



U.S. Department of Justice
United States Attorney
Eastern District of Pennsylvania

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September 6, 2011

PHILADELPHIA - A Superseding Indictment¹ was filed today against Bernadette Nicholas, Dennis Nicholas, Kevin D. McAllister, and Wayne Rosen for engaging in schemes to defraud Wilmington Trust Federal Savings Bank and Malvern Federal Savings Bank involving properties valued at more than \$35.5 million, announced United States Attorney Zane David Memeger.

According to the indictment, Bernadette Nicholas, a mortgage broker, and Dennis Nicholas operated Nicholas Mortgage Company and intentionally misrepresented material facts to Wilmington Trust about borrowers' income and assets, the potential rental income and accurate appraisals of properties. It further alleges that the Nicholases falsified borrowers' tax returns and documents relating to the true source and amount of the down payments being made by borrowers, and forged borrowers' signatures on loan documents. McAllister worked as a loan officer with Wilmington Trust and allegedly worked in conjunction with the Nicholases to approve mortgage loans for borrowers who did not meet Wilmington Trust's criteria for income, assets, and credit scores, in return for bribes and kickbacks from the Nicholases. As a result, Nicholases and McAllister caused the approval of loans totaling more than \$30 million.

The Nicholases allegedly did not report the monies obtained from the Wilmington Trust fraud scheme to the Internal Revenue Service. McAllister also allegedly failed to report the illegally obtained monies that he received as bribes and kickbacks from his approval of the Wilmington Trust loans for the Nicholases' clients.

Bernadette Nicholas, Dennis Nicholas and Wayne Rosen are charged with engaging in a scheme to defraud Malvern Federal. According to the indictment, the Nicholases brokered the sale of an apartment building between Rosen and mortgage clients and sought a \$1.6 million loan from Malvern Federal for their mortgage clients. The Nicholases allegedly altered the borrowers' income tax returns prior to submitting them to Malvern Federal and falsely represented the borrowers' income, the amount of the borrowers' down payment, and the details of a subordination agreement between Rosen and the borrowers on the borrowers' loan application and supporting documents. Second, Bernadette Nicholas and Rosen applied for a \$3.5 million loan to refinance an existing loan that they had on a medical building. In order to influence Malvern Federal's actions, it is alleged that Bernadette Nicholas, Dennis Nicholas and Rosen prepared and caused to be prepared fraudulent leases which misrepresented the potential rental flow income of their medical building and caused these leases to be submitted to Malvern Federal.

¹An Indictment is an accusation. A defendant is presumed innocent unless and until proven guilty.

INFORMATION REGARDING THE DEFENDANTS

NAME	ADDRESS	AGE OR YEAR OF BIRTH
Bernadette Nicholas	Newtown Square, PA	62
Dennis Nicholas	Newtown Square, PA	61
Kevin D. McAllister	Drexel Hill, PA	57
Wayne Rosen	Philadelphia, PA	60

If convicted the defendants face the following: Bernadette Nicholas and Dennis Nicholas each face guideline sentencing ranges of 70 to 87 months in prison, a fine of up to \$59.2 million, five years supervised release, and a \$6,100 special assessment; Kevin McAllister faces a guideline sentencing range of 70 to 87 months in prison, a fine of up to \$56.3 million, five years supervised release, and a \$ 5,900 special assessment; and Wayne Rosen faces a guideline sentencing range of 46 to 57 months in prison, a fine of up to \$3 million, five years supervised release, and a \$300 special assessment.

The case was investigated by the Federal Bureau of Investigation and the Internal Revenue Service. It is being prosecuted by Assistant United States Attorney Anita Eve.

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