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Southern District of New York*

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**MANHATTAN U.S. ATTORNEY CHARGES LAWYER WITH
MULTIMILLION-DOLLAR MORTGAGE FRAUD, MONEY LAUNDERING
AND OBSTRUCTION OF JUSTICE**

PREET BHARARA, the United States Attorney for the Southern District of New York, and JOSEPH M. DEMAREST, JR., the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced the unsealing of an Indictment yesterday charging LOUIS CHERICO, a lawyer who practiced in New York City and Westchester County, with participating in a wide-ranging scheme to commit mortgage fraud, obstruction of justice, and money laundering.

According to the Indictment filed in Manhattan federal court:

From July through December of 2002, CHERICO participated in a fraudulent real estate investment scheme which had, as its primary objective, the purchase of multimillion-dollar residential properties in various communities in Westchester County, New York, including Purchase, Eastchester, and Rye, with loans obtained through the submission of false and misleading information to banks and other lenders. Many of the loans were equal to or in excess of one hundred percent of a property's actual sale price, so that the defendant and his co-conspirators did not have to put any of their own money at risk in the transaction.

CHERICO served as the attorney for various co-conspirators in negotiating and closing the fraudulent purchases that were part of the scheme. CHERICO and his co-conspirators submitted to numerous federally-insured banks various documents,

including loan applications, contracts of sale, deeds, real estate transfer documents, and title reports. Those documents contained materially false or misleading information about the income, assets, existing debt and credit-worthiness of the borrower, the chain of title to the property, and the sale price of the home, as well as the borrower's intent to reside in the property as a primary residence, when, in fact, the properties were typically purchased for investment purposes. As a result of the scheme to defraud, CHERICO and his co-conspirators obtained millions of dollars in loan proceeds, enabling them to control certain properties that they otherwise would not have been able to purchase and finance.

The Indictment also charges CHERICO with laundering the illegal proceeds obtained from the sale of one of the properties used in the mortgage fraud scheme by transferring the proceeds from a bank account controlled by CHERICO to an account that was controlled by one of his co-conspirators, DOMINICK DeVITO. The transaction was designed to conceal and disguise the nature, location, source, ownership, and control of the illegal proceeds.

The Indictment further charges CHERICO with obstruction of justice, and conspiracy to obstruct justice, in connection with the 2003 sentencing of DOMINICK DeVITO, following DeVITO's conviction in United States v. Pasquale Parello, et al., (01 Cr. 1120) in United States District Court for the Southern District of New York on charges of racketeering and mortgage fraud. Specifically, CHERICO assisted DeVITO in concealing profits that DeVITO earned from the sale of a property located in Purchase, New York, and in submitting an affidavit containing false and misleading information about the sale to the United States Probation Office.

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CHERICO, 69, of Eastchester, New York, was arrested this morning and was presented and arraigned this afternoon in Manhattan federal court. The case has been assigned to United States District Judge COLLEEN McMAHON.

If convicted, CHERICO faces a maximum sentence of 30 years in prison on each of the six counts of mortgage fraud, 20 years in prison on the money laundering count, 10 years in prison on the obstruction count, five years in prison on the conspiracy to obstruct justice, and a fine of the greater of \$1,000,000, or twice the gross gain or loss resulting from the crime.

Mr. BHARARA praised the work of the FBI.

This case is being prosecuted by the Office's Organized Crime Unit. Assistant United States Attorney JONATHAN B. NEW is in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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