

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA :
 : Criminal No. 13-_____
 v. :
 :
 MICHELLE MARTINEZ : 18 U.S.C. § 1349
 :
 :

INFORMATION

The defendant having waived in open court prosecution by indictment, the United States Attorney for the District of New Jersey charges:

(Conspiracy To Commit Wire Fraud)

The Defendants and Co-conspirators

1. At all times relevant to this Information:
 - a. Defendant MICHELLE MARTINEZ (hereinafter, "MARTINEZ"), resided and conducted business in New Jersey. MARTINEZ was employed as a loan officer for Strong Point Mortgage, a/k/a "Winged Foot Financial," located in Lakewood, New Jersey.
 - b. John Leadbeater, who is named as a co-conspirator, but not a defendant herein, resided in New Jersey, and was the sole owner and operator of the companies, BCJL Enterprises, LLC ("BCJL Enterprises") and Lead 1 Investments, LLC ("Lead 1 Investments"). Leadbeater held himself out to be a provider of real estate investors.

c. Daniel Cardillo, who is named as a co-conspirator, but not a defendant herein, resided in New Jersey, and was the sole owner and operator of NJ Telecom Consultants, LLC.

d. P.W., who is named as a co-conspirator but not as a defendant herein, resided in New Jersey, was the owner of Jennifer Lane Building, LLC, and held himself out to be a provider of real estate investors.

e. E.R., who is named as a co-conspirator but not as a defendant herein, resided in New Jersey, and was employed by Strong Point Mortgage, a/k/a "Winged Foot Financial," located in Lakewood, New Jersey. E.R. held himself out to be a property manager.

f. J.S., who is named as a co-conspirator but not as a defendant herein, resided in New Jersey, and was the owner and operator of JTS Investment Group, LLC.

g. E.B., who is named as a co-conspirator but not as a defendant herein, resided in New York.

h. A.V., who is named as a co-conspirator but not as a defendant herein, resided in New York.

i. R.H., who is named as a co-conspirator but not as a defendant herein, resided in New Jersey.

j. R.C., who is named as a co-conspirator but not as a defendant herein, resided in New Jersey.

k. M.P., who is named as a co-conspirator, but not as

a defendant herein, resided in New Jersey.

l. M.H., who is named as a co-conspirator, but not as a defendant herein, resided in New Jersey.

m. R.S., who is named as a co-conspirator but not as a defendant herein, resided in New Jersey, and was an attorney practicing law in the State of New Jersey.

n. S.T.A., who is named as a co-conspirator, but not as a defendant herein, was a title company at which real estate transactions took place and had offices in North Wildwood, New Jersey.

o. T.C.J., who is named as a co-conspirator, but not as a defendant herein, was a title company at which real estate transactions took place and had offices in Wildwood, New Jersey.

Other Entities

2. At all times relevant to this Information:

a. Bella Mar Properties, LLC was a company owned and operated by P.D. which developed properties in the Wildwood, New Jersey area.

b. Holiday Developers, Inc. was a company owned and operated by M.D. which developed properties in the Wildwood, New Jersey area.

Mortgage Lending Generally

2. Mortgage loans were loans funded by banks and other financial institutions ("Lenders") to enable purchasers to finance the purchase of real estate. To apply for a mortgage loan, purchasers/borrowers typically filled out several forms, including a form called the Uniform Residential Loan Application. Lenders evaluated and relied upon the financial representations contained in the Uniform Residential Loan Application and other documents pertaining to the purchaser/borrower's income, assets, credit eligibility, and down payment requirements in deciding whether to loan a particular purchaser/borrower money for a mortgage. Lenders also evaluated and relied upon the representations in connection with the loan application pertaining to the purchaser/borrower's employment, and how the purchaser/borrower intended to use the property as either a primary residence, secondary residence, or investment property. In addition, Lenders also assessed the value of the real estate that would secure the mortgage loan by reviewing and relying on property appraisals and other documents.

3. After locating an available property of interest, a purchaser/borrower typically applied for a mortgage loan through a mortgage Lender or a mortgage originator. Generally, mortgage brokers were third parties who acted as an intermediary between a purchaser/borrower and a pool of potential Lenders, one of which

was selected based on the purchaser/borrower's financing needs and ability to repay the loan. Mortgage brokers were generally responsible for collecting documents from the purchaser/borrower in support of the mortgage loan, including the loan application. Additionally, the mortgage broker interviewed the proposed purchaser/borrower and obtained all pertinent data, including the borrower's name, date of birth, social security number, home address, monthly base employment income, employer, assets, and liabilities. Frequently, the mortgage broker made the initial loan to the purchaser/borrower and then sold it to a Lender after a short period of time, usually between one to thirty days after making the loan. Other times, the mortgage broker simply obtained and verified all of the relevant information for the Lender, including information on the Uniform Residential Loan Application, and the Lender made the mortgage directly to the borrower. A mortgage originator also assisted a purchaser/borrower to complete a mortgage transaction. Unlike a mortgage broker, a mortgage originator distributed its own money to fund the mortgage.

4. Real estate appraisers were responsible for determining the fair market value of real estate properties. Fair market value was defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, in which the buyer and

seller act prudently and knowledgeably, assuming the price is not affected by undue stimulus.

5. Frequently, the mortgage loan was closed at a title company or an attorney's office. If a loan closed at a title company, the title company's escrow officers were responsible for depositing monetary instruments and funds provided by the purchaser/borrower (including down payments) and mortgage funds from the Lender (which were typically obtained by wire transfer) or on its behalf to the title company's escrow account, and, when authorized by the parties to the transaction and the Lender, for disbursing the funds from the escrow account to various individuals and entities as detailed on the U.S. Department of Housing and Urban Development Settlement Statement (hereinafter "HUD-1 Settlement Statement"). The HUD-1 Settlement Statement detailed the actual disbursement of monies, including mortgage fund loans, to the proper entities and/or individuals according to the original loan application.

6. After the loan application was approved, the mortgage Lender caused funds to be transmitted (typically by wire transfer) to a settlement agent, such as a title company or a closing attorney. The title companies and/or closing attorneys then distributed the funds according to the HUD-1 Settlement Statements, generally with a large portion of the funds being distributed to the seller of the property. After funding the

mortgages, the mortgage Lenders either serviced the loans during the mortgage period or sold them in the secondary market.

The Conspiracy

7. From in or about July 2007 through in or about March 2008, at Wildwood and Wildwood Crest, in Cape May County, in the District of New Jersey, and elsewhere, defendant

MICHELLE MARTINEZ

did knowingly and intentionally conspire and agree with others to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, which scheme and artifice is set forth below in substance and in part, and for the purpose of executing such scheme and artifice, did transmit and cause to be transmitted by means of wire communications in interstate commerce certain writings, signs, signals, pictures, and sounds, contrary to Title 18, United States Code, Section 1343.

Object Of The Conspiracy

8. The object of the conspiracy, which caused more than 4.1 million dollars of losses to various Lenders, was to profit from the sale of ocean town condominiums overbuilt by financially distressed developers in Wildwood and Wildwood Crest, New Jersey by obtaining mortgage loans for unqualified borrowers using fraudulent loan applications, HUD-1 Settlement Statements, and other documents.

Manner And Means Of The Conspiracy

9. It was part of the conspiracy that co-conspirator John Leadbeater located ocean town condominiums overbuilt by financially distressed developers in Wildwood and Wildwood Crest, New Jersey (the "Wildwood Properties") to purchase.

10. It was further part of the conspiracy that defendant MICHELLE MARTINEZ, co-conspirators John Leadbeater, P.W., E.R., and others, recruited "straw purchasers" (the "Straw Purchasers") to purchase the Wildwood Properties. The Straw Purchasers included, among others, co-conspirators E.B., M.P., J.S., M.H., R.H., R.C., A.V., and Daniel Cardillo, whom the conspirators knew had good credit scores, but lacked the financial resources to qualify for mortgage loans.

11. It was further part of the conspiracy that defendant MICHELLE MARTINEZ and co-conspirators John Leadbeater, P.W., E.R. informed the Straw Purchasers, including co-conspirators E.B., M.P., J.S., M.H., R.H., R.C., A.V., and Daniel Cardillo in exchange for purchasing the properties in their names, the Straw Purchasers:

a. would neither pay deposits nor closing costs to acquire the properties;

b. would not have to make monthly mortgage payments after they owned the properties;

c. would receive an up-front payment after the closing for allowing their names and credit information to be used in connection with the transaction; and/or

d. would not have to manage the properties because defendant MICHELLE MARTINEZ, co-conspirator E.R., and/or others would maintain the properties, locate renters, collect rent, and make mortgage payments.

12. It was further part of the conspiracy that the conspirators obtained mortgage loans for the Straw Purchasers through fraudulent loan applications by providing false information concerning the employment, income, and assets of the Straw Purchasers and the Straw Purchasers' intended use of the properties.

13. It was further part of the conspiracy that the conspirators, including defendant MICHELLE MARTINEZ and co-conspirators John Leadbeater, P.W., and E.R., created false documents reflecting inflated income and investments to make the Straw Purchasers appear more creditworthy than the Straw Purchasers actually were in order to induce the Lenders to make the loans to the Straw Purchasers.

14. It was further part of the conspiracy that the conspirators caused fraudulent documents to be prepared concerning the properties, including HUD-1 Settlement Statements that were supposed to accurately reflect the amounts of money due

from the Straw Purchasers and to be paid to the sellers to close the sales of the properties.

15. It was further part of the conspiracy that prior to and during the closings, the conspirators caused the HUD-1 Settlement Statements, settlement disbursement sheets, and other documents to be manipulated, to falsely show that the Straw Purchasers brought their own funds to the closing when, in fact, the Straw Purchasers did not.

16. It was further part of the conspiracy that the conspirators, including John Leadbeater and P.W., took proceeds from the fraudulent mortgage loans by having funds wired or checks deposited into various accounts that they controlled. The Straw Purchasers, including co-conspirators E.B., J.S., M.H., R.H., R.C., and A.V., were paid a portion of the funds.

Furthering The Conspiracy

17. In furtherance of the conspiracy and to effect its objects, its members committed and caused to be committed numerous transactions involving the properties, including those on or about the following dates involving the following approximate amounts:

The Wildwood Properties

Settlement Date	Property Location	Funding Bank	Wire Amount
7/25/2007	401 East Stanton Ave. Unit 201 Wildwood Crest, NJ 08260	JP Morgan Chase	\$617,519.39
7/25/2007	411 East Buttercup Rd. Unit 103 Wildwood Crest, NJ 08260	Countrywide Home Loans	\$627,980.61
9/26/2007	5501 Atlantic Ave. Unit 204 Wildwood Crest, NJ 08260	JP Morgan Chase	\$601,558.35
9/28/2007	307 E. Poplar Ave. Unit 201 Wildwood, NJ 08260	Natty Mac Capital Pre-Funding	\$416,625.66
11/2/2007	305-307 East Poplar Ave. Unit 200 Wildwood, NJ 08260	JP Morgan Chase	\$451,109.54
11/26/2007	415 Heather Road aka: 5700 Ocean Ave. Unit 102 Wildwood Crest, NJ 08260	JP Morgan Chase	\$589,567.07
12/7/2007	620 West Burke Ave. Unit 102 Wildwood, NJ 08260	Countrywide Home Loans	\$445,141.61
12/18/2007	309 East Poplar Ave. Unit 202 Wildwood, NJ 08260	Countrywide Home Loans	\$387,854.63

18. The pattern of fraud involved fraudulent line item payments off of the HUD-1 Settlement Statement to co-conspirator John Leadbeater.

a. Co-conspirator John Leadbeater located a real estate property to purchase from a real estate developer, or served as the seller himself.

b. Defendant MICHELLE MARTINEZ and co-conspirators

John Leadbeater, P.W., and E.R. recruited a Straw Purchaser, such as co-conspirators E.B., M.P., J.S., M.H., R.H., R.C., A.V., and Daniel Cardillo to purchase the property at a sales price that included a substantial increase to cover a pay-out to co-conspirators John Leadbeater and P.W.

c. Defendant MICHELLE MARTINEZ and others at Strong Point Mortgage, d/b/a "Winged Foot Financial," completed the Straw Purchaser's loan application, attributed to the Straw Purchaser inflated incomes, false bank account balances, fake sales contract deposits, fictitious assets, and sometimes falsely indicated that the properties would be owner-occupied, rather than investment properties.

d. The Straw Purchaser or a designee attended the closing which was held at a title company such as T.C.J. or S.T.A. There, the title clerks prepared documents for the closings, including fraudulent HUD-1 Uniform Settlement Statements signed by the Straw Purchaser reflecting deposits and funds brought to closing by the Straw Purchaser that had never been made.

e. Title clerks for co-conspirators T.C.J. and S.T.A. distributed proceeds of the fraudulently-obtained mortgage loan to the conspirators by wire transferring funds into an account controlled by co-conspirator John Leadbeater, or by issuing a

check made payable to John Leadbeater's companies, BCJL
Enterprises and Lead 1 Investments.

In violation of Title 18, United States Code, Section 1349.



PAUL J. FISHMAN
UNITED STATES ATTORNEY