



UNITED STATES ATTORNEY'S OFFICE

Southern District of New York

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ATTORNEY CONVICTED IN MANHATTAN FEDERAL COURT ON MULTI-MILLION DOLLAR MORTGAGE FRAUD CONSPIRACY, BANK FRAUD, AND MONEY LAUNDERING CHARGES

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that LOUIS CHERICO was convicted yesterday in Manhattan federal court of conspiring to commit bank fraud, bank fraud related to three separate mortgages, and one count of money laundering. U.S. District Judge COLLEEN MCMAHON presided over the three-week jury trial.

According to the trial evidence and other documents filed in the case:

LOUIS CHERICO was an attorney who practiced in New York City and Westchester County. From July 2002 through the end of 2002, CHERICO participated in a fraudulent real estate investment scheme, which had as its primary objective the purchase of multi-million dollar residential properties in various communities in Westchester County. The purchases were made 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 transactions.

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 various documents, including loan applications, contracts of sale, deeds, real estate transfer documents, and title reports to federally insured banks. 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. Those documents also certified 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.

CHERICO also laundered 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 he controlled 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.

* * *

CHERICO, 70, of Eastchester, New York, faces a maximum sentence of 30 years in prison on the count of conspiracy to commit bank fraud, 30 years in prison on each of the three counts of bank fraud, and 20 years in prison on the money laundering count, as well as a maximum \$1,000,000 fine. CHERICO was acquitted of two additional counts of bank fraud and one count of obstruction of justice. He is scheduled to be sentenced by Judge MCMAHON on March 6, 2012, at 4:00 p.m.

Mr. BHARARA thanked the FBI for their assistance in this investigation.

This case is being prosecuted by the Office's Organized Crime Unit. Assistant United States Attorneys NICHOLAS L. MCQUAID and JASON A. MASIMORE are in charge of the prosecution.

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