

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA : **CRIMINAL NO. 11-_____**
v. : **DATE FILED: _____**
JOHN C. LUCIDI, JR. : **VIOLATIONS:**
: **18 U.S.C. § 371 (conspiracy - 1 count)**
: **18 U.S.C. § 1343 (wire fraud - 1 count)**
: **18 U.S.C. § 1957 (money laundering -**
: **4 counts)**
: **Notice of forfeiture**

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times material to this indictment:

1. Defendant JOHN C. LUCIDI, JR. worked as a mortgage broker. From in or about April 2005, through in or about October 2006, defendant LUCIDI was employed as a mortgage broker at Global Mortgage in West Chester, Pennsylvania. From in or about October 2006, through in or about August 2007, defendant LUCIDI worked as a mortgage broker at Challenge Financial Investment Corporation in West Chester, Pennsylvania. From in or about August 2007, through in or about October 2008, defendant LUCIDI worked as a mortgage broker at Advisors Mortgage Group, LLC, in Newtown Square, Pennsylvania.

2. From in or about May 2005 to in or about October 2008, in West Chester and Newtown Square, in the Eastern District of Pennsylvania, and in North Wildwood, in the District of New Jersey, and elsewhere, defendant

JOHN C. LUCIDI, JR.

conspired and agreed, together and with others known to the United States Attorney, to commit an offense against the United States, that is, to knowingly devise a scheme to defraud Bank of America, CitiMortgage, Countrywide Bank, First Magnus Financial, JP Morgan Chase, PNC Bank, Wells Fargo, and other mortgage lenders, and to knowingly obtain money and property from Bank of America, CitiMortgage, Countrywide Bank, First Magnus Financial, JP Morgan Chase, PNC Bank, Wells Fargo, and other mortgage lenders by means of false and fraudulent pretenses, representations, and promises, and to cause to be transmitted by means of wire in interstate commerce writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

MANNER AND MEANS

3. It was part of the conspiracy that the defendant found buyers to purchase residences, primarily located at the shore in North Wildwood, New Jersey, assisted in structuring deals in which the residences were purchased for inflated prices so that the buyers could get cash back, or “kickbacks,” of tens of thousands of dollars at closing, and helped the buyers to qualify for mortgages using false information, such as inflated income and asset information, false employment information, and under-reported debt information, resulting in actual losses to the mortgage lenders of approximately \$7 million.

It was further a part of the conspiracy that:

4. Defendant JOHN C. LUCIDI, JR. found other people, including members

of his family and others, to purchase residences, most of which were purchased as “investments” and were located in North Wildwood, New Jersey.

5. Although the buyers defendant JOHN C. LUCIDI, JR. found had good credit scores, many of them were in low-paying jobs, or were unemployed, and did not possess the income or assets necessary to purchase high-end shore properties.

6. Defendant JOHN C. LUCIDI, JR. explained to the buyers that they did not need to put any money down to make the purchases, and that they would get a substantial amount of cash back at or after closing, which they could use to pay their mortgages until they were able to successfully rent the properties or resell them at a profit.

7. Defendant JOHN C. LUCIDI, JR. informed the buyers of the purchase price. The buyers did not engage in sale price negotiations with the sellers.

8. Defendant JOHN C. LUCIDI, JR. completed the buyers’ loan applications, and assisted in completing their applications, using false information about the buyers, including the size of their income, assets, and debts. At times defendant LUCIDI also provided to the lenders, and sometimes created, false documents in support of the loan applications, such as false verifications of deposit, false W-2s, and bogus down payment checks.

9. Defendant LUCIDI also knew that false settlement statements for the transactions were being prepared, which reflected the inflated purchase prices and non-existent down payments from the buyers, and did not reflect the cash back, or “kickbacks,” that the buyers received.

10. At or after the real estate closings, the buyers received cash back, or “kickbacks,” from the transactions. The cash back was typically between \$30,000 to \$50,000.

11. Most of the buyers made few or no payments on their mortgages, causing

the lenders to have to foreclose on the properties and attempt to resell them to recoup some of their losses. However, due to numerous factors, including the fact that the purchase prices that defendant JOHN C. LUCIDI, JR. helped set were inflated, the lenders were only able to resell the properties for a fraction of the unpaid principal balance on the loans.

12. Defendant JOHN C. LUCIDI, JR. profited from the scheme by making inflated commissions on the transactions, by receiving cash back, or “kickbacks,” on his own purchases, and by receiving other kickbacks from the sellers of the properties for finding them willing buyers.

13. In total, defendant JOHN C. LUCIDI, JR. facilitated approximately 35 real estate transactions that involved inflated sales prices. Most of these transactions involved buyers who obtained cash back, or “kickbacks,” that were not disclosed to the mortgage lenders, and the submission of additional false representations and omissions to the lenders, such as inflated buyer income and asset information, false representations that deposits had been made by the buyers, and omissions concerning other properties owned by the buyers and the debts the buyers owed on those properties.

OVERT ACTS

In furtherance of the conspiracy and to accomplish its objects, defendant JOHN C. LUCIDI, JR. committed the following overt acts, among others, in the Eastern District of Pennsylvania and elsewhere:

317 E. Poplar Avenue, Unit 100, North Wildwood, New Jersey

1. In or about June 2006, defendant JOHN C. LUCIDI, JR. arranged for the purchase of 317 E. Poplar Avenue, Unit 100, North Wildwood, New Jersey, from a business

owned by J.G., an individual known to the United States Attorney, for a purported purchase price of \$419,900.

2. In or about June 2006, defendant JOHN C. LUCIDI, JR. caused the buyers of 317 E. Poplar Avenue, Unit 100, to be listed as E.H. and C.H., who are two relatives of his, and himself. However, defendant LUCIDI was the true buyer of the property. E.H. and C.H. were used in name only because they had good credit.

3. In or about June 2006, defendant JOHN C. LUCIDI, JR. caused inflated income information for E.H. and C.H. to be placed on their loan application.

4. In or about June 2006, defendant JOHN C. LUCIDI, JR. signed E.H.'s and C.H.'s signatures on the settlement statement for 317 E. Poplar Avenue, Unit 100. That settlement statement set forth the falsely inflated sales price of \$419,900 and falsely omitted a cash back, or "kickback," payment to him.

5. On or about June 7, 2006, E.H.'s and C.H.'s lender sent two interstate wire transfers to the title company that was handling the closing for 317 E. Poplar Avenue, Unit 100, totaling approximately \$417,000.

6. In or about June 2006, at or after the closing on 317 E. Poplar Avenue, Unit 100, J.G., the owner of the business that sold 317 E. Poplar Avenue, Unit 100, wrote a check for \$30,000 to defendant JOHN C. LUCIDI, JR. as a cash back, or "kickback," payment for the purchase of 317 E. Poplar Avenue, Unit 100.

7. In or about June 2006, defendant JOHN C. LUCIDI, JR. caused the \$30,000 check from J.G. to be deposited into his personal checking account.

317 E. Poplar Avenue, Unit 100, North Wildwood, New Jersey

8. In October 2006, defendant JOHN C. LUCIDI, JR. arranged for C.P., an individual known to the United States Attorney, to purchase 317 E. Poplar Avenue, Unit 100, North Wildwood, New Jersey, from him and purported owners E.H. and C.H. for \$509,000.

9. In or about October 2006, defendant JOHN C. LUCIDI, JR. caused inflated income information for C.P. to be placed on her loan application and caused the application to omit the fact that she already owned another property in North Wildwood, New Jersey.

10. In or about October 2006, a false settlement statement was prepared, with defendant JOHN C. LUCIDI, JR.'s knowledge, for the sale of 317 E. Poplar Avenue, Unit 100. The settlement statement set forth that C.P. had made a deposit of approximately \$50,000, when she had made no down payment, and set forth the falsely inflated sales price of \$509,000.

11. On or about October 23, 2006, C.P.'s lender sent an interstate wire to the title company that was handling the closing for 317 E. Poplar Avenue, Unit 100, totaling approximately \$455,000.

12. In or about October 2006, the title company issued a check to defendant JOHN C. LUCIDI, JR., E.H., and C.H., in the amount of approximately \$20,000, which represented the proceeds from the sale. Defendant LUCIDI deposited the check into his personal checking account.

2411 Surf Avenue, North Wildwood, New Jersey

13. In or about November 2006, defendant JOHN C. LUCIDI, JR. arranged to purchase 2411 Surf Avenue, North Wildwood, New Jersey, from S.B.D., a business owned by T.M., an individual known to the United States Attorney, for a falsely inflated sales price of \$488,000.

14. In or about November 2006, a false settlement statement was prepared, with defendant JOHN C. LUCIDI, JR.'s knowledge, for the sale of 2411 Surf Avenue. The settlement statement listed the falsely inflated sale price of \$488,000 and omitted the cash back, or "kickback," payment to defendant LUCIDI.

15. On or about November 27, 2006, defendant JOHN C. LUCIDI, JR.'s lender sent two interstate wire transfers to the title company that was handling the closing for 2411 Surf Avenue, totaling approximately \$487,000.

16. In or about November 2006, defendant JOHN C. LUCIDI, JR. received a \$50,000 check from S.B.D. as a cash back, or "kickback," payment for his purchase of 2411 Surf Avenue. That same month, defendant LUCIDI deposited the check into his personal checking account.

2405 Surf Avenue, North Wildwood, New Jersey

17. In or about December 2006, defendant JOHN C. LUCIDI, JR. arranged to purchase 2405 Surf Avenue, North Wildwood, New Jersey, from S.B.D., the business owned by T.M., for the falsely inflated price of \$488,000.

18. In or about December 2006, defendant JOHN C. LUCIDI, JR. placed inflated income information on his loan application. Defendant LUCIDI also omitted from his

application the fact that he owned 2411 Surf Avenue.

19. In or about December 2006, a false settlement statement was prepared, with defendant JOHN C. LUCIDI, JR.'s knowledge, for the sale of 2405 Surf Avenue. The settlement statement listed the falsely inflated sale price of \$488,000 and omitted the cash back, or "kickback," payment to defendant LUCIDI.

20. On or about December 11, 2006, defendant JOHN C. LUCIDI, JR.'s lender sent an interstate wire to the title company that was handling the closing for 2405 Surf Avenue, totaling approximately \$485,000.

21. In or about December 2006, defendant JOHN C. LUCIDI, JR. received a \$50,000 check from S.B.D. as a cash back, or "kickback," payment for his purchase of 2405 Surf Avenue. Defendant LUCIDI deposited the check into his personal checking account.

2411 Surf Avenue, North Wildwood, New Jersey

22. In or about April 2007, defendant JOHN C. LUCIDI, JR. arranged to sell his property at 2411 Surf Avenue, North Wildwood, New Jersey, to T.C. and S.A., individuals known to the United States Attorney, for the falsely inflated price of \$619,000. Although S.A.'s name appeared on the settlement statement and deed, all mortgages for this transaction were obtained in the name of T.C.

23. In or about April 2007, defendant JOHN C. LUCIDI, JR. caused inflated income and asset information to appear on T.C.'s loan application.

24. In or about April 2007, a false settlement statement was prepared, with defendant JOHN C. LUCIDI, JR.'s knowledge, for the sale of 2411 Surf Avenue. The settlement statement listed the falsely inflated sale price of \$619,000, falsely listed that there had been a

deposit of approximately \$30,000, when there had been no deposit, and omitted the cash back, or “kickback,” payment to T.C.

25. On or about April 18, 2007, T.C.’s lender sent two interstate wire transfers to the title company that was handling the closing for 2411 Surf Avenue, totaling approximately \$590,000.

26. In or about April 2007, defendant JOHN C. LUCIDI, JR. received a check from the title company for \$66,702, which represented the proceeds from the sale of 2411 Surf Avenue to T.C. and S.A. That same month, defendant LUCIDI caused the check to be deposited into his personal checking account.

27. In or about April 2007, defendant JOHN C. LUCIDI, JR. wrote a check to T.C. for \$27,100, which was a cash back, or “kickback,” payment for T.C.’s purchase of 2411 Surf Avenue.

2405 Surf Avenue, North Wildwood, New Jersey

28. In or about May 2007, defendant JOHN C. LUCIDI, JR. arranged to sell his property at 2405 Surf Avenue, North Wildwood, New Jersey, to T.C., an individual known to the United States Attorney, for the falsely inflated price of \$619,000.

29. In or about May 2007, defendant JOHN C. LUCIDI, JR. caused inflated income information to appear on T.C.’s loan application.

30. In or about May 2007, a false settlement statement was prepared, with defendant JOHN C. LUCIDI, JR.’s knowledge, for the sale of 2405 Surf Avenue. The settlement statement listed the falsely inflated sale price of \$619,000, falsely listed that there had been a deposit of approximately \$62,000, when there had been no deposit, and omitted the cash back, or

“kickback,” payment to T.C.

31. On or about May 15, 2007, T.C.’s lender sent an interstate wire to the title company that was handling the closing for 2405 Surf Avenue, totaling approximately \$552,000.

32. In or about May 2007, defendant JOHN C. LUCIDI, JR. received a check from the title company for approximately \$35,000, which represented the proceeds from the sale of 2405 Surf Avenue to T.C. That same month, defendant LUCIDI caused the check to be deposited into his personal checking account.

760 Wesley Court, West Chester, Pennsylvania

33. In or about April 2008, defendant JOHN C. LUCIDI, JR. arranged to sell his property at 760 Wesley Court, West Chester, Pennsylvania, to R.V., an individual known to the United States Attorney, for the falsely inflated price of \$757,000.

34. In or about April 2008, defendant JOHN C. LUCIDI, JR. caused a false employer’s name and inflated income information to appear on R.V.’s loan application. Defendant LUCIDI also submitted with the loan application a bogus W-2 form for R.V. from his purported employer, false verifications of deposit forms purporting to show that R.V. had \$100,000 in two non-existent bank accounts, a bogus bank statement, and copies of two bogus checks purportedly written by R.V. as a deposit.

35. In or about April 2008, a false settlement statement was prepared, with defendant JOHN C. LUCIDI, JR.’s knowledge, for the sale of 760 Wesley Court. The settlement statement listed the falsely inflated sale price of \$757,000, falsely listed that there had been a deposit of approximately \$114,000, when there had been no deposit, and omitted the cash back, or “kickback,” payment to R.V.

36. On or about April 4, 2008, R.V.'s lender sent two interstate wire transfers to the title company that was handling the closing for 760 Wesley Court, totaling approximately \$652,000.

37. In or about April 2008, defendant JOHN C. LUCIDI, JR. received a check from the title company for approximately \$90,000, which represented the proceeds from the sale of 760 Wesley Court to R.V. That same month, defendant LUCIDI caused the check to be deposited into his personal checking account.

38. In or about April 2008, defendant JOHN C. LUCIDI, JR. wrote a check to R.V. for \$12,000, which was a cash back, or "kickback," payment for R.V.'s purchase of 760 Wesley Court.

408 E. 24th Avenue, Unit 200, North Wildwood, New Jersey

39. In or about May 2008, defendant JOHN C. LUCIDI, JR. arranged for L.M., an individual known to the United States Attorney, to purchase 408 E. 24th Avenue, Unit 200, North Wildwood, New Jersey, from S.R.B.D., a business owned by L.D., an individual known to the United States Attorney, for the falsely inflated price of \$470,000.

40. In or about May 2008, defendant JOHN C. LUCIDI, JR. caused a false employer's name and inflated income information to appear on L.M.'s loan application.

41. In or about May 2008, a false settlement statement was prepared, with defendant JOHN C. LUCIDI, JR.'s knowledge, for the sale of 408 E. 24th Avenue, Unit 200. The settlement statement listed the falsely inflated sale price of \$470,000, falsely listed that there had been a deposit of approximately \$14,000, when there had been no deposit, and omitted the cash back, or "kickback," payment to L.M. and the kickback paid to defendant LUCIDI.

42. On or about May 20, 2008, L.M.'s lender sent an interstate wire to the title company that was handling the closing for 408 E. 24th Avenue, Unit 200, totaling approximately \$460,000.

43. In or about May 2008, defendant JOHN C. LUCIDI, JR. received a check from S.R.B.D. for approximately \$77,000, which he deposited into a checking account in his control. This payment was a kickback from the owner of S.R.B.D. to defendant LUCIDI for finding L.M. to purchase 408 E. 24th Avenue, Unit 200.

44. In or about May 2008, defendant JOHN C. LUCIDI, JR. wrote a check to L.M. for \$25,000, which was a cash back, or "kickback," payment for L.M.'s purchase of 408 E. 24th Avenue, Unit 200.

408 E. 24th Avenue, Unit 100, North Wildwood, New Jersey

45. In or about June 2008, defendant JOHN C. LUCIDI, JR. arranged for K.K., an individual known to the United States Attorney, to purchase 408 E. 24th Avenue, Unit 100, North Wildwood, New Jersey, from S.R.B.D., the business owned by L.D., for the falsely inflated price of \$505,000. Defendant LUCIDI told K.K. that he would receive approximately a \$60,000 cash back, or "kickback," payment for purchasing this property.

46. In or about June 2008, defendant JOHN C. LUCIDI, JR. caused a false employer's name and inflated income and asset information to appear on K.K.'s loan application. Defendant LUCIDI also submitted with the loan application a copy of a bogus paycheck to K.K. from his purported employer, bogus pay stubs, a bogus W-2 form for K.K. from his purported employer, and a false verification of deposit form purporting to show that K.K. had approximately \$57,000 in a non-existent bank account.

47. In or about June 2008, a false settlement statement was prepared, with defendant JOHN C. LUCIDI, JR.'s knowledge, for the sale of 408 E. 24th Avenue, Unit 100. The settlement statement listed the falsely inflated sale price of \$505,000, falsely listed that there had been a deposit of approximately \$18,000, when there had been no deposit, and omitted the cash back, or "kickback," payment to K.K. and a kickback paid to defendant LUCIDI.

48. On or about June 18, 2008, K.K.'s lender sent an interstate wire to the title company that was handling the closing for 408 E. 24th Avenue, Unit 100, totaling approximately \$484,000.

49. In or about June 2008, defendant JOHN C. LUCIDI, JR. received a check from S.R.B.D. for approximately \$49,000, which he deposited into a checking account in his control. This payment was a kickback from the owner of S.R.B.D. to defendant LUCIDI for finding L.M. to purchase 408 E. 24th Avenue, Unit 100.

50. In or about June 2008, K.K. received a check from S.R.B.D. for \$12,000, which was a cash back, or "kickback," payment for K.K.'s purchase of 408 E. 24th Avenue, Unit 100.

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

COUNT TWO

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. Paragraphs 1 and 3 through 13, and Overt Acts 1 through 50 of Count One are incorporated here.

THE SCHEME

2. From in or about May 2005 to in or about October 2008, defendant

JOHN C. LUCIDI, JR.

devised and intended to devise a scheme to defraud Bank of America, CitiMortgage, Countrywide Bank, First Magnus Financial, JP Morgan Chase, PNC Bank, Wells Fargo , and other mortgage lenders, and to obtain money and property from Bank of America, CitiMortgage, Countrywide Bank, First Magnus Financial, JP Morgan Chase, PNC Bank, Wells Fargo , and other mortgage lenders, by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

It was part of the scheme that:

3. Defendant JOHN C. LUCIDI, JR. colluded with others during the years of the conspiracy in a scheme to defraud multiple mortgage lenders by facilitating real estate transactions in which the sale prices were inflated so that cash could be given back to the buyers, and the cash back to the buyers was concealed from the mortgage lenders. Defendant LUCIDI and others usually submitted numerous other false statements and omissions to the lenders, including asserting inflated income and asset information about the buyers, representing that deposits had been made when none had been made, and concealing buyers' debts and kickbacks being paid to defendant LUCIDI.

4. On or about April 4, 2008, in Newtown Square, in the Eastern District of Pennsylvania, and elsewhere, defendant

JOHN C. LUCIDI, JR.,

for the purpose of executing the scheme described above, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce the following signals and sounds: a wire transfer of approximately \$425,079 from Sovereign Bank to Nova Savings Bank for R.V.'s purchase of 760 Wesley Court, West Chester, Pennsylvania, from defendant LUCIDI.

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNTS THREE THROUGH SIX

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. Paragraphs 1 and 3 through 13, and Overt Acts 1 through 50 of Count One are incorporated here.

2. On or about the dates set forth below, in the Eastern District of Pennsylvania, and elsewhere, defendant

JOHN C. LUCIDI, JR.

knowingly engaged in, and aided, abetted, and willfully caused, a monetary transaction affecting interstate commerce in criminally derived property of a value greater than \$10,000, described more fully below, and such property was derived from a specified unlawful activity, that is wire fraud, in violation of Title 18, United States Code, Section 1343:

<u>COUNT</u>	<u>DATE</u>	<u>DESCRIPTION</u>
3	10/23/06	Deposit into defendant JOHN C. LUCIDI, JR.'s checking account of a check from the title company for approximately \$20,000, which represented the proceeds from the sale of 317 E. Poplar Avenue, Unit 100, to C.P.
4	11/28/06	Deposit into defendant JOHN C. LUCIDI, JR.'s checking account of a check for approximately \$50,000 from S.B.D. for defendant LUCIDI'S purchase of 2411 Surf Avenue
5	4/19/07	Deposit into defendant JOHN C. LUCIDI, JR.'s checking account of a check for approximately \$66,702 from the title company that handled the sale of 2411 Surf Avenue to T.C. and S.A.

<u>COUNT</u>	<u>DATE</u>	<u>DESCRIPTION</u>
6	4/4/08	Deposit into defendant JOHN C. LUCIDI, JR.'s checking account of a check for approximately \$90,000, which represented the proceeds from the sale of 760 Wesley Court to R.V.

All in violation of Title 18, United States Code, Sections 1957 and 2.

NOTICE OF FORFEITURE

THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Sections 371 and 1343 set forth in this indictment, defendant

JOHN C. LUCIDI, JR.

shall forfeit to the United States of America any property, real or personal, that constitutes or is derived from proceeds traceable to the commission of such offense, including, but not limited to, the sum of \$7,000,000.

2. If any of the property subject to forfeiture, 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;

it is the intent of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 981(a)(1)(C).

**ZANE DAVID MEMEGER
UNITED STATES ATTORNEY**