

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

UNITED STATES OF AMERICA	:	CRIMINAL NO. <u>06-</u>
v.	:	DATE FILED: _____
NICHOLAS PISCITELLI	:	VIOLATIONS:
	:	18 U.S.C. § 1343 (wire fraud- 1 count)
	:	18 U.S.C. § 2 (aiding and abetting)

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times material to this Information:

THE DEFENDANT

1. Defendant NICHOLAS PISCITELLI was employed as a mortgage broker. He owned and managed a company called Old City Mortgage in Philadelphia, Pennsylvania. Old City Mortgage helped individuals obtain mortgage loans so that those individuals could purchase houses. Defendant PISCITELLI'S duties and responsibilities included, among other things: a) assisting Old City Mortgage's customers in completing mortgage loan application forms, b) gathering information about customers' income, employment history, assets, and financial obligations, and c) locating a mortgage lending company that would be willing to provide financing for the customers. Defendant PISCITELLI collected the financial and other information from these customers and compiled it into loan application packages which defendant PISCITELLI sent to mortgage lending companies for review. The mortgage lending companies relied on the truthfulness and accuracy of the information provided by defendant

PISCITELLI in the mortgage loan packages, and used this information to determine whether they would provide financing to potential borrowers.

THE SCHEME

2. From in or about October 2000 through in or about February 2002, in Philadelphia and elsewhere, in the Eastern District of Pennsylvania, defendant

NICHOLAS PISCITELLI

devised and intended to devise a scheme to defraud mortgage lending companies, and to obtain money and property from those entities by means of false and fraudulent pretenses, representations, and promises.

MANNER AND MEANS

It was part of the scheme that:

3. Defendant PISCITELLI knowingly misrepresented material facts to mortgage lending companies, with the intent to deceive, in the following manner.

4. People in the market to purchase a house found their way to Old City Mortgage, defendant PISCITELLI'S company.

5. Old City Mortgage, a mortgage brokerage company, would help these people – its customers – find and apply for mortgage loans. For the most part, Old City Mortgage's customers wanted these mortgage loans so that they could purchase their first house.

6. Old City Mortgage was located in Southwest Philadelphia. Many of its customers were from the same neighborhood; most of the houses these customers wanted to purchase were there as well.

7. A typical Old City Mortgage customer was a low- to middle-income wage earner with a damaged, or, at least, less than perfect, credit history. These customers are fairly

characterized as “subprime” borrowers. “Subprime” borrowers are individuals with damaged credit who are unable to obtain financing from banks and other finance companies at the lowest market rates, leaving them with few options in the mortgage lending market.

8. Defendant PISCITELLI would try to find mortgage lending companies willing to provide financing to these “subprime” borrowers.

9. To do that, defendant PISCITELLI wanted to present the mortgage lending companies with the best financial picture of his customers. The better his customers looked, the more likely a mortgage lending company would give them a loan. If a loan closed, defendant PISCITELLI got a commission; if it did not, he got nothing.

10. Getting his customers a loan meant that defendant PISCITELLI had to provide the mortgage lending companies with enough information to convince them that his customers satisfied the companies’ underwriting criteria.

11. Underwriting is simply the process by which a mortgage lending company evaluates the likelihood that a loan applicant will repay the loan. Among the underwriting criteria is an assessment of the risk that the loan applicant cannot handle the long-term mortgage loan.

12. One way of assessing that risk is to look at the loan applicant’s past performance with long-term debt. Ideally, a mortgage lending company will look at how a loan applicant handled past mortgages. When evaluating first time home buyers, who have never had a mortgage, mortgage lending companies need to look at something else, which is usually the rental history of the applicant.

13. Many mortgage lending companies ask for rental verification. They do so by asking the applicant – or his representative – to fill out a standard form seeking information

about the applicant's monthly rent and payment history. The mortgage lending companies expect that the landlord will sign the form, verifying how much the applicant paid in rent and verifying that the applicant made those payments on time. When a mortgage broker is assisting a loan applicant, it is the mortgage broker who arranges for the landlord to verify the applicant's rent, and it is the mortgage broker who provides the completed rental verification document to the mortgage lending company.

14. Because many of his customers were first time home buyers and therefore never had mortgages, defendant PISCITELLI often dealt with rental verification forms. To show that his customers were able to make monthly payments over a long time, defendant PISCITELLI had to show that they were making their monthly rental payments.

15. At times, defendant PISCITELLI would run into a problem with rental verification. A customer may have no rent history – for example, he may have been living with his family, rent free – or a customer may have a poor rent history – for example, he may have missed paying his rent for some months. If defendant PISCITELLI were to submit a rental verification form that showed that his customer had trouble paying rent, the chances of that customer getting a loan and the chances of his getting a commission were small.

16. To solve this problem, defendant PISCITELLI created his own real estate management company called Dudley Property Management. He filed papers with the state registering the company and got a telephone line for the company. Dudley Property Management, however, never owned, managed, or rented any property. It existed only on paper.

17. If one of his customers had a poor rental history, defendant PISCITELLI would take a rental verification form, falsely fill it out as if the customer had rented from Dudley

Property Management and claim that the customer had a good rental history, sign the form, and provide it to a mortgage lending company.

18. Mortgage lending companies relied on the false Dudley Property Management rental verification forms. Those companies believed that the loan applicant at issue was better able to handle a mortgage than he actually was. By relying on the false Dudley Property Management forms, the mortgage lending companies could not make accurate risk assessments for the loan applicants.

19. As a result, mortgage lending companies provided loans to defendant PISCITELLI'S customers who could not afford those loans. Many of those customers fell behind on their mortgages; many went into foreclosure and lost their homes. As a result of these foreclosures, mortgage lending companies lost approximately \$150,000.

20. On or about February 2, 2002, in the Eastern District of Pennsylvania and elsewhere, defendant

NICHOLAS PISCITELLI,

for the purpose of executing the scheme described above, and aiding and abetting its execution, caused to be transmitted by means of wire communications, in interstate commerce, a Request for Verification of Rent, which was sent by facsimile from Old City Mortgage in Pennsylvania, to Option One Mortgage Corporation in California, regarding property located at 7146 Dorel Street, Philadelphia, Pennsylvania.

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

PATRICK L. MEEHAN
UNITED STATES ATTORNEY