIRE") located outside of New Jersey to NJAH through NJAH's settlement agent's account, or indirectly through FUMCO'S settlement agent's account, which accounts were located in New Jersey.

Overt Acts

20. In furtherance of the conspiracy, and in order to effect the object thereof, defendant **JOHN MORRIS** and his coconspirators committed, and caused to be committed, the following overt acts in the District of New Jersey and elsewhere on or about the dates listed below:

Nominee Property
132 Sunset Avenue, Newark, New Jersey

a. In or about January 2005, defendant **JOHN MORRIS**, for the purpose of inducing Commonwealth to issue a mortgage loan to Nominee Buyer SC, for the alleged purchase of a Nominee Property located at 132 Sunset Avenue, Newark, New Jersey (the "Sunset

Avenue Property"), directed coconspirator Michael Meehan to create a property appraisal that materially overstated the value of the Sunset Avenue Property and falsely stated that:

(1) Meehan had personally inspected the Sunset Avenue Property; (2) the Sunset Avenue Property had substantial improvements, including among other things, two new bathrooms, new plumbing, nine new interior doors, new electric wiring and two new kitchens; and (3) the distances between the Sunset Avenue Property and certain other properties identified as comparable (commonly known as the "comps") were all within one-half mile.

b. On or about February 2, 2005, defendant **JOHN MORRIS**, coconspirators WP, Michael Meehan, Katrina Arrington, John Kurzel, Lucesita Santiago, and others caused Commonwealth to wire transfer approximately \$199,082 from its bank account in Clark, New Jersey, through the FEDWIRE facilities located at the Federal Reserve Bank of New York, to NJAH's settlement agent's account located in New Jersey, for the purchase of the Sunset Avenue Property.

Nominee Property
70 22nd Street, Irvington, New Jersey

c. In or about November 2004, defendant **JOHN MORRIS**, for the purpose of inducing Washington Mutual to purchase a mortgage loan made by FUMCO to coconspirator Lucesita Santiago, for the

alleged purchase of a Nominee Property located at 70 22nd Street, Irvington, New Jersey (the "22nd Street Property"), directed Michael Meehan to create a property appraisal that materially overstated the value of the 22nd Street Property and falsely stated that: (1) Meehan had personally inspected the 22nd Street Property and comparable properties; and (2) the 22nd Street Property had substantial improvements including, among other things, two new bathrooms, new plumbing, five new interior doors, new paint, new electric wiring, seven new exterior windows and two new kitchens.

d. On or about August 14, 2004, defendant **JOHN MORRIS**, coconspirators WP, Michael Meehan, Katrina Arrington, John Kurzel, Lucesita Santiago, and others caused Washington Mutual to wire transfer approximately \$200,000 from its bank account in California to FUMCO's settlement agent's account located in New Jersey to purchase the loan made to Nominee Buyer and coconspirator Lucesita Santiago for the purchase of the 22nd Street Property.

All in violation of Title 18, United States code, Section 371.

CHRISTOPHER J. CHRISTIE
United States Attorney