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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon. Esther Solas
	:	
v.	:	Crim. No. 13-96
	:	
LINDA YARLEQUE and	:	18 U.S.C. §§ 1344 & 1349;
FABIO MORENO VARGAS,	:	18 U.S.C. § 2
a/k/a "Fabio Moreno"	:	

INDICTMENT

The grand jury in and for the District of New Jersey,
sitting at Newark, charges:

COUNT ONE
**(Conspiracy to Commit Wire Fraud Affecting
Financial Institutions)**

1. At all times relevant to this Indictment:

A. Defendant LINDA YARLEQUE was a resident of Westwood, New Jersey, and was employed by a financial institution in New York, New York, as an executive assistant.

B. Defendant FABIO MORENO VARGAS, a/k/a "Fabio Moreno," was a resident of Westwood, New Jersey; the spouse of defendant YARLEQUE; and self-employed on a part-time basis as a limousine driver.

C. There was an individual ("Individual 1") who was a certified public accountant and a resident first of Paramus and later Westwood, New Jersey. Until in or about 2008, Individual 1 was married to a relative of defendant YARLEQUE. In addition to working as an accountant, Individual 1 also originated mortgage

and other loans that were processed through Diversified Financial Group d/b/a Residential Mortgage Corporation ("Residential Mortgage").

D. Residential Mortgage was a mortgage brokerage business with offices in Ridgewood, New Jersey that assisted individual borrowers in applying for and receiving mortgage and other loans from various lenders in connection with the purchase or refinancing of real estate properties. The owners and employees of Residential Mortgage routinely falsified loan applications to fraudulently inflate borrowers' income and assets, among other things, in order to obtain loans for the borrowers for which the borrowers would not otherwise have qualified.

E. American Partners Bank ("American Partners"), later known as Waterfield Bank, was a "financial institution" as defined in Title 18, United States Code, Section 20, whose deposits were insured by the Federal Deposit Insurance Corporation ("FDIC"). American Partners was engaged in the business of making mortgage and other loans to the public.

F. Gateway Funding Diversified Mortgage Services, L.P. ("Gateway"); First Magnus Financial Corporation ("First Magnus"); Lincoln Mortgage Company ("Lincoln"); and Agency Mortgage ("Agency") also were engaged in the business of making mortgage and other loans to the public.

G. American Partners, Gateway, First Magnus, Lincoln, and Agency Mortgage, when discussed collectively, are referred to in this Indictment as the "Lenders."

The Conspiracy

2. From in or about July 2003 to in or about January 2007, in Bergen County, in the District of New Jersey, and elsewhere, defendants

LINDA YARLEQUE and
FABIO MORENO VARGAS, a/k/a "Fabio Moreno,"

did knowingly and intentionally conspire and agree with each other, Individual 1, and others to devise a scheme and artifice to defraud the Lenders and to obtain money from the Lenders by means of materially false and fraudulent pretenses, representations, and promises, which scheme and artifice would affect financial institutions, and to use wire communications in interstate commerce for the purpose of executing such scheme and artifice, contrary to Title 18, United States Code, Section 1343.

Object of the Conspiracy

3. The object of the conspiracy was for defendants LINDA YARLEQUE and FABIO MORENO VARGAS, a/k/a "Fabio Moreno," Individual 1, and others to submit materially false and fraudulent mortgage and other loan applications and supporting documents to the Lenders in order to fraudulently cause the Lenders to fund mortgage and other loans to defendants YARLEQUE and MORENO.

Fraudulent Activity

4. To further the conspiracy, and to attempt to accomplish its illegal object, defendants LINDA YARLEQUE and FABIO MORENO VARGAS, a/k/a "Fabio Moreno," and others conducted the following activity in the District of New Jersey and elsewhere:

A. On or about July 9, 2003, defendant MORENO initiated service for a new telephone line at the home he shared with defendant YARLEQUE in Westwood (the "YARLEQUE/MORENO Residence"). Defendant MORENO listed the subscriber information for this telephone line as "Fabio Moreno DBA My Limousine" (the "My Limo Telephone Line").

B. In or about August 2003, defendants YARLEQUE and MORENO, with the assistance of Individual 1, prepared, caused to be prepared, signed, and submitted to Gateway a fraudulent loan application in order to obtain a mortgage loan to finance the purchase of a property in Lodi, New Jersey (the "Lodi Property"). This loan application falsely stated that defendant MORENO was employed as a "Manager" by "My Limousine," located at an address on Passaic Street in Hackensack, New Jersey, and that defendant MORENO had base monthly employment income from My Limousine of approximately \$7,259. In fact, that address belonged to a property that defendants YARLEQUE and MORENO owned and rented out to residential tenants ("Hackensack Property 1"). The loan application also intentionally failed to disclose defendant

MORENO's ownership of Hackensack Property 1 and the YARLEQUE/MORENO Residence. In further support of the fraudulent loan application, Individual 1 prepared, signed and submitted to Gateway a fraudulent Verification of Employment ("VOE"), falsely verifying that Individual 1 was the "Accountant/C.F.O." for My Limousine and that defendant MORENO had the employment and income stated in the application. Subsequently, a Gateway representative called the My Limousine Telephone Line at the YARLEQUE/MORENO Residence. During that call, someone who identified himself as Individual 1 falsely verified defendant MORENO's employment. Based on the false and fraudulent loan application and supporting documentation, on or about August 12, 2003, Gateway approved a \$256,000 loan to defendants YARLEQUE and MORENO, which Gateway funded via interstate wire transfer from Pennsylvania to New Jersey.

C. In or about December 2003, defendants YARLEQUE and MORENO, with the assistance of Individual 1, prepared, caused to be prepared, signed, and submitted to Gateway a fraudulent loan application in order to obtain a mortgage loan to refinance the Lodi Property. This loan application falsely stated that the Lodi Property was the primary residence of defendant MORENO; that defendant MORENO was employed as a "Manager" by "My Limousine," located at the address of Hackensack Property 1; and that defendant MORENO had base monthly employment income from My

Limousine of approximately \$7,259. The loan application also intentionally failed to disclose defendant MORENO's ownership of Hackensack Property 1 and the YARLEQUE/MORENO Residence. In further support of the fraudulent loan application, Individual 1 prepared, signed and submitted to Gateway a fraudulent VOE form, falsely verifying that Individual 1 was the "Accountant/C.F.O." for My Limousine and that defendant MORENO had the employment and income stated in the application. Subsequently, a Gateway representative called the My Limousine Telephone Line at the YARLEQUE/MORENO Residence. During that call, someone who identified himself as Individual 1 falsely verified defendant MORENO's employment. Based on the false and fraudulent loan application and supporting documentation, on or about December 22, 2003, Gateway approved a \$280,000 loan to defendants YARLEQUE and MORENO, which Gateway funded via interstate wire transfer from outside the State of New Jersey to New Jersey.

D. In or about December 2004, defendants YARLEQUE and MORENO, with the assistance of Individual 1, prepared, caused to be prepared, signed, and submitted to Agency a fraudulent loan application in order to obtain a mortgage loan to finance the purchase of a property on Clinton Place in Hackensack ("Hackensack Property 2"). This loan application falsely stated that Hackensack Property 2 would be defendant MORENO's primary residence; that the YARLEQUE/MORENO Residence was rented, not

owned; that defendant MORENO was employed as "Tri State Manager" by "My Limousine Service," located at the address of Hackensack Property 1; and that defendant MORENO had base monthly employment income from My Limousine Service of approximately \$7,259. The loan application also intentionally failed to disclose defendant MORENO's ownership of Hackensack Property 1 and the YARLEQUE/MORENO Residence and the existence of outstanding mortgage loans in connection with these properties. In further support of the fraudulent loan application, Individual 1 prepared, signed and submitted to Agency a fraudulent VOE form, falsely verifying that Individual 1 was the "Accountant/C.F.O." for My Limousine and that defendant MORENO had the employment and income stated in the application. On or about December 15, 2004, an Agency representative called the My Limousine Telephone Line at the YARLEQUE/MORENO Residence. During that call, someone who identified herself as "Margie Guzman" and claimed to be an "Operations Manager" at My Limousine falsely verified defendant MORENO's employment. Based on the false and fraudulent loan application and supporting documentation, on or about December 20, 2004, Agency approved a \$282,000 loan to defendants YARLEQUE and MORENO, which Agency funded via interstate wire transfer from Pennsylvania to New Jersey.

E. In or about March 2005, defendants YARLEQUE and MORENO, with the assistance of Individual 1, prepared, caused to

be prepared, signed, and submitted to Gateway a fraudulent loan application in order to obtain a mortgage loan to refinance Hackensack Property 1. This loan application falsely stated that Hackensack Property 1 was defendant MORENO's primary residence; that defendant MORENO was employed as "Tri State Manager" by "My Limousine," located at the address of Hackensack Property 2; and that defendant MORENO had base monthly employment income from My Limousine of approximately \$7,404. The loan application also intentionally failed to disclose defendant MORENO's ownership of Hackensack Property 2 and the YARLEQUE/MORENO Residence. In further support of the fraudulent loan application, Individual 1 prepared, signed and submitted to Gateway a fraudulent VOE form, falsely verifying that Individual 1 was the "Accountant/CFO" for My Limousine and that defendant MORENO had the employment and income stated in the application. On or about March 11, 2005, a Gateway representative called the My Limousine Telephone Line at the YARLEQUE/MORENO Residence. During that call, someone who identified herself as "Casandra Sterling" and claimed to be a "Supervisor" at My Limousine falsely verified defendant MORENO's employment. Based on the false and fraudulent loan application and supporting documentation, on or about March 14, 2005, Gateway approved a \$359,650 loan to defendants YARLEQUE and MORENO, which Gateway funded via interstate wire transfer from Pennsylvania to New Jersey.

F. In or about April 2005, defendants YARLEQUE and MORENO, with the assistance of Individual 1, prepared, caused to be prepared, signed, and submitted to First Magnus a fraudulent loan application in order to obtain a mortgage loan to refinance Hackensack Property 2. This loan application falsely stated that Hackensack Property 2 was defendant MORENO's primary residence; that defendant MORENO was employed as "Tri State Manager" by "My Limousine," located at the address of Hackensack Property 1; and that defendant MORENO had base monthly employment income from My Limousine of approximately \$7,259. The loan application also intentionally failed to disclose defendant MORENO's ownership of Hackensack Property 1 and the YARLEQUE/MORENO Residence. In further support of the fraudulent loan application, Individual 1 prepared, signed and submitted to First Magnus a fraudulent VOE form signed by Individual 1, falsely verifying that Individual 1 was the "Accountant/C.F.O." for My Limousine and that defendant MORENO had the employment and income stated in the application. Subsequently, a First Magnus representative called the My Limousine Telephone Line at the YARLEQUE/MORENO Residence. During that call, someone who identified himself as Individual 1 falsely verified defendant MORENO's employment. Based on the false and fraudulent loan application and supporting documentation, on or about April 11, 2005, First Magnus approved a \$330,000 loan to defendants YARLEQUE and MORENO, which First

Magnus funded via wire transfer from Arizona to New Jersey.

G. In or about May 2005, defendants YARLEQUE and MORENO, with the assistance of Individual 1, prepared, caused to be prepared, signed, and submitted to First Magnus a fraudulent loan application in order to obtain a home equity line of credit ("HELOC") secured by Hackensack Property 2. This loan application falsely stated that Hackensack Property 2 was defendant MORENO's primary residence; that defendant MORENO was employed as "Tri State Manager" by "My Limousine," located at the address of Hackensack Property 1; and that defendant MORENO had base monthly employment income from My Limousine of approximately \$7,404. The loan application also intentionally failed to disclose defendant MORENO's ownership of Hackensack Property 1 and the YARLEQUE/MORENO Residence. In further support of the fraudulent loan application, Individual 1 prepared, signed and submitted to First Magnus a fraudulent VOE form, falsely verifying that Individual 1 was the "Accountant/C.F.O." for My Limousine and that defendant MORENO had the employment and income stated in the application. Based on the false and fraudulent loan application and supporting documentation, on or about May 11, 2005, First Magnus approved a \$97,500 HELOC to defendants YARLEQUE and MORENO. After closing costs, \$93,938 was available to defendants YARLEQUE and MORENO, which they withdrew and deposited in their personal savings account on or about May 18,

2005.

H. In or about June 2005, defendants YARLEQUE and MORENO, with the assistance of Individual 1, prepared, caused to be prepared, signed, and submitted to Lincoln a fraudulent loan application in order to obtain a mortgage loan to finance the purchase of a property on Euclid Avenue in Hackensack ("Hackensack Property 3"). This loan application falsely stated that Hackensack Property 3 would be defendant MORENO's primary residence; that defendant MORENO was employed as "Tri State Manager" by "My Limousine," located at the address of Hackensack Property 1; and that defendant MORENO had base monthly employment income from My Limousine of approximately \$8,150. The fraudulent URLA also intentionally failed to disclose defendant MORENO's ownership of Hackensack Property 1, Hackensack Property 2, and the YARLEQUE/MORENO Residence, as well as the existence of outstanding mortgage loans on these properties. In further support of the loan application, Individual 1 prepared, signed and submitted to Lincoln a fraudulent VOE form, falsely verifying that Individual 1 was the "Accountant/C.F.O." for My Limousine and that defendant MORENO had the employment and income stated in the application. Based on the false and fraudulent loan application and supporting documentation, on or about June 30, 2005, Lincoln approved a \$414,750 loan to defendants YARLEQUE and MORENO, which Lincoln funded via wire transfer from outside the

State of New Jersey to New Jersey.

I. In or about April 2006, defendants YARLEQUE and MORENO, with the assistance of Individual 1, prepared, caused to be prepared, signed, and submitted to Lincoln a loan application in order to obtain a mortgage loan to refinance Hackensack Property 3. In support of this application, defendants YARLEQUE and MORENO, with the assistance of Individual 1, prepared, caused to be prepared, and submitted to Lincoln false and fraudulent supporting documentation, including, among other items, two false and fraudulent leases purporting to show substantial income to defendant MORENO from the rental of Hackensack Property 2 and a fraudulent VOE form signed by Individual 1 falsely verifying defendant MORENO's employment with "My Limousine" with approximately \$110,956 in gross annual pay from such employment. Based on this false and fraudulent supporting documentation, on or about April 7, 2006, Lincoln approved a \$499,000 loan to defendants YARLEQUE and MORENO, which Lincoln funded via wire transfer from Pennsylvania to New Jersey.

J. In or about August 2006, defendants YARLEQUE and MORENO, with the assistance of Individual 1, prepared, caused to be prepared, signed, and submitted to Gateway a fraudulent loan application in order to obtain a mortgage loan to finance the purchase of a property in Oviedo, Florida (the "Oviedo Property"). This loan application falsely stated that defendant

YARLEQUE was employed as "Head of Finance" by "Diversified Financial Asset Management," purportedly located in Newark, New Jersey; and that defendant YARLEQUE had base monthly employment income from Diversified Financial Asset Management of approximately \$16,470. The loan application also intentionally failed to disclose defendant YARLEQUE's ownership of Hackensack Property 1, Hackensack Property 2, and Hackensack Property 3, as well as the existence of outstanding mortgage loans in connection with these properties. Based on this false and fraudulent loan application, on or about August 24, 2006, Gateway approved \$399,200 and \$59,132 loans to defendants YARLEQUE and MORENO, which Gateway funded via wire transfer from outside the State of Florida to Florida.

K. In or about December 2006, defendants YARLEQUE and MORENO, with the assistance of Individual 1, prepared, caused to be prepared, signed, and submitted to American Partners a fraudulent loan application in order to obtain a mortgage loan to refinance Hackensack Property 2. This loan application falsely stated that Hackensack Property 2 was defendant MORENO's primary residence; that defendant MORENO was employed as a "Fleet Manager" by "My Limo Service," located at the address of Hackensack Property 1; and that defendant MORENO had a base monthly employment income from My Limo Service of approximately \$10,000. The loan application also intentionally failed to

disclose defendant MORENO's ownership of Hackensack Property 1, Hackensack Property 2, Hackensack Property 3, the Oviedo Property, and the YARLEQUE/MORENO Residence, as well as the existence of outstanding mortgage loans in connection with these properties. Subsequently, an American Partners representative called the My Limousine Telephone Line at the YARLEQUE/MORENO Residence. During that call, someone who identified herself as "Janet Alvarez" and claimed to be a "Manager" at My Limousine falsely verified defendant MORENO's employment. Based on this false and fraudulent loan application, on or about December 15, 2006, American Partners approved \$417,000 and \$25,000 loans to defendants YARLEQUE and MORENO, which American Partners funded via wire transfer from outside the State of New Jersey to New Jersey.

L. Defendants YARLEQUE and MORENO ceased to make payments on several of the fraudulently-obtained mortgage loans described above, and the loans went into default, resulting to the following losses to the Lenders, among others:

- i. on or about September 29, 2009, the Oviedo property was sold after foreclosure for approximately \$242,000, resulting in a loss of approximately \$217,100;
- ii. on or about June 28, 2010, Hackensack Property 2 was sold in a short sale for approximately \$235,500, resulting in a loss of approximately \$206,500.

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

COUNT TWO
(Bank Fraud)

1. Paragraphs 1 and 4(A), (K), and (L) of Count One of this Indictment are hereby realleged and incorporated as if set forth in full herein.

2. In or about December 2006, in Bergen County, in the District of New Jersey, and elsewhere, defendants

LINDA YARLEQUE and
FABIO MORENO VARGAS, a/k/a "Fabio Moreno,"

did knowingly and intentionally execute and attempt to execute a scheme and artifice to defraud American Partners, and to obtain money, funds, assets and other property owned by, and under the custody and control of, American Partners by means of materially false and fraudulent pretenses, representations and promises.

In violation of Title 18, United States Code, Sections 1344 & 2.

FORFEITURE ALLEGATION

1. The allegations contained in Counts One and Two of this Indictment are hereby realleged and incorporated by reference for the purpose of noticing forfeiture pursuant to Title 18, United States Code, Sections 981(a)(1)(c) and 982(a)(2)(A), and Title 28, United States Code, Section 2461(c).

2. The United States hereby gives notice to the defendants that upon their conviction of the offenses charged in Counts One and Two of this Indictment, the government will seek forfeiture in accordance with Title 18, United States Code, Sections 981(a)(1)(c) and 982(a)(2)(A) and Title 28, United States Code, Section 2461(c), which requires any person convicted of such offense to forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offense, including, but not limited to, a sum of money equal to at least \$262,198.06 in United States currency.

3. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

(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 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any other property of such defendant up to the value of the forfeitable property described in paragraph 2.

A TRUE BILL



PAUL J. FISHMAN
United States Attorney

CASE NUMBER: 13-96(ES)

**United States District Court
District of New Jersey**

UNITED STATES OF AMERICA

v.

**LINDA YARLEQUE and
FABIO MORENO VARGAS, a/k/a "Fabio Moreno"**

INDICTMENT FOR

18 U.S.C. §§ 1344, 1349 & § 2

A True Bill,

Foreperson

**PAUL J. FISHMAN
UNITED STATES ATTORNEY
NEWARK, NEW JERSEY**

**RACHAEL A. HONIG
ASSISTANT U.S. ATTORNEY
(973) 645-2777**