

United States District Court
District of New Jersey

ORIGINAL FILED

JUN 15 2010

UNITED STATES OF AMERICA

v.

EDIVALDO DOS SANTOS,
a/k/a "EDDIE DOS SANTOS,"
ROBERTA FERREIRA,
RICARDO MUNIZ,
FAYE CARGILL-FLORES,
a/k/a "FAYE FLORES,"
MARIA LOURDES SOUSA,
a/k/a "LOURDES SOUSA," and
ROSA DAMASCENO

PATTY SHWARTZ
U.S. MAG. JUDGE
CRIMINAL COMPLAINT

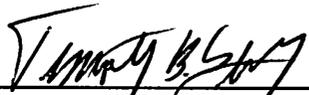
Mag. No. 10-3125

I, Timothy B. Stillings, the undersigned complainant being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A.

I further state that I am a Special Agent with the Federal Bureau of Investigation and that this complaint is based on the following facts:

SEE ATTACHMENT B.



Timothy B. Stillings
Special Agent, Federal Bureau
of Investigation

Sworn to and subscribed before
me in Newark, New Jersey
this 15th day of June, 2010



Hon. Patty Shwartz
U.S. Magistrate Judge

ATTACHMENT A

**Count One
(Wire Fraud Conspiracy)**

From at least as early as in or about August 2009 through in or about February 2010, in the District of New Jersey and elsewhere, defendants

**Edivaldo Dos Santos, a/k/a "Eddie Dos Santos,"
Roberta Ferreira,
Ricardo Muniz,
Faye Cargill-Flores, a/k/a "Faye Flores,"
Maria Lourdes Sousa, a/k/a "Lourdes Sousa," and
Rosa Damasceno**

did knowingly and intentionally conspire and agree with each other and others to devise a scheme and artifice to defraud, which would affect financial institutions, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communications in interstate commerce certain writings, signs, signals, pictures, and sounds, contrary to 18 U.S.C. § 1343.

In violation of 18 U.S.C. § 1349.

**Count Two
(Bank Fraud Conspiracy)**

From at least as early as in or about August 2009 through in or about February 2010, in the District of New Jersey and elsewhere, defendants

**Edivaldo Dos Santos, a/k/a "Eddie Dos Santos,"
Roberta Ferreira,
Ricardo Muniz,
Faye Cargill-Flores, a/k/a "Faye Flores,"
Maria Lourdes Sousa, a/k/a "Lourdes Sousa," and
Rosa Damasceno**

did knowingly and intentionally conspire and agree with each other and others to execute a scheme and artifice to defraud financial institutions, and to obtain moneys, funds, assets and other property owned by, and under the custody and control of, financial institutions by means of materially false and fraudulent pretenses, representations and promises, contrary to 18 U.S.C. § 1344.

In violation of 18 U.S.C. § 1349.

ATTACHMENT B

I, Timothy B. Stillings, a Special Agent with the Federal Bureau of Investigation, having conducted this investigation and discussed this matter with other law enforcement officers who have participated in the investigation, have knowledge of the facts set forth below. Because this affidavit is being submitted for the limited purpose of establishing probable cause, I have not included every detail of every aspect of the investigation. All conversations and statements described in this attachment are related in substance and in part and are not word-for-word transcripts or quotations.

The Defendants and the Mortgage Company

1. At all times relevant to this Complaint:
 - a. defendant Edivaldo Dos Santos, also known as "Eddie Dos Santos," was a former mortgage loan officer who was holding himself out as a mortgage consultant and was a resident of Harrison, New Jersey;
 - b. defendant Roberta Ferreira was a licensed real estate agent registered with a realty company located in Riverside, New Jersey, and a resident of Kearney, New Jersey;
 - c. defendant Ricardo Muniz was employed in the construction industry and a resident of Newark, New Jersey;
 - d. defendant Maria Lourdes Sousa, also known as "Lourdes Sousa," worked in the healthcare industry and resided in Bloomfield, New Jersey;
 - e. defendant Rosa Damasceno, defendant Sousa's sister, was the owner of a Newark, New Jersey company that provided tax services and driver education (the "Company") and a resident of Belleville, New Jersey;
 - f. defendant Faye Cargill-Flores, also known as "Faye Flores," was a Certified Public Accountant ("CPA") who worked and resided in Morristown, New Jersey; and
 - g. co-conspirator Jairo Nunes ("Nunes"), who is not named as a defendant herein but has already been charged separately with wire fraud conspiracy in connection

with this investigation, Magistrate Number 10-8033 (MCA), created fraudulent documents in support of unqualified borrowers on behalf of the defendants and other real estate agents, mortgage consultants and loan officers.

2. At all times relevant to this Complaint, the cooperating witness referred to herein ("CW") was a loan officer with a New Jersey mortgage company (the "Mortgage Company"). The in-person and telephonic conversations summarized below to which CW was a party were consensually recorded by CW at the direction of the Federal Bureau of Investigation. CW used a Yahoo! email account in New Jersey to communicate with the defendants. These emails necessarily were transmitted in interstate commerce because once a user submits a connection request to website servers such as Yahoo!'s or data is transmitted from those website servers back to the user, the data has traveled in interstate commerce. All emails to or from CW described herein pertain to this Yahoo! email account.

3. As of May 20, 2009, the Mortgage Company was a "financial institution" as defined in 18 U.S.C. § 20 because it was a "mortgage lending business[]" as defined in 18 U.S.C. § 27. It was an organization which finances or refinances debts secured by interests in real estate and whose activities affected interstate commerce.

Mortgage Lending Generally

4. Mortgage loans are loans funded by banks, mortgage companies and other institutions ("lenders") to enable borrowers to finance the purchase of real estate. In deciding whether the borrowers meet the lenders' income, credit eligibility and down payment requirements, the lenders are supposed to evaluate the financial representations set forth in loan applications and other documents from the borrowers and assess the value of the real estate that will secure the loan.

5. A common type of mortgage loan is issued in connection with an insurance program administered by the Federal Housing Administration ("FHA"), which is a division of the United States Department of Housing and Urban Development ("HUD"), an agency of the United States. The FHA encourages designated lenders to make mortgage loans to qualified borrowers by protecting against loan defaults through a government-backed payment guarantee if the borrower defaults on the mortgage loan. When lenders process an application for an FHA-insured mortgage loan, they use a system called "FHA Connection" that provides internet access to data

residing in HUD's computer systems. HUD maintains these computer systems outside of New Jersey.

6. Another common type of mortgage loan is called the "conventional" mortgage loan. Lenders underwrite and fund conventional mortgage loans using their own funds and credit lines. After funding the conventional mortgage loans, the lenders can either service the loans during the mortgage loan period or sell the loans to institutional investors in the secondary market.

The Mortgage Fraud Conspiracy

7. The investigation has uncovered evidence that the defendants have conspired with each other and others to obtain mortgage loans through fraudulent means. The defendants intended these loans to finance real estate transactions in and near Newark, New Jersey and elsewhere. To obtain these loans, the defendants caused to be submitted materially false and fraudulent mortgage loan applications and supporting documents to mortgage companies while engaging in or causing wire communications in interstate commerce, including email exchanges and the use of FHA Connection, to facilitate the conspiracy.

8. For example, in or about August 2009, defendant **Edivaldo Dos Santos** asked CW to be the loan officer on a fraudulent mortgage transaction involving defendant **Ricardo Muniz** as the investor who would purchase property. On defendant **Muniz**' behalf, defendant **Dos Santos** indicated that he was trying to find a builder who would be willing to pay cash back to defendant **Muniz** for purchasing a property from the builder and to deceive the mortgage lender about the purpose of the money paid at closing to defendant **Muniz**.

9. On or about September 3, 2009, defendant **Dos Santos** met CW at a restaurant in Newark, New Jersey. During the meeting, defendant **Dos Santos** told CW that an associate of his, defendant **Muniz**, was interested in buying properties. Defendant **Dos Santos** also told CW that he knew a CPA named "Faye Flores," later identified as defendant **Cargill-Flores**, from whom **Dos Santos** had previously acquired fictitious documents. Defendant **Dos Santos** also stated that he knew **Nunes**.

10. Soon thereafter, defendant **Muniz** told CW that he wished to purchase a property and receive cash back at the closing. On or about September 8, 2009, defendant **Muniz** met with CW at a restaurant in Newark, New Jersey. Defendant **Muniz** told CW that

defendant Muniz was employed in the construction industry and was willing to falsely inflate his income in order to acquire a mortgage to purchase a property.

11. On or about September 15, 2009, **defendants Dos Santos** and **defendant Roberta Ferreira** met with CW at a café in Newark, New Jersey. **Defendant Ferreira** was told by CW that **defendant Dos Santos** and CW had a client, **defendant Muniz**, who was interested in buying a property and receiving money back from the seller. **Defendant Ferreira** mentioned that she was aware of an individual (the "Seller"), who was willing to do just that. **Defendant Ferreira** was told by CW that **defendant Muniz** wished to receive approximately \$50,000 back, which **defendant Ferreira** affirmed was possible.

12. **Defendant Ferreira** told **defendant Dos Santos** and CW about a residential property located on Oliver Street in Elizabeth, New Jersey (the "Oliver Street Property") that a recent appraisal had valued at \$440,000, and for which the Seller would be willing to receive approximately \$300,000. **Defendant Ferreira** agreed to have CW contact Nunes to create false bank statements for **defendant Muniz**, showing a higher account balance than **defendant Muniz'** actual account balance.

13. On or about September 23, 2009, **defendant Muniz** sent an email to CW containing two months of his actual bank account statements. Following the instructions given to CW by **defendants Ferreira and Dos Santos**, CW then forwarded these actual bank account statements to Nunes and asked Nunes to create false bank account statements for **defendant Muniz** showing an inflated account balance.

14. On or about September 24, 2009, **defendants Dos Santos and Ferreira** met with CW at a café in Kearny, New Jersey to discuss the Oliver Street Property and another property that the Seller wanted to sell. After **defendant Ferreira** departed the meeting, **defendant Dos Santos** told CW that he wanted to make sure that **defendant Muniz** was not aware that **defendant Dos Santos** and CW would get a cut (*i.e.*, money) from **defendant Muniz'** deal.

15. In or about September, 2009, **defendant Dos Santos, defendant Ferreira** and CW discussed that they would be seeking an FHA-insured mortgage loan for **defendant Muniz**.

16. On or about September 29, 2009, **defendant Dos Santos** and CW met with Nunes at Nunes' residence in Newark, New Jersey.

For \$200, Nunes sold to CW two months of false bank statements in **defendant Muniz'** name. At the same meeting, **defendant Dos Santos** asked Nunes about producing false receipts and billing statements for another individual for whom **defendant Dos Santos** hoped to acquire a mortgage.

17. On or about October 15, 2009, **defendant Ferreira** sent an email to CW forwarding an executed contract of sale for the Oliver Street Property between **defendant Muniz** and the Seller for a purchase price of \$440,000.

18. On or about November 4, 2009, **defendant Ferreira** sent an email to CW forwarding a draft agreement, in the form of an Addendum to Contract, which stated that the Seller would give **defendant Muniz** an amount "between \$40,000 and \$90,000 depending on the appraisal value, for improvements on the above mentioned property. The amount will be provided to buyer after closing between buyer and seller is finalized."

19. On or about November 5, 2009, **defendant Ferreira** sent an email to CW forwarding the Addendum to Contract that had been signed by the Seller.

20. To facilitate the acquisition of false pay stubs and IRS Forms W-2 for **defendant Muniz**, **defendant Dos Santos** arranged a meeting between himself, CW, and **defendant Maria Lourdes Sousa**, a document maker known to **defendant Dos Santos**.

21. On or about October 22, 2009, **defendant Dos Santos** and CW met with **defendant Sousa** at her residence in Newark, New Jersey. During the meeting, **defendant Sousa** told CW that she made false pay stubs, and that her sister **defendant Rosa Damasceno** made false Forms W-2 and tax returns. **Defendant Sousa** told CW that CW could order all the aforementioned false documents through **defendant Sousa**, who would pass along the relevant portion of the order to **defendant Damasceno**. **Defendant Sousa** told CW that she charged \$40 per pay stub. **Defendant Sousa** stated that she had been making false documents for 30 years. **Defendant Dos Santos** stated that he had previously obtained false documents from both **defendants Sousa** and **Damasceno**.

22. On or about November 10, 2009, **defendant Sousa** received an email from CW ordering four false pay stubs from **defendant Sousa** and two false Forms W-2 from **defendant Damasceno** for **defendant Muniz**. **Defendant Sousa** subsequently confirmed the details of the order with CW by telephone.

23. On or about November 10, 2009, during a telephone conversation with CW, **defendant Damasceno** confirmed that she made false Forms W-2 and told CW that the Forms W-2 would be \$30 each, for a total of \$60. **Defendant Damasceno** was told by CW that CW did not have an Employer Identification Number ("EIN") for **defendant Muniz'** employer. **Defendant Damasceno** told CW that she would come up with an EIN. Following the telephone conversation, **defendant Damasceno** received a fax from CW with the information needed to make the Forms W-2, including identifying information related to **defendant Muniz** and his employer, and the inflated income amounts.

24. Soon thereafter, **defendant Sousa** contacted CW and told him that the pay stubs for **defendant Muniz** were complete. **Defendant Sousa** told CW that she would leave the pay stubs that she had prepared with **defendant Damasceno** and that CW could pick up the documents from **defendant Damasceno** and pay **defendant Damasceno** the amount due to **defendant Sousa**.

25. On or about November 13, 2009, at **defendant Sousa's** direction, CW went to the office of the Company, owned by **defendant Damasceno**, in Newark, New Jersey, to pick up the false documents that were prepared by **defendants Sousa and Damasceno**. An employee of **defendant Damasceno** provided CW with the false documents, for which CW paid the employee \$220.

26. The five pay stubs created by **defendant Sousa** each showed a false and inflated income for **defendant Muniz**, in accordance with the instructions CW had given **defendant Sousa** on or about November 10, 2009.

27. The two Forms W-2 created by **defendant Damasceno** for **defendant Muniz** showed false and inflated wages for **defendant Muniz**, in accordance with the instructions CW had given **defendant Damasceno** on or about November 10, 2009. As she had promised, **defendant Damasceno** had fabricated an EIN for use on **defendant Muniz'** Forms W-2; a search of employer records with the State of New Jersey found no record related to this EIN.

28. On or about November 16, 2009, **defendant Damasceno** was thanked by CW for preparing the Forms W-2. **Defendant Damasceno** told CW that she had received the money for the documents that CW had left at her office.

29. In order to qualify for the mortgage he needed to finance his purchase of the Oliver Street property, **defendant**

Muniz needed to show a higher income than he actually earned. As part of the effort falsely to inflate **defendant Muniz'** income, **defendant Muniz** and **Dos Santos** agreed that CW would obtain false amended tax returns that reflected a higher income for **defendant Muniz**. To facilitate the acquisition of the false tax returns, **defendant Dos Santos** arranged a meeting between himself, CW, and **defendant Faye Cargill-Flores**, a CPA who had previously provided false documents for **defendant Dos Santos'** associates.

30. On or about October 20, 2009, **defendant Dos Santos** and CW met with **defendant Cargill-Flores**, at **defendant Cargill-Flores'** residence in Convent Station, New Jersey. During the meeting, **defendant Cargill-Flores** stated she was willing to prepare, amend, and file tax returns, and prepare CPA letters and profit and loss statements for clients of CW. **Defendant Cargill-Flores** stated that the tax returns would cost between \$150 and \$200 per year depending on the difficulty of the return.

31. On or about November 10, 2009, **defendant Cargill-Flores** was told by CW that **defendant Muniz** had not reported all his income and that they had to prepare amended tax returns for **defendant Muniz** so he could qualify for a mortgage. **Defendant Cargill-Flores** was further told by CW that **defendant Muniz** needed to obtain amended tax returns reflecting a higher income, and was assured by CW that the lender would not require **defendant Muniz** to submit an IRS Form 4506, which would allow the lender to verify **defendant Muniz'** income with the IRS. **Defendant Cargill-Flores** clarified that the tax returns did not need to be filed, just prepared.

32. In addition to tax returns, **defendant Cargill-Flores** was asked by CW to prepare a letter from **defendant Cargill-Flores** stating that **defendant Muniz** has been self-employed for the last two years. **Defendant Cargill-Flores** was told by CW that CW was having someone else prepare the false Forms W-2 for **defendant Muniz**. **Defendant Cargill-Flores** told CW to send a fax to her with what was needed for **defendant Muniz**. CW agreed to send to **defendant Cargill-Flores** **defendant Muniz'** actual tax returns, the additional income that the amended tax returns needed to reflect, and **defendant Muniz'** false Forms W-2.

33. On or about November 19, 2009, **defendant Cargill-Flores** received a fax from CW with the information needed by **defendant Cargill-Flores** to prepare the false tax returns for **defendant Muniz**. **Defendant Cargill-Flores** was told by CW that the new tax returns for **defendant Muniz** should reflect the income shown on

defendant Muniz' real tax returns plus the additional income stated on the false Forms W-2 and false Forms 1099. **Defendant Cargill-Flores** was also asked by CW for a letter falsely stating that **defendant Muniz** had been self-employed for the last two years.

34. Later that day, during a telephone conversation, **defendant Cargill-Flores** confirmed that she had received the fax from CW. **Defendant Cargill-Flores** told CW that, because of **defendant Muniz'** purported "self-employment," deductions for business expenses would have to be listed for **defendant Muniz**. **Defendant Cargill-Flores** was asked by CW if she could just make up the deductions, which **defendant Cargill-Flores** agreed to do. **Defendant Cargill-Flores** informed CW that **defendant Muniz'** Federal and State tax returns, along with the letter related to **defendant Muniz'** self-employment, would cost \$250. **Defendant Cargill-Flores** again confirmed that the tax returns did not need to be filed, because an IRS Form 4506 would not be required by the lender.

35. On or about November 20, 2009, during a telephone conversation, **defendant Cargill-Flores** asked CW if there was a specific adjusted gross income that CW was trying to reach for tax year 2008. **Defendant Cargill-Flores** was advised that CW needed **defendant Muniz'** income to be approximately \$100,000 for tax year 2008.

36. On or about November 24, 2009, **defendant Cargill-Flores** met with CW outside of a bank in Wayne, New Jersey. **Defendant Cargill-Flores** provided CW with false Federal and State tax returns for tax years 2007 and 2008 for **defendant Muniz**, as well as a letter from **defendant Cargill-Flores** stating that **defendant Muniz** had been self-employed for the last two years.

37. The tax returns prepared by **defendant Cargill-Flores** showed that **defendant Muniz** earned wages of \$90,356 in 2007 and \$98,635 in 2008. After providing the tax returns to CW, **defendant Cargill-Flores** reviewed the documents with CW and showed CW that she had signed all the documents. One set of documents had not been signed by **defendant Cargill-Flores**, so **defendant Cargill-Flores** asked CW for a pen and signed them in CW's presence. **Defendant Cargill-Flores** advised that she marked the tax returns "Copy" and signed both the tax year 2007 and 2008 returns "04/13/2009" to make the documents more official-looking. **Defendant Cargill-Flores** accepted \$250 from CW as payment for the false documents. **Defendant Cargill-Flores** once again confirmed

with CW that the false tax returns would not be filed.

38. After receiving the documents, **defendant Cargill-Flores** was told that CW had other clients, and was asked if she did Forms W-2. **Defendant Cargill-Flores** then asked, "you mean to fabricate them?" and laughed. **Defendant Cargill-Flores** told CW that she had a payroll program and would just need the EIN and the name of the company to create Forms W-2. **Defendant Cargill-Flores** stated she could also prepare pay stubs.

39. On or about December 10, 2009, **defendant Ferreira** told CW that she had told **defendant Muniz** that, due to a appraisal that valued the Oliver Street Property at only \$340,000, **defendant Muniz** would receive between \$40,000 and \$50,000 cash back from the Seller at the closing.

40. On or about December 16, 2009, CW spoke with **defendant Dos Santos** who had spoken to **defendant Muniz**. **Defendant Dos Santos** stated that **defendant Muniz** wanted at least \$60,000 cash back to purchase the Oliver Street Property from the Seller.

41. On or about January 13, 2010, **defendants Dos Santos** and **Ferreira** met with CW at a café in Kearny, New Jersey. During the meeting, **defendants Dos Santos** and **Ferreira** and CW discussed **defendant Muniz'** transaction. **Defendant Ferreira** explained that there was a misunderstanding between her and the Seller regarding how much money would be paid to **defendant Muniz**. **Defendant Ferreira** also told **defendant Dos Santos** and CW that there would be \$18,000 available in commissions to be split among **defendant Ferreira**, **defendant Dos Santos** and CW.

42. Subsequently, **defendant Muniz** became dissatisfied when he realized his portion of the illicit proceeds from the scheme was less than he expected and **defendant Muniz** therefore declined to move forward with the ultimate purchase of the Oliver Street Property. **Defendant Muniz** then continued to inquire with CW about acquiring a property from a seller who was willing to provide cash back to **defendant Muniz**.